

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED MARCH 23, 2026

NEW ISSUES—FULL BOOK-ENTRY

Rating: S&P: “BB+”
See “RATING” herein.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2026 Bonds (including any original issue discount properly allocable to the owner of a Series 2026 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2026 Bonds is exempt from State of California personal income taxes. For a more complete description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

\$19,735,000* CALIFORNIA SCHOOL FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (LARCHMONT CHARTER SCHOOL PROJECT) SERIES 2026

Dated: Date of Delivery

Due: June 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 (Larchmont Charter School Project) Series 2026, in the aggregate principal amount of \$19,735,000* (the “Series 2026 Bonds”) will be issued by the California School Finance Authority (the “Authority”) pursuant to an Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture”), as amended by the First Supplemental Indenture of Trust, dated as of April 1, 2026 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), each by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Authority will loan the proceeds of the Series 2026 Bonds to Larchmont LFP LLC, a California limited liability company (the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2018, as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020 (the “Original Loan Agreement”), as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “Second Amendment to Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”), each by and between the Authority and the Borrower. The Series 2026 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 proceeds of the Series 2026 Bonds will be used to (i) finance, refinance and/or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located at 6325, 6331, 6363 Santa Monica Boulevard and 1115, 1123, 1125 Lillian Way, Los Angeles, California (the “Series 2026 Facilities”); (ii) fund capitalized interest on a portion of the Series 2026 Bonds through June 1, 2027; and (iii) pay certain costs of issuance of the Series 2026 Bonds. A deposit to a debt service reserve account for the Series 2026 Bonds in an amount of \$1,769,538.10* is expected to be funded by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program. Such deposit to the debt service reserve account will be equal to the maximum annual debt service on the Series 2026 Bonds.* The Series 2026 Facilities will be leased to Larchmont Schools (“Larchmont”) (dba Larchmont Charter School), 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 (as more particularly described herein, the “Lease”) by and between Larchmont and the Borrower.

The Series 2026 Bonds are limited obligations of the Authority payable from Loan Repayments received under the Loan Agreement (including amounts payable under the Lease) and other amounts held in the funds and accounts established by the Indenture (except the Rebate Fund). The obligations of the Borrower under the Loan Agreement are secured by an assignment of the Borrower’s rights under the Lease (including the right to receive rent payments received from Larchmont thereunder) and by a Deed of Trust granting the Trustee a first priority lien on the Series 2026 Facilities. See “Appendix A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” attached hereto.

Interest on the Series 2026 Bonds will be payable semiannually on each June 1 and December 1, commencing June 1, 2026. The Series 2026 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 Series 2026 Bonds. Purchases of beneficial interests in the Series 2026 Bonds will be made in book-entry-only form (without physical certificates) in initial minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. For so long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2026 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 Series 2026 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under “THE SERIES 2026 BONDS – Redemption” herein.

THE PURCHASE AND HOLDING OF THE SERIES 2026 BONDS INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE SERIES 2026 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO “APPROVED INVESTORS,” WHICH AS DEFINED IN THE INDENTURE MEANS (1) “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND (2) “ACCREDITED INVESTORS” AS DEFINED IN SECTION 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. IN ADDITION, THE INITIAL PURCHASERS OF THE SERIES 2026 BONDS WILL BE REQUIRED TO SUBMIT AN INVESTOR LETTER TO THE AUTHORITY AND THE TRUSTEE. See “NOTICE TO INVESTORS” and “TRANSFER RESTRICTIONS” herein.

THE SERIES 2026 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 INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2026 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE SERIES 2026 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 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 (DEFINED HEREIN) OR TO MAKE FUNDS AVAILABLE TO THE SCHOOL (AS DEFINED HEREIN) 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 Series 2026 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 Kutak Rock 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 Stradling Yocca Carlson & Rauth LLP, as Underwriter’s Counsel and the approval of certain matters for the Borrower and Larchmont and relating to the School by Musick, Peeler & Garrett LLP, Los Angeles, California. It is expected that the Series 2026 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 April __, 2026.

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

STIFEL

Dated: March __, 2026

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$19,735,000*

**CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(LARCHMONT CHARTER SCHOOL PROJECT)
SERIES 2026**

\$ _____ % Term Bonds Priced to Yield _____ % due June 1, 20__ CUSIP _____ (1)
\$ _____ % Term Bonds Priced to Yield _____ % due June 1, 20__ CUSIP _____ (1)
\$ _____ % Term Bonds Priced to Yield _____ % due June 1, 20__ CUSIP _____ (1)
\$ _____ % Term Bonds Priced to Yield _____ % due June 1, 20__ CUSIP _____ (1)

* Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ 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, Underwriter and the Borrower are responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Limited Offering Memorandum does not constitute an offer to sell the Series 2026 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 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 Series 2026 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 or the Borrower since the date hereof.

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2026 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings “CERTAIN RISK FACTORS,” and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” 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 Borrower nor Larchmont plans 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 Series 2026 Bonds are to be offered and sold (including in secondary market transactions) only to Approved Investors, which as defined in the Indenture means (1) “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or (2) “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Indenture under which the Series 2026 Bonds will be issued contains provisions limiting transfers of the Series 2026 Bonds and beneficial ownership interests in the Series 2026 Bonds only to Approved 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 Indenture and the initial purchasers of the Series 2026 Bonds will be required to execute and deliver to the Authority and the Trustee an investor letter or bondholder representative letter, as appropriate, in the form attached hereto as 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 Series 2026 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 Indenture;
2. That it is an Approved Investor and that it is purchasing the Series 2026 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;
3. That the Series 2026 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 Series 2026 Bonds and beneficial ownership interests therein may only be transferred to Approved Investors; and
6. That the Authority, the Borrower, Larchmont, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Series 2026 Bonds are limited only to “Approved Investors.” Each subsequent transferee of the Series 2026 Bonds will be deemed to have represented and warranted that it (i) is an Approved Investor, and (ii) is acquiring such Bond for its own account or for the account of an Approved Investor, 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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\$19,735,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(LARCHMONT CHARTER SCHOOL PROJECT)
SERIES 2026

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 (Larchmont Charter School Project) Series 2026, in the aggregate principal amount of \$19,735,000* (the “Series 2026 Bonds”) issued by the California School Finance Authority (the “Authority”).

The Series 2026 Bonds

The Series 2026 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 of Trust, dated as of August 1, 2018 (the “Original Indenture”), as amended by the First Supplemental Indenture of Trust, dated as of April 1, 2026 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), each by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Series 2026 Bonds will bear interest on June 1 and December 1 of each year, commencing June 1, 2026 (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 SERIES 2026 BONDS – Redemption” herein. The proceeds of the Series 2026 Bonds will be loaned to Larchmont LFP LLC, a California limited liability company (the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2018, as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020 (the “Original Loan Agreement”), as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “Second Amendment to Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”), each by and between the Authority and the Borrower. The Series 2026 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. See “THE SERIES 2026 BONDS” herein.

The Series 2026 Facilities (as defined herein), the acquisition of which will be financed with proceeds of the Series 2026 Bonds, will be leased to Larchmont Schools (“Larchmont” or the “Lessee”) (dba Larchmont Charter School), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) pursuant to that certain Lease Agreement, dated as of August 1, 2018 (the “Original Lease”), as amended by that certain First Amendment to Lease Agreement, dated as of May 1, 2020 (the “First Lease Amendment”), and that certain Second Amendment to Lease Agreement, dated as of April 1, 2026 (the “Second Lease Amendment” and together with the Original Lease and the First Lease Amendment, the “Lease”) each by and between Larchmont and the Borrower. The sole member of the Borrower is Larchmont.

For information regarding Larchmont generally, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” attached hereto. For information regarding the facilities to be financed or refinanced with proceeds of the Series 2026 Bonds, see “THE PROJECT” herein.

* Preliminary, subject to change.

The Series 2026 Bonds will be issued in initial minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof and in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and beneficial ownership interests in the Series 2026 Bonds are to be sold (including secondary market transactions) only to Approved Investors. Pursuant to the Indenture, “Approved Investors” means (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act or (ii) an “accredited investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Indenture and the Series 2026 Bonds contain provisions limiting transfers of the Series 2026 Bonds and beneficial ownership interests in the Series 2026 Bonds to Approved Investors. In addition, each initial purchaser of the Series 2026 Bonds must execute an investor letter or bondholder representative letter, as appropriate, in the form of “APPENDIX H – FORMS OF INVESTOR LETTER” in connection with its initial purchase of the Series 2026 Bonds. The face of each Bond will contain a legend indicating that such Bond is subject to the transfer restrictions set forth in the Indenture. See “TRANSFER RESTRICTIONS” and “CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Approved Investors” herein.

Authority for Issuance

The Series 2026 Bonds will be issued by the Authority pursuant to the Act, a resolution of the Authority, and the Indenture. See “THE AUTHORITY” herein.

Use of Proceeds

The proceeds of the Series 2026 Bonds will be used to (i) finance, refinance and/or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located at 6325, 6331, 6363 Santa Monica Boulevard and 1115, 1123, 1125 Lillian Way, Los Angeles, California (the “Series 2026 Facilities”) and certain other charter school facilities (as further defined herein, the “Campuses”); (ii) fund capitalized interest on a portion of the Series 2026 Bonds through June 1, 2027*; and (iii) pay certain costs of issuance of the Series 2026 Bonds. A deposit to a debt service reserve account for the Series 2026 Bonds in an amount of \$1,769,538.10* is expected to be funded by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program. Such deposit to the debt service reserve account will be equal to the maximum annual debt service on the Series 2026 Bonds.* In addition, on the Closing Date, the Borrower is expected to make an equity contribution of approximately \$2,000,000* towards the Project (as hereinafter defined). See “THE PROJECT” herein and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” attached hereto.

The Borrower

Larchmont LFP LLC (referred to herein as the “Borrower”) is a California limited liability company, the sole member of which is Larchmont, that was formed in 2018 for the purpose of providing support to Larchmont by leasing, holding, owning or providing real property and charter school facilities on behalf of and for the use and benefit of Larchmont. The Borrower will be the fee simple owner of the Series 2026 Facilities. The Borrower is a party to the Loan Agreement, as borrower thereunder.

For additional information regarding the Borrower, the Facilities Corporation, and Larchmont, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” attached hereto.

* Preliminary, subject to change.

Parity Bonds

The Series 2026 Bonds are being issued as Additional Bonds in accordance with the Original Indenture, secured on parity with the Authority's Charter School Revenue Bonds (Larchmont Charter School Project) Series 2018A and (Taxable) Series 2018B (collectively, the "Series 2018 Bonds" and, together with the Series 2026 Bonds, the "Bonds"). The Series 2018 Bonds were issued in the aggregate principal amount of \$11,635,000 pursuant to the Original Indenture and the proceeds of the sale thereof were loaned to the Borrower for the purpose of financing and/or refinancing certain costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of a charter school facility located at 2801 West 6th Street, Los Angeles, California (the "Series 2018 Facility" and, together with the Series 2026 Facilities, the "Facilities") and certain other charter school facilities. The Series 2018 Facility is leased to Larchmont pursuant to the Lease.

The obligations of the Borrower under the Loan Agreement are secured by a lien on the Series 2018 Facility granted in favor of the Trustee pursuant to a deed of trust executed and recorded in connection with the issuance of the Series 2018 Bonds (the "Original Deed of Trust"). In connection with the issuance of the Series 2026 Bonds, the Borrower will execute and deliver an additional deed of trust relating to the Series 2026 Facilities and granting a lien thereon in favor of the Trustee (the "Series 2026 Deed of Trust" and, together with the Original Deed of Trust, the "Deed of Trust").

Security for the Series 2026 Bonds

The Bonds, including the Series 2026 Bonds, are limited obligations of the Authority payable from Loan Repayments (defined in the Indenture) consisting primarily of all moneys received by the Trustee with respect to the Intercept (as defined herein), moneys received by the Authority or the Trustee pursuant to the Loan Agreement and other amounts held in certain funds and accounts established by the Indenture (except any Administrative Fees and Expenses or any moneys required to be deposited in the Rebate Fund). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Pursuant to and to the extent described in the Indenture, the Authority assigns to the Trustee certain of the Authority's rights under the Loan Agreement, including the right to receive payments thereunder, but excluding any deposits to the Rebate Fund. Pursuant to the Loan Agreement, the Borrower certifies that it will cause Larchmont to make payments of Rent under the Lease directly to the Trustee for deposit in the Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Lease" herein. In addition, pursuant to the Deed of Trust (as defined herein), the Borrower grants to the Trustee a first priority lien on the Series 2026 Facilities and assigns to the Trustee all of its right, title and interest under the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

State Intercept Program. In connection with the issuance of the Series 2026 Bonds, Larchmont will provide revised instructions to the State Controller's Office (the "State Controller") to make apportionments (the "Intercept") to the Trustee with respect to the lease payments due under the Lease, in the amounts and on the dates provided in written notices (the "Intercept Notice"), which amounts are expected to be sufficient to repay the Bonds and to pay necessary and incidental costs. Funds received by the Trustee pursuant to such Intercept constitute Revenues (as defined in the Indenture) and will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California (the "State"), no party, including Larchmont, 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "CERTAIN RISK FACTORS – Bankruptcy" below.

Limited Obligations. The Series 2026 Bonds are limited obligations of the Authority. The Authority is not obligated to advance any moneys derived from any source other than Revenues (as defined below) and

other assets pledged under the 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.

For information regarding the Borrower, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” attached hereto.

Reserve Account

On the date of issuance of the Series 2026 Bonds, \$_____, constituting the Reserve Account Requirement for the Series 2026 Bonds, will be deposited in the Reserve Account (“Reserve Account”) created under the Indenture funded by proceeds of the Series 2026 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, as provided in the Indenture, or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding. The Reserve Account Requirement for the Series 2026 Bonds is anticipated to be sized at maximum annual debt service on the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Redemption

The Series 2026 Bonds will be subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described below under “THE SERIES 2026 BONDS – Redemption.”

Certain Risk Factors

The Series 2026 Bonds may not be a suitable investment for all investors. Prospective purchasers of the Series 2026 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 Series 2026 Bonds.

Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Series 2026 Bonds, the Indenture, the Loan Agreement, the Lease, the Borrower, Larchmont, and Larchmont Charter School, a California charter school, and any other charter school operated by Larchmont at the Series 2026 Facilities (the “School”). All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Series 2026 Bonds are qualified in their entirety by reference to the form of the Series 2026 Bonds included in the Indenture. Larchmont maintains a website providing additional information about itself and its operations. The information on such website is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum. Any capitalized terms in this Limited Offering Memorandum that are not defined herein will have such meaning as given to them in the Indenture.

Limited Offering of Bonds

The Series 2026 Bonds are to be offered and sold (including in secondary market transactions) only to Approved Investors, which as defined in the Indenture means (1) “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or (2) “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Indenture under which the Series 2026 Bonds will be issued contains provisions limiting transfers of the Series 2026 Bonds and beneficial ownership interests in the Series 2026 Bonds only to Approved 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 Indenture and the initial purchasers of the Series 2026 Bonds will be required to execute and deliver to the Authority and

the Trustee an investor letter or bondholder representative letter, as appropriate, in the form attached hereto as Appendix H.

Each purchaser of any Series 2026 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 Series 2026 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 Indenture;
2. That it is an Approved Investor and that it is purchasing the Series 2026 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;
3. That the Series 2026 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 Series 2026 Bonds and beneficial ownership interests therein may only be transferred to Approved Investors; and
6. That the Authority, the Borrower, Larchmont, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Series 2026 Bonds are limited only to “Approved Investors.” Each subsequent transferee of the Series 2026 Bonds will be deemed to have represented and warranted that it (i) is an Approved Investor, and (ii) is acquiring such Series 2026 Bond for its own account or for the account of an Approved Investor, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell such Series 2026 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 Revenues and certain other funds and accounts as provided in the Indenture.

THE SERIES 2026 BONDS

The following is a summary of certain provisions of the Series 2026 Bonds. Reference is made to the Series 2026 Bonds for the complete text thereof and to the Indenture for all of the provisions relating to the Series 2026 Bonds. The discussion herein is qualified by such reference.

General

The Series 2026 Bonds are being issued pursuant to the Indenture, will be dated as of their date of delivery, will be issued in the aggregate principal amounts, and will bear interest at the rates and mature on the dates, subject to redemption as described herein, set forth on the inside front cover of this Limited Offering Memorandum. The Series 2026 Bonds will be issuable as fully registered bonds without coupons in authorized denominations of \$250,000 or any multiple of \$5,000 in excess thereof (“Authorized Denominations”); provided, however, a Series 2026 Bond held by a Beneficial Owner that has become held in a denomination of less than \$250,000 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 First Supplemental Indenture; and provided further, that upon receipt by the Authority and Trustee of a rating letter by Fitch, S&P or Moody’s indicating that the Series 2026 Bonds are rated “BBB-” or “Baa3,” as applicable, or higher, such Authorized Denominations will be reduced to \$25,000 or any integral multiple of \$5,000 in excess thereof, and upon receipt of a rating letter by Fitch, S&P or Moody’s indicating that the Series 2026 Bonds are rated “A-” or “A3,” as applicable, or better, such Authorized Denominations will be reduced to \$5,000 or any multiple thereof.

The Series 2026 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 Series 2026 Bonds of such maturity. Registered ownership of the Series 2026 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Indenture. So long as Cede & Co. is the registered owner of the Series 2026 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 Series 2026 Bonds.

Interest on the Series 2026 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, until payment of principal has been made or provided for, payable semi-annually on each Interest Payment Date. The principal of, redemption premium, if any, and interest on the Series 2026 Bonds will be payable in legal currency of the United States of America, to the person in whose name the Bond is registered as of the 15th day of the month preceding such Interest Payment Date, whether or not such day is a Business Day (the “Record Date”). Any interest not punctually paid or duly provided for will cease to be payable to the Holder on the respective 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 Indenture as a record date for the payment of defaulted interest on the Series 2026 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 15 days prior to such Special Record Date.

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 Record Date, such interest to be paid by check mailed 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 Bondholder of \$1,000,000 or more in an aggregate principal amount of the Series 2026 Bonds will be entitled to receive payments of interest on the Series 2026 Bonds held by it by wire transfer to a bank account located in the United States of America as such Bondholder will designate in writing to the Trustee by the Record Date next preceding such payment. So long as Cede & Co. is the registered owner of the Series 2026 Bonds, principal of and interest on the Series 2026 Bonds are payable by wire transfer in immediately available funds by the Trustee to Cede & Co., as nominee for DTC.

Book-Entry Only System

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities without coupons in Authorized Denominations. The Series 2026 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 and Exchange of Bonds

Bonds are transferable upon the bond register kept for such purpose by the Trustee at its principal corporate trust office, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Bond, the Authority will execute and the Trustee will authenticate and deliver and the Trustee will register in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series, terms and maturity as the surrendered Bond. The Authority and the Trustee may deem and treat the Bondholder in whose name any Bond is registered upon the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of (or Redemption Price of) and interest on such Bond and for all other purposes, and all such payments so made to any such Bondholder or upon his order will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee will not be required to transfer or exchange any Bond during the period from the fifteenth day of the month next preceding any Interest Payment Date of such Bond through such Interest Payment Date, after the mailing of notice calling such Bond or portion thereof for redemption has been given, or during the period of 15 days next preceding the giving of such notice of redemption.

Series 2026 Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of the Series 2026 Bonds of the same Series, terms and maturity of any other Authorized Denominations. All Bonds surrendered in any such exchanges or transfers will be delivered to the Trustee and cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid and any other cost incurred by the Authority or the Trustee with respect to such exchange or transfer and as a condition to such exchange or transfer.

The Series 2026 Bonds may not be registered in the name of, or transferred to, any person except an Approved Investor, unless the Authority and the Trustee have received a rating letter by Fitch, S&P or Moody's indicating that the Series 2026 Bonds are rated "A-" or "A3," as applicable, or better. In such case, transfers will no longer be restricted to Approved Investors. See "TRANSFER RESTRICTIONS" herein.

Redemption*

Optional Redemption. The Series 2026 Bonds maturing on or after June 1, 20__ are subject to redemption prior to their stated maturity on or after June 1, 20__, at the option of the Borrower, from any source of available funds, as a whole or in part on any date specified by the Borrower in a notice given to the Trustee (with a copy to the Authority) at least 60 days prior to such redemption date (in such amounts and of such Mandatory Sinking Account Payments as may be specified by the Borrower, or if the Borrower fails to specify such amounts and such Mandatory Sinking Account Payments, in inverse order of Mandatory Sinking Account Payments), at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

* Preliminary, subject to change.

Extraordinary Mandatory Redemption. The Series 2026 Bonds are subject to extraordinary redemption in whole or in part at any time at a redemption price equal to the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest thereon to the redemption date upon the occurrence of any of the following events:

(a) The Series 2026 Facilities shall have been damaged or destroyed, in whole or in part, to such extent that, as expressed in a consulting architect's certificate filed with the Trustee, (A) the Series 2026 Facilities cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (B) Larchmont is thereby prevented from carrying on its normal operations at the Series 2026 Facilities for a period of six consecutive months or (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement.

(b) Title to or the temporary use of, all or any substantial part of the Series 2026 Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority or because of a defect in title.

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in such agreement or unreasonable burdens or excessive liabilities shall have been imposed on the Borrower or Larchmont in respect to the Series 2026 Facilities. Redemption as described in this paragraph (c) shall be in whole only.

Only Net Proceeds of insurance or of a condemnation award may be used for a partial redemption of Bonds pursuant to paragraphs (a) or (b) above.

Mandatory Redemption Upon Determination of Taxability. The Series 2026 Bonds are subject to mandatory redemption as a whole and not in part at the principal amount thereof, plus accrued interest thereon to the date of redemption, upon the occurrence of a Determination of Taxability related to such Series 2026 Bonds. The redemption date shall be the earliest practicable date selected by the Trustee, after consultation with Larchmont, but in no event later than six (6) months following the finalization of the Determination of Taxability. See "CERTAIN RISK FACTORS – Tax Related Issues – Determination of Taxability" herein.

Mandatory Redemption Upon Change in Use. The Series 2026 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 Series 2026 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 plus 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, on the earliest date for which notice of redemption can reasonably be given in accordance with the Indenture.

Mandatory Sinking Fund Redemption. The Series 2026 Term Bonds maturing on June 1, 20__ shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

Series 2026 Term Bonds Maturing

June 1, 20__

Mandatory Sinking
Account Payment Dates

Mandatory Sinking
Account Payments

June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__[†]

[†] Maturity Date.

The Series 2026 Term Bonds maturing on June 1, 20__ shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

Series 2026 Term Bonds Maturing

June 1, 20__

Mandatory Sinking
Account Payment Dates

Mandatory Sinking
Account Payments

June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__
June 1, 20__[†]

[†] Maturity Date.

Notice of Redemption. In connection with the redemption of Bonds, the Trustee will give notice, at the expense of the Borrower, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Series 2026 Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such redemption shall be payable and, if less than all of the Series 2026 Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will further state any conditions that must be met prior to the redemption of the Series 2026 Bonds to be redeemed and that on such date there will become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Bonds to be redeemed in part only, in each case together with interest accrued but unpaid on the principal amount of the Series 2026 Bonds to be redeemed to the date fixed for redemption, and that from and after such date interest thereon will cease to accrue and be payable. The Trustee may state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient moneys to redeem such Bonds and that if such money is not so received, no Bonds will be redeemed.

The Trustee will mail a copy of such notice by first-class mail, postage prepaid, or any Electronic Means not more than 60 days nor less than 30 days before the date fixed for redemption, to the Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the bond register, but receipt of such notice will not be a condition precedent to such redemption and failure of any Holder of a Bond to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for

the redemption of Bonds. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2026 Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the Redemption Date, and such notice will be of no effect unless such moneys are so deposited.

In addition, if any Bonds are to be redeemed, then, upon the written request of an Authorized Representative of the Borrower received at least 40 days before the date fixed for redemption, the Trustee will also give redemption notice at least 30 days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid; (ii) Electronic Means; or (iii) overnight delivery service, to DTC.

Failure to give the notices described herein, or any defects therein, will not in any manner affect the proceedings for redemption of any Bonds.

Under the Indenture, neither the Authority nor the Trustee will have any responsibility for any defect in the CUSIP number that appears on any Bonds or in any redemption notice with respect thereto, and any such redemption notice will contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee will be liable for any inaccuracy in such numbers.

Payment of Redeemed Bonds. Notice having been given in the manner provided in the Indenture, the Series 2026 Bonds or portions thereof so called for redemption will become due and payable on the date fixed for redemption so designated at the Redemption Price, plus, if applicable, interest accrued and unpaid to the date fixed for redemption, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, will be paid at the Redemption Price, plus, if applicable, interest accrued and unpaid to the date fixed for redemption. If there shall be called for redemption less than all of the full principal amount of a Bond, the Authority will execute and the Trustee will authenticate and the Trustee will deliver, upon the surrender of such Bond, without charge to the Holder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series, terms, and maturity in any of the Authorized Denominations.

If, on the date fixed for redemption, moneys for the redemption of all the Series 2026 Bonds or portions thereof of any like Series and maturity to be redeemed, and, if applicable, interest accrued but unpaid on the principal amount of the Series 2026 Bonds to be redeemed to the date fixed for redemption, will be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption interest on the Series 2026 Bonds or portions thereof so called for redemption will cease to accrue and become payable. If said moneys will not be so available on the date fixed for redemption, such Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

If the date fixed for redemption for any Bond shall be a date other than an Interest Payment Date for such Bond, accrued interest payable on the redemption of such Bond shall be paid to the Holder of such Bond as of the date fixed for redemption.

Selection of Bonds for Redemption. If less than all of the Series 2026 Bonds of like maturity of any Series are called for redemption, except as otherwise provided below, and any arrangements with a Depository with respect to Bonds registered in the name of a Depository or its nominee, the particular Bonds or portions of Bonds to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a Series of a denomination greater than the minimum Authorized Denomination for the Series 2026 Bonds of such Series to be redeemed will be redeemed in part only in Authorized Denominations and that, in selecting portions of Bonds of a Series for redemption, the Trustee will treat each Bond of such Series as representing that number of Bonds of the

minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond to be redeemed in part by the minimum Authorized Denomination for such Series.

Whenever the Trustee is required or authorized to redeem Bonds other than at the direction of the Borrower, and the Indenture does not expressly set forth the Series of Bonds or the principal amount of Bonds of each maturity of such Series to be redeemed, the Borrower may select the Series of Bonds, the principal amounts of the Series 2026 Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts will be determined by the Borrower, subject to any limitations with respect thereto contained in the Indenture) and if the Borrower does not notify the Trustee of such Series, maturities and principal amounts, to be redeemed on or before the 60th day preceding the date fixed for redemption, the Trustee will, in inverse order of maturity by lot, select the Series, maturities and principal amounts of Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, in accordance with the terms of the Indenture.

Defeasance

Discharge of Indenture. Bonds may be paid in any of the following ways: (a) by paying or causing to be paid the principal of (or Redemption Price of) and interest on all Bonds Outstanding as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount to pay when due or redeem all Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If all Bonds then Outstanding are paid and all other sums payable under the Indenture are paid, 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 Indenture), and notwithstanding that any Bonds have not been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture will cease, terminate, become void and be completely discharged and satisfied, except as provided in the Indenture and the Loan Agreement. In such event, upon the request of the Borrower, the Trustee will cause an accounting for such period or periods as may be requested by the Borrower and will execute and deliver to the Borrower all such instruments as may be necessary to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to the Indenture that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; provided that in all events moneys in the Rebate Fund will be subject to the provision of the Indenture.

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 or redeem any Outstanding Bond, whether upon or prior to its maturity or the redemption date of such Bond (provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given pursuant to the Indenture), then all liability 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 such 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 Indenture” hereinafter will apply in all events.

The Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Borrower may have 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 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

or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (other than the Rebate Fund) and will be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given in accordance with the Indenture, the amount to be deposited or held will be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) noncallable bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and interest on which when due (without any income from the reinvestment thereof) will provide money sufficient to pay the principal of (or Redemption Price of) and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series 2026 Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due; provided, that in the case of Bonds which are to be redeemed prior to maturity, notice of such redemption will have been given pursuant to the Indenture.

provided, that, in each case, that the Trustee will have been irrevocably instructed (by the terms of the Indenture or by Request of the Borrower) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bond; and provided further, in each case, that the Trustee will have received a certificate from a firm of certified public accountants certifying as to the sufficiency of the deposit made pursuant to paragraph (a) or (b) above.

Payment of Bonds after Discharge of Indenture. Notwithstanding any provision of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for the period which is one year less than the statutory escheat period after the principal of all of the Series 2026 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or the period which is one year less than the statutory escheat period after the date of deposit of such moneys if deposited after said date when all of the Series 2026 Bonds became due and payable, will be repaid to the Borrower free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Authority and the Trustee with respect to claims of Holders of Bonds which have not yet been paid, 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 Series 2026 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 Series 2026 Bonds are to be offered and sold (including in secondary market transactions) only to Approved Investors, which pursuant to the Indenture means (i) “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act or (ii) “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The foregoing limitation will cease to apply (without notice to or consent of any Bondholder) upon and after receipt by the Authority and Trustee of a rating letter by Fitch, S&P or Moody’s indicating that the Series 2026 Bonds are rated “A-” or “A3,” as applicable, or better.

In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture. See “CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Approved Investors” herein. On or prior to the date of delivery of the Series 2026 Bonds, the initial purchasers of the Series 2026 Bonds will be required to execute and deliver to the Authority and the Trustee an investor letter or bondholder representative letter, as appropriate, in the form attached hereto as APPENDIX H.

ESTIMATED SOURCES AND USES OF FUNDS*

The following table sets forth the estimated sources and uses of funds related to the Series 2026 Bonds.

	<u>Series 2026</u>	<u>CSFA Grant</u>	<u>Total</u>
Sources:			
Bond Principal	\$19,735,000.00	--	\$19,735,000.00
Equity Contribution	2,000,000.00	--	2,000,000.00
Grant Proceeds ⁽²⁾	<u>--</u>	<u>\$1,769,538.10</u>	<u>1,769,538.10</u>
Total Sources:	\$21,735,000.00	\$1,769,538.10	\$23,504,538.10
Uses:			
Project Costs ⁽³⁾	\$20,500,000.00	--	\$20,500,000.00
Capitalized Interest Account ⁽⁴⁾	244,788.15	--	244,788.15
Reserve Account	--	\$1,769,538.10	1,769,538.10
Costs of Issuance ⁽⁵⁾	<u>990,211.85</u>	<u>--</u>	<u>990,211.85</u>
Total Uses	\$21,735,000.00	\$1,769,538.10	\$23,504,538.10

(1) Equity contribution of Larchmont.

(2) Grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program, for deposit in the Grant-Funded Reserve Subaccount. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Revenue Fund – Reserve Account” herein.

(3) See “THE PROJECT” below.

(4) Represents capitalized interest on a portion of the Series 2026 Bonds through June 1, 2027*.

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

THE PROJECT

The proceeds of the Series 2026 Bonds will be used to (i) finance, refinance and/or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities operated by Larchmont; (ii) fund capitalized interest on a portion of the Series 2026 Bonds through June 1, 2027*; and (iii) pay certain costs of issuance of the Series 2026 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” above. A deposit to a debt service reserve account for the Series 2026 Bonds in an amount of \$1,769,538.1* is expected to be funded by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program. Such deposit to the debt service reserve account will be equal to the maximum annual debt service on the Series 2026 Bonds.*

* Preliminary, subject to change.

General

The net proceeds of the Series 2026 Bonds will be used to finance the acquisition of the Series 2026 Facilities pursuant to the Purchase and Sale Agreement (as defined below). The acquisition of the Series 2026 Facilities is referred to herein as the “Series 2026 Project.”

The Series 2026 Facilities comprise five buildings located on six parcels totaling approximately 1.24 acres of land and contain approximately 49,622 square feet of building space. The Series 2026 Facilities are currently used as a parochial school campus. The Series 2026 Facilities are summarized in the following table.

SUMMARY OF CURRENT IMPROVEMENTS Series 2026 Facilities

<u>Address</u>	<u>Current Use</u>	<u>Year Built</u>	<u>Stories</u>	<u>Building Area</u>
6315-6325 Santa Monica Blvd.	School	1922	Two	16,411
6359-6363 Santa Monica Blvd.	School	1925	Two	17,339
6331-6337 Santa Monica Blvd.	School	1933/1953	Two	5,262
1113-1125 Lillian Way	Parking Lot	N/A	N/A	--
1123 Lillian Way	Industrial	1912	One	6,490
1115 Lillian Way	Industrial	1959	One	<u>4,120</u>
Total				49,622

Source: The Borrower.

The three parcels with Santa Monica Boulevard addresses (the “Santa Monica Blvd. Facilities”) include 39,012 square feet of building space of school facilities. The Lessee intends to use the Santa Monica Blvd Facilities as school facilities, to replace its Selma Campus (currently serving grades 4 through 8). The Santa Monica Blvd. Facilities include 25 classrooms, as well as staff rooms, computer labs, restrooms, a music room, and a ballet room.

The three parcels with Lillian Way addresses (the “Lillian Way Facilities”) include a parking lot with 16 spaces and two buildings. The Lessee intends to use these two buildings initially for administrative offices and storage.

Upon the issuance of the Series 2026 Bonds, Larchmont will lease the Series 2026 Facilities from the Borrower pursuant to the Lease.

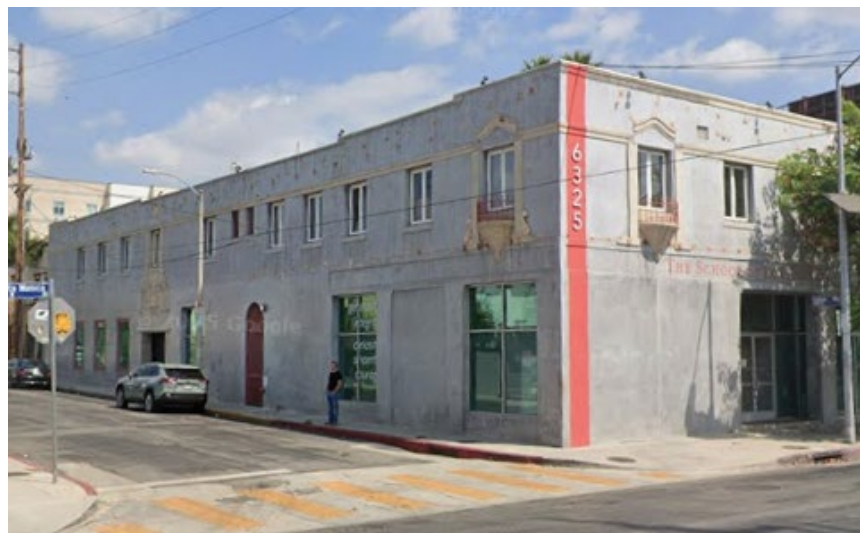


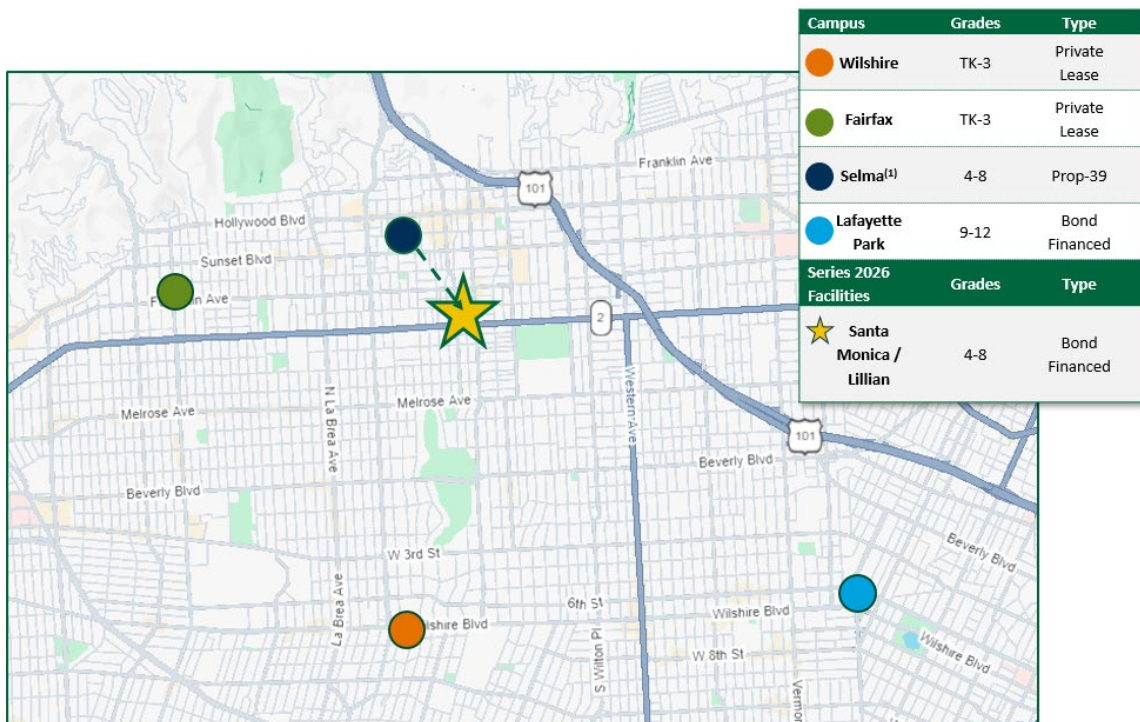
Photo of a portion of the Series 2026 Facilities from Santa Monica Blvd.



Photo of a portion of the Series 2026 Facilities from Santa Monica Blvd.

Planned Improvements. No renovation or alteration of the Series 2026 Facilities is expected to be financed with proceeds of the Series 2026 Bonds. However, the Lessee intends to make some tenant improvements to the Series 2026 Facilities, to be financed from available cash reserves. The Lessee has retained DSH // architecture (the “Architect”) to design these improvements and projects such improvements will be concluded early enough to permit occupation of the Series 2026 Facilities for the 2026-27 school year.

Location. The Lessee’s Selma Campus is located at 6611 Selma Avenue, in Los Angeles, California. The Series 2026 Facilities are approximately one mile from the Lessee’s Selma Campus, as set forth in the map below.



⁽¹⁾ The Series 2026 Facilities are expected to replace the Selma Campus in the 2026-27 school year.
Source: Larchmont.

Zoning. The Santa Monica Blvd. Facilities are zoned to permit public elementary, middle, and high schools by right. The Lillian Way Facilities are zoned R3, which would require a conditional use permit for public school use. No such permit has been issued and the Lessee intends to use the Lillian Way Facilities for storage and administrative use.

Acquisition of the Series 2026 Facilities

Larchmont entered into that certain Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated as of January 10, 2026 (as may be amended, the “PSA”), by and between East Highland Holding Company, LLC (the “Seller”), a Delaware limited liability company, as seller, and Larchmont, as purchaser thereunder, pursuant to which Larchmont has contracted to acquire the Series 2026 Facilities. On or prior to the closing date of the acquisition, Larchmont expects to assign its interest in the PSA to the Borrower. The acquisition price of the Series 2026 Facilities pursuant to the PSA is \$20,500,000.

Upon the issuance of the Series 2026 Bonds, the Borrower will acquire the fee interest in the Series 2026 Facilities and will lease the Series 2026 Facilities to Larchmont pursuant to the Lease. See “THE LEASE” herein.

Appraisal

Integra Realty Resources (“Integra”) appraised the site and improvements comprising the Series 2026 Facilities. In that connection, Integra prepared an “as-is” market value appraisal of the Seller’s fee simple interest in the Series 2026 Facilities, with an effective date of February 17, 2026 (the “Series 2026 Appraisal”).

The Series 2026 Appraisal employed two different approaches: (i) the sales approach, based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market; and (ii) the income approach, based on the premise that properties are purchased for their income producing potential, which considers both the annual return on the invested principal and the return of the invested principal.

The Series 2026 Appraisal estimates that, as of February 17, 2026, the market value of the fee simple interest in the Series 2026 Facilities is \$20,500,000.

Appraisal Amounts. In connection with the issuance of the Series 2018 Bonds, Kidder Mathews Valuation Advisory Services (“Kidder” and, together with Integra, the “Appraisers”) appraised the sites and improvements comprising the Series 2018 Facility. In that connection, Kidder prepared an “as-is” market value appraisal of (i) the Borrower’s leased fee interest in the Series 2018 Facility, and (ii) the fee simple ownership interest in the Series 2018 Facility, assuming unencumbered ownership, each with an effective date of July 13, 2018 (the “Series 2018 Appraisal” and, together with the Series 2026 Appraisal, the “Appraisals”).

The Series 2018 Appraisal also employed only the sales approach and the income approach. The Series 2018 Appraisal estimates that, as of July 13, 2018, (i) the market value of the leased fee interest in the Series 2018 Facility was \$7,800,000, and (ii) the market value of the fee simple interest in the Series 2018 Facility was \$10,600,000.

THE FACILITIES
Appraised Value Summary
(Fee Simple Interests)

<i>Facility</i>	<i>Property Interest</i>	<i>Appraised Value</i>	<i>Date of Valuation</i>
Series 2026 Facilities	Fee simple	\$20,500,000	February 17, 2026
Series 2018 Facility ⁽¹⁾	Fee simple	10,600,000	July 13, 2018
Total Appraised Value		\$31,100,000	

⁽¹⁾ Fee simple interest only. See above for leased fee interest conclusion of the Series 2018 Appraisal. The Series 2018 Facility and the Series 2018 Appraisal are further described in the Limited Offering Memorandum for the Series 2018 Bonds.

Source: *The Borrower*.

The aggregate appraised value of the Facilities of \$31,100,000 is equal to approximately 102%* of the aggregate par amount of the Bonds expected to be Outstanding upon the issuance of the Series 2026 Bonds (including the Series 2018 Bonds, of which \$10,720,000 is outstanding, and Series 2026 Bonds to be issued in the par amount of \$19,735,000*). See “CERTAIN RISK FACTORS – Limitations of Appraisals” herein.

Limitations. The summary of the Appraisals 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 Appraisals are available upon request from the Underwriter. The values of the Facilities as estimated in the Appraisals represent only the opinions of the applicable Appraiser, and only as of the effective date. The Appraisers have not been engaged to update or revise the estimates contained in the Appraisals since their respective effective dates. See “CERTAIN RISK FACTORS – Limitations of Appraisals” herein.

Environmental Inspections

Phase I Report. Tetra Tech BAS (“Tetra Tech”) performed a Phase I Environmental Site Assessment of the Series 2026 Facilities and prepared a report dated March 18, 2026 (the “Phase I Report”).

The Phase I Report states that its purpose is to identify whether recognized environmental conditions, historical recognized environmental conditions, controlled recognized environmental conditions, *de minimis* conditions, or business environmental risks (“BERs”) are present on the subject property. Recognized environmental conditions (“RECs”) are (1) the presence of hazardous substances or petroleum products in, on, or at the subject property due to a release to the environment; (2) the likely presence of hazardous substances or petroleum products in, on, or at the subject property due to a release or likely release to the environment; or (3) 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. Historical recognized environmental conditions (“HRECs”) are a previous release of hazardous substances or petroleum products affecting the subject property that have been addressed to the satisfaction of the applicable regulatory authority or authorities and meeting unrestricted use criteria established by the applicable regulatory authority or authorities without subjecting the subject property to any controls. A HREC is not a REC.

Controlled recognized environmental conditions (“CRECs”) are recognized environmental conditions affecting the subject property that have been addressed to the satisfaction of the applicable regulatory authority or authorities with hazardous substances or petroleum products allowed to remain in place subject to implementation of required controls. A *de minimis* condition is a condition related to a release that generally does not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. A *de minimis* condition is not a REC nor a CREC. A business environmental risk (“BER”) is a risk that can have a material

* Preliminary, subject to change.

environmental or environmentally-driven impact on the business associated with the current or planned use of the subject property

Tetra Tech's scope of work included: (1) a property and adjacent site reconnaissance; (2) interviews with key personnel; (3) a review of historical sources; (4) a review of regulatory agency records; and (5) a review of a regulatory database report provided by a third-party vendor. Tetra Tech contacted local agencies, such as 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, Tetra Tech researched information on the presence of activity and use limitations at these agencies. The Phase I Report is subject to a number of limitations and disclaimers.

As noted above, the Series 2026 Facilities comprise six parcels of land and improvements thereon referred to herein by their street addresses: the Santa Monica Blvd. Facilities (consisting of 6325 Santa Monica Boulevard, 6331 Santa Monica Boulevard, and 6363 Santa Monica Boulevard; and the Lillian Way Facilities (consisting of 1115 Lillian Way, 1123 Lillian Way, and 1125 Lillian Way).

The Phase I Report identified an REC for the three Lillian Way Facilities due to soil impacted with petroleum hydrocarbons ("TPH"), lead, and mercury, and soil vapor impacted with volatile organic compounds ("VOCs") including tetrachloroethene ("PCE") and benzene. Soil vapor impacted with VOCs including PCE and benzene are also considered to be a potential vapor encroachment condition ("VEC") that would be considered indicative of vapor intrusion at the subject property by volatile compounds.

The Phase I Report also noted that Tetra Tech was then performing additional investigation at the subject property including indoor air quality sampling, soil sampling and soil vapor sampling, the results of which would be provided separately.

The Phase I Report also identified an HREC at the subject property related to previous investigations at the Santa Monica Blvd. Facilities of the subject property, including soil, soil vapor, groundwater, and indoor air sampling and analyses. A passive vapor mitigation system was installed at the 6325 Santa Monica Boulevard subject property parcel in 2016. The Phase I Report indicates that: (i) based on information from previous investigations and the installation of a passive vapor mitigation system, the California Department of Toxic Substances Control ("DTSC") determined that all environmental investigations/response actions for these parcels had been satisfactorily completed; (ii) DTSC issued a Certificate of Completion for these parcels, dated October 11, 2022 (the "DTSC Certificate of Completion"); and (iii) according to DTSC, these parcels were suitable for unrestricted land use, including their current use as schools.

The Phase I Report also identified BERs related to: (a) the presence of potentially polychlorinated-biphenyl ("PCB")-containing equipment and building materials at the subject property; (b) confirmed and untested suspect asbestos-containing materials ("ACMs") at the subject property; and (c) confirmed and untested suspect lead based paint ("LBP") and other lead containing materials ("LCMs") at the subject property.

The Phase I Report recommended that, prior to any demolition, remodeling, and/or renovation activities at the subject property, untested suspect ACMs, LBP and other LCMs, and potential PCB-containing equipment and materials that may be disturbed should be sampled, and that abatement of known and suspect ACMs, LBP and other LCMs, and potential PCB-containing equipment and materials should be performed prior to any demolition, remodeling, and/or renovation activities. The Phase I Report also recommended that, in the event that renovation or demolition activities do not take place, known and suspect ACMs, LBP and other LCMs, and potential PCB-containing equipment and materials at the subject property should be managed in accordance with applicable regulations, including the preparation and implementation of operation and maintenance (O&M) plans for asbestos, lead, and PCBs.

Phase II Report. As noted above, Tetra Tech conducted additional investigation at the subject property including indoor and outdoor air quality sampling, soil sampling and soil vapor sampling, and in connection with such testing, prepared a report dated March 19, 2026 (the “Phase II Report” and, together with the Phase I Report, the “Environmental Reports”). With respect to the indoor air quality sampling at both the Santa Monica Blvd. Facilities and the Lillian Way Facilities, the Phase II Report noted that levels of benzene and naphthalene were detected at above the commercial/industrial screening levels; however, (i) the levels of benzene were consistent with urban air concentrations in Los Angeles, generally, and (ii) the range of naphthalene concentrations were generally consistent across the site and consistent with the outdoor air levels. While the soil vapor sampling described in the Phase II Report did detect various VOCs at levels above laboratory reporting limits, only the level of PCE exceeded its commercial/industrial screening level, and the levels of PCE in the indoor air quality testing showed concentrations roughly 10 times lower than the applicable screening level. The Phase II Report’s soil sampling did reveal levels of arsenic, lead, and mercury above their respective commercial/industrial screening levels; however, the report observed that (i) the levels of these metals were consistent with earlier testing performed in 2021, and (ii) the affected soil was located under building foundations or under a paved parking lot, and accordingly presented no current risk of exposure. The Phase II Report concluded (a) that the sampling activities and risk assessment calculations presented in the report are consistent with the conclusion set forth in the DTSC Completion Certificate that the existing educational buildings (the Santa Monica Blvd. Facilities) are suitable for unrestricted land use, including the planned school use, (b) that there is no indication of significant vapor intrusion risk at the Series 2026 Facilities, nor is there a present exposure pathway to impacted soil at the Series 2026 Facilities.

Conclusion. The Environmental Reports speak only as of their respective dates and Tetra Tech has not been asked to perform any additional assessments since the time of the assessments described in the Environmental Reports. Further, the Environmental Reports are subject to the limitations specified therein. Potential investors may refer to the complete Environmental Reports for a full understanding of such limitations, and for additional information pertinent to the assessment, copies of which are available from the Underwriter. See “CERTAIN RISK FACTORS – Limitations on Value of the Series 2026 Facilities and to Remedies Under the Deed of Trust” herein.

The Project is not expected to be impacted by the environmental conditions described herein, however future improvements to the Facilities may require environmental remediation and/or mitigation. Costs incurred by the Borrower or Larchmont with respect to environmental remediation or liability could adversely affect their respective financial conditions. See “CERTAIN RISK FACTORS – Limitations on Value of the Facilities and to Remedies Under the Deed of Trust” herein.

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DEBT SERVICE SCHEDULE*

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

Period Ending (June 1)	Series 2026 Bonds Principal	Series 2026 Bonds Interest	Series 2018 Bonds Debt Service	Total Bonds Debt Service
2026	--	\$148,149.55 ⁽¹⁾	\$696,000	\$844,149.55
2027	--	1,159,431.26 ⁽¹⁾	698,000	1,857,431.26
2028	\$80,000	1,159,431.26	699,500	1,938,931.26
2029	85,000	1,154,731.26	695,500	1,935,231.26
2030	90,000	1,149,737.50	696,250	1,935,987.50
2031	95,000	1,144,450.00	696,500	1,935,950.00
2032	100,000	1,138,868.76	696,250	1,935,118.76
2033	110,000	1,132,993.76	695,500	1,938,493.76
2034	110,000	1,126,531.26	699,250	1,935,781.26
2035	120,000	1,120,068.76	697,250	1,937,318.76
2036	125,000	1,113,018.76	699,750	1,937,768.76
2037	135,000	1,105,675.00	696,500	1,937,175.00
2038	140,000	1,097,743.76	697,750	1,935,493.76
2039	150,000	1,089,518.76	698,250	1,937,768.76
2040	160,000	1,080,706.26	698,000	1,938,706.26
2041	170,000	1,071,306.26	697,000	1,938,306.26
2042	180,000	1,061,318.76	695,250	1,936,568.76
2043	190,000	1,050,743.76	697,750	1,938,493.76
2044	200,000	1,039,581.26	699,250	1,938,831.26
2045	210,000	1,027,831.26	699,750	1,937,581.26
2046	225,000	1,015,493.76	699,250	1,939,743.76
2047	240,000	1,002,275.00	697,750	1,940,025.00
2048	255,000	988,175.00	695,250	1,938,425.00
2049	265,000	973,193.76	696,750	1,934,943.76
2050	285,000	957,625.00	697,000	1,939,625.00
2051	300,000	940,881.26	696,000	1,936,881.26
2052	315,000	923,256.26	698,750	1,937,006.26
2053	330,000	904,750.00	700,000	1,934,750.00
2054	355,000	885,362.50	694,750	1,935,112.50
2055	375,000	864,506.26	698,250	1,937,756.26
2056	1,095,000	842,475.00	--	1,937,475.00
2057	1,160,000	778,143.76	--	1,938,143.76
2058	1,225,000	709,993.76	--	1,934,993.76
2059	1,300,000	638,025.00	--	1,938,025.00
2060	1,375,000	561,650.00	--	1,936,650.00
2061	1,455,000	480,868.76	--	1,935,868.76
2062	1,540,000	395,387.50	--	1,935,387.50
2063	1,630,000	304,912.50	--	1,934,912.50
2064	1,730,000	209,150.00	--	1,939,150.00
2065	<u>1,830,000</u>	<u>107,512.50</u>	<u>--</u>	<u>1,937,512.50</u>
Totals	\$19,735,000	\$35,655,474.79	\$20,923,000	\$76,313,474.79

⁽¹⁾ All or a portion constitutes capitalized interest on the Series 2026 Bonds.

⁽²⁾ Figures may not sum to totals due to rounding. Also, debt service is shown gross of interest earnings on the Reserve Account.

* Preliminary, subject to change.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations of the Authority

The Series 2026 Bonds and interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues received under the Indenture and from certain funds and accounts established and maintained under the Indenture. The Authority is not obligated to advance any moneys derived from any source other than the Revenues (as defined below) and other assets pledged under the Indenture, whether for the payment of the principal of or redemption price or interest on the Bonds.

THE SERIES 2026 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 INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE SERIES 2026 BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE SERIES 2026 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 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 MAKE FUNDS AVAILABLE TO THE SCHOOL IN ANY AMOUNT OR AT ANY TIME.

Indenture

The Series 2026 Bonds will be issued pursuant to the Indenture and will be equally and ratably secured thereby, together with the Series 2018 Bonds and any Additional Bonds that may be issued later thereunder. The Indenture provides that all the Bonds shall be limited obligations of the Authority, payable solely from the funds provided therefor. As security for its obligations under the Indenture, the Authority will assign to the Trustee all right, title and interest of the Authority in and to (a) the Revenues, including, without limitation, all Loan Repayments and other amounts receivable by or on behalf of the Authority under the Loan Agreement in respect of repayment of the Loan and all moneys and investments in the funds and accounts established pursuant to the Indenture, excepting only moneys on deposit in the Rebate Fund; (b) the Loan Agreement, except for the Retained Authority Rights; (c) the Deed of Trust, and (d) the Lease.

“*Revenues*” means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement, including, without limiting the generality of the foregoing, payments of Base Rent and Additional Rent to the Trustee as collateral assignee, Loan Repayments and Additional Payments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, but not including any Administrative Fees and Expenses or any moneys required to be deposited in the Rebate Fund.

“*Retained Authority 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 under the Indenture or under the Loan Agreement and the obligation of the Borrower to make deposits pursuant to the Tax Regulatory Agreement.

Flow of Funds. Under the Indenture, except as otherwise provided therein, all Revenues are required to be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “Revenue Fund” which the Trustee is required to establish, maintain and hold in trust. Under the Indenture, On or before the twenty-fifth day of each month, commencing on or before October 25, 2018, 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 funds, 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 Revenues 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:

FIRST, to the Interest Account, for the deposits occurring during the months of December through May, one-sixth of the aggregate amount of interest becoming due and payable on the immediately succeeding June 1 on all Bonds then Outstanding and all Parity Debt, and for the deposits occurring during the months of June through November, one-sixth of the aggregate amount of interest becoming due and payable on the immediately succeeding December 1 on all Bonds then Outstanding and all Parity Debt, together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month, in each case until the balance in said account (including any earnings or capitalized interest then on deposit) is equal to said aggregate amount of interest; provided that from the date of delivery of the Bonds or the date of incurrence of Parity Debt until two months prior to the first Interest Payment Date with respect to the Bonds or such Parity Debt, transfers to the Interest Account will be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on the initial Interest Payment Date; provided, further, that in determining the amount of such transfers, the Trustee will credit the amounts on deposit in the Capitalized Interest Account of the Project Fund available for payment of interest on the Interest Payment Dates and will transfer to the Interest Account one-sixth of the aggregate amount of interest becoming due and payable on such Interest Payment Date;

SECOND, to the Principal Account one-twelfth of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus one-twelfth of the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds plus one-twelfth of the aggregate amount of principal becoming due and payable on Parity Debt, together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month, in each case during the next ensuing 13 months, 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 or the date of incurrence of Parity Debt until the first Principal Payment Date with respect to the Bonds or such Parity Debt (if less than 13 months), transfers to the Principal Account will be sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said Principal Payment Date;

THIRD, to the Reserve Account, (i) one-twelfth of the aggregate amount of each prior withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month; provided that no withdrawal from the Reserve Account will be made for the purpose of making up a deficiency in the Interest Account or Principal Account with respect to payments on Parity Debt not secured by the Reserve Account pursuant to the Indenture; and, provided further that no deposit need be made into the Reserve Account if the balance in said account is at least equal to the Reserve Account Requirement; and (ii) in the event the balance in the Reserve Account is less than the Reserve Account Requirement due to valuation of the Investment Securities deposited therein in accordance with the 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);

FOURTH, to the Rebate Fund, such amounts as are required to be deposited therein by the Indenture; provided, however, that no amounts received by the Trustee pursuant to the Intercept Notice will be deposited into the Rebate Fund;

FIFTH, to the Repair and Replacement Fund, (i) with respect to the Series 2018 Bonds, from and after October 1, 2018 and so long as any Series 2018 Bonds are Outstanding, \$1,390, until the balance therein is at least equal to the Series 2018 Repair and Replacement Fund Requirement; plus (ii) with respect to the Series 2026 Bonds, from and after July 25, 2026*, and so long as any Series 2026 Bonds are Outstanding, \$2,778*, until the balance therein is at least equal to the Series 2026 Repair and Replacement Fund Requirement; and thereafter (iii) 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 (iv) in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement due to valuation of the amounts deposited therein in accordance with Section 5.10 hereof, 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);

SIXTH, to the Expense Account, such amounts as are required to pay the reasonable fees, charges and expenses of (i) the Trustee for services rendered under the Indenture, due on its next annual fee cycle and all amounts referred to in the Indenture; (ii) the rebate consultant for services rendered in computing the Rebate Requirement; (iii) such accountants, consultants, attorneys and other experts as may be engaged by the Authority, the Trustee or the Borrower to prepare audited financial statements, reports, opinions or such other services required under the Indenture, the Loan Agreement, the Lease or the Deed of Trust; and (iv) the surveillance fees of the Rating Agency then maintaining a rating on the Bonds; and

SEVENTH, to the Administration Fund, an amount equal to one-twelfth of the annual Administrative Fees and Expenses.

All moneys remaining in the Revenue Fund after the foregoing monthly transfers will be transferred by the Trustee to the Borrower.

Reserve Account

Within the Reserve Account, the Trustee will establish and maintain the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. 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; provided, however, that monies and securities held by the Trustee in the Grant-Funded Reserve Subaccount will not be used for (i) the redemption of all Series 2018 Bonds then Outstanding pursuant to the Original Indenture; or (ii) the redemption of all Series 2026 Bonds then Outstanding pursuant to the First Supplemental Indenture; and provided further that no withdrawal from the Reserve Account will be made for the purpose of making up a deficiency in the Interest Account or Principal Account with respect to payments on Parity Debt not secured by the Reserve Account pursuant to the Indenture. The Trustee will draw from the Bond Reserve Subaccount until exhausted prior to making any draw from the Grant-Funded Reserve Subaccount. On the date of issuance of the Series 2026 Bonds, \$1,769,538.10*, constituting the Reserve Account Requirement with respect to the Series 2026 Bonds as of such date, will be deposited in the Reserve Account. Such deposit is expected to be fully funded by proceeds of a grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program deposited into the Grant-Funded Reserve Subaccount. The Reserve Account

* Preliminary, subject to change.

Requirement with respect to the Series 2026 Bonds is anticipated to be sized at maximum annual debt service on the Series 2026 Bonds.*

The Trustee will notify the Authority and the Borrower immediately of any withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account, which notice will specify the amount of such withdrawal from each of the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. The Trustee will notify the Authority immediately of the final maturity, earlier redemption in full of the Bonds or the date on which no Bonds are Outstanding under the Indenture. Any deficiency in the Grant-Funded Reserve Subaccount must be fully replenished prior to the replenishment of any deficiency in the Bond Reserve Subaccount.

Amounts on deposit in the Reserve Account will be valued by the Trustee at their fair market value, plus accrued interest to such valuation date, each July 1, and the Trustee will notify the Borrower and Larchmont of the results of such valuation in the event of a deficiency. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is less than the Reserve Account Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by the 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 \$1,769,538.10* will be paid to the Authority free and clear of the lien of the Indenture; and (ii) any additional excess shall be withdrawn from the Bond Reserve Subaccount of the Reserve Account and transferred to the Revenue Fund.

Notwithstanding the foregoing, the Reserve Account may also secure Parity Debt provided that the Reserve Account is funded in an amount equal to the Reserve Account Requirement assuming that the term “Bonds” in the definition of Reserve Account Requirement includes the Bonds and such Parity Debt. See “APPENDIX C – FORMS OF PRINCIPAL BOND DOCUMENTS – THE INDENTURE – Application of Reserve Account” attached hereto.

“Reserve Account Requirement” means, (a) for the Series 2018 Bonds, so long as any Series 2018 Bonds are Outstanding, an amount equal to \$701,250, (b) for the Series 2026 Bonds, so long as any Series 2026 Bonds are Outstanding, an amount equal to \$1,769,538.10* (for a total amount of \$2,470,788.10*, so long as both the Series 2018 Bonds and the Series 2026 Bonds are Outstanding).

Repair and Replacement Fund

The Indenture establishes a Repair and Replacement Fund. Under the Indenture, amounts held in the Repair and Replacement Fund will be applied by the Trustee upon receipt of a requisition from an Authorized Representative of the Borrower for costs of operating and maintaining the Facilities, including performing capital maintenance. In the event that the Repair and Replacement Fund is funded with the proceeds of the Series 2026 Bonds, amounts held in the Repair and Replacement Fund will be subject to certain limitations set forth in the Tax Regulatory Agreement for the Series 2026 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Loan Agreement – Loan Payments and Other Amounts Payable” below.

Amounts on deposit in the Repair and Replacement Fund will be valued by the Trustee at their fair market value each June 1 and December 1, beginning June 1, 2021, and the 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 Indenture. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such

* Preliminary, subject to change.

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.

No later than July 1, 2028, and each fifth anniversary thereafter, the Borrower will engage a Facilities Consultant who will, within 60 days of engagement, and each fifth anniversary thereafter, as applicable, provide to the Borrower (copies of which will be provided to the 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 Facilities. Within fourteen Business Days of its receipt of the Facilities Consultant Report, the Borrower will either (i) accept the recommendations of the initial Facilities Consultant or (ii) engage and immediately accept the recommendations (which will be made within 60 days of such engagement) of a different 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 School's operation and maintenance practices.

Under the Indenture, "Repair and Replacement Requirement" means the sum of (a) so long as any Series 2018 Bonds are Outstanding, an amount equal to \$50,000*; and (b) so long as any Series 2026 Bonds are Outstanding, an amount equal to \$100,000* (for a total amount of \$150,000*, so long as both the Series 2018 Bonds and the Series 2026 Bonds are Outstanding); provided, however, that the Repair and Replacement Fund Requirement with respect to the Series 2026 Bonds shall initially be \$0 as of the Closing Date and shall increase by \$2,778* on the first Business Day of each month commencing August 1, 2026* until such Repair and Replacement Fund Requirement equals \$100,000*; and provided further, that the Repair and Replacement Fund Requirement will be adjusted to reflect the amount recommended by the Facilities Consultant as provided above.

"Facilities Consultant" means an independent consulting firm selected by the Borrower that specializes in managing and maintaining facilities.

"Facilities Consultant Report" means a report by a Facilities Consultant prepared pursuant to the Loan Agreement.

Additional Bonds

Under the Indenture, at the request of the Borrower or the Lessee, the Authority may (but will not be required to) issue Additional Bonds pursuant to the Act, from time to time for any purpose permitted by the Act provided that:

(a) Any Additional Bonds constitute Parity Debt with the Bonds and any Additional Bonds theretofore or thereafter issued and Outstanding as to the assignment to the Trustee of the Authority's right, title and interest in the Revenues and the Loan Agreement, and the Borrower's right, title and interest in any Revenues comprised of undisbursed Bond proceeds on deposit in the Project Fund to provide for payment of Debt Service on the Bonds; provided, that nothing in the Indenture will prevent payment of Debt Service on any Series of Additional Bonds from (a) being otherwise secured and protected from sources or by property or instruments not applicable to the Bonds and any one or more series of Additional Bonds, or (b) not being secured or protected from sources or by property or instruments applicable to the Bonds or one or more series of Additional Bonds.

(b) The Trustee has received evidence that the conditions for the incurrence of Additional Indebtedness set forth in the Loan Agreement and the Lease have been met. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Loan Agreement – Limitation on Indebtedness" herein.

* Preliminary, subject to change.

(c) An opinion of Bond Counsel to the effect that (A) the Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority; (B) the Indenture creates a valid pledge of the Revenues and the funds and accounts created under the Indenture (except the Rebate Fund) to secure the payment of the principal of (or Redemption Price of) and interest on the Bonds 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; (C) the Bonds of such Series constitute the valid and binding limited obligations of the Authority; (D) the delivery of the Bonds of such Series will not cause the interest on any of the Tax-Exempt Bonds to be included in gross income for federal income tax purposes, and (E) in the case of Bonds other than the Bonds, that the Bonds are issued in accordance with the Indenture.

(d) An Order as to the delivery of such Additional Bonds, signed by an Authorized Signatory of the Authority.

(e) An executed copy of the Supplemental Indenture authorizing such Additional Bonds, certified by an Authorized Signatory of the Authority to be in full force and effect.

(f) The amount, if any, necessary for deposit in the Reserve Account so that the amount in such account shall equal the Reserve Account Requirement calculated immediately after the authentication and delivery of such Series of Additional Bonds.

(g) A certificate of an Authorized Signatory of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture and applicable to the Authority; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of such Refunding Bonds in accordance with the Supplemental Indenture authorizing their issuance, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture and applicable to the Authority.

(h) A certificate of an Authorized Representative of the Borrower stating that the Borrower is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Loan Agreement and applicable to the Borrower; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of such Refunding Bonds in accordance with the Supplemental Indenture authorizing their issuance, the Borrower shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Loan Agreement and applicable to the Borrower.

(i) An executed copy of the Loan Agreement amended so as to increase the Loan Repayments by such amounts and at such times at least sufficient to pay the principal of (or Redemption Price of) and interest on such Additional Bonds as the same become due, certified by an Authorized Representative of the Borrower to be in full force and effect.

(j) A copy of the written request from the Borrower to the Authority for issuance of the Additional Bonds.

(k) A copy of the applicable Bond Resolution, certified by an Authorized Signatory of the Authority.

(l) Such further documents, moneys and securities as are required by the provisions of the Indenture or any Supplemental Indenture.

The Loan Agreement

Loan Payments and Other Amounts Payable. Under the Loan Agreement, the Borrower agrees that, on or before the twenty-fifth day of each month, and as long as any of the Bonds remain Outstanding under the Indenture, it shall pay or cause to be paid to the Trustee, as assignee of the Authority, for deposit in the Revenue Fund, Loan Repayments in amounts corresponding to a schedule of principal of and interest on the Bonds. In addition to Loan Repayments, the Loan Agreement also requires the Borrower to pay or cause to be paid Additional Payments to the Authority or to the Trustee, 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 hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) all reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in the 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 Lease, the Deed of Trust or the Indenture;

(d) the surveillance fees of the Rating Agency then maintaining a rating on the Bonds, if any;

(e) 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 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 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;

(f) any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code, pursuant to the Borrower's covenants and agreements with respect thereto in the Loan Agreement and any amounts required to be deposited into the Rebate Fund pursuant to the Indenture;

(g) if any moneys have been transferred from the Reserve Account to the Interest Account or the Principal Account pursuant to the Indenture or if the Trustee has notified the Borrower and the Lessee of a deficiency in the Reserve Account pursuant to the Indenture, in twelve (12) equal installments an amount equal to the amount required to cause the total amount in the Reserve Account to equal the Reserve Account Requirement. The Borrower may utilize a letter of credit and/or surety

bond policy and shall reimburse the provider thereof for any draws or payments thereunder pursuant to their respective terms; and

(h) all amounts necessary for deposit into the Repair and Replacement Fund pursuant to the Indenture.

Such Additional Payments set forth in clauses (a) through (h) above, will be billed to the Borrower by the Authority or the Trustee from time to time. After such a demand, the Borrower will pay, or cause the Lessee to pay under the Lease, the amounts so billed. With the exception of the Authority Additional Payments, which are required to be made by the Borrower directly to the Authority, such Additional Payments will begin with the next succeeding monthly deposit into the Revenue Fund from the date of billing to the Borrower as required in the Indenture.

Intercept. Under the Loan Agreement, simultaneously with the execution and delivery of the Bonds, the Borrower will cause Larchmont to deliver an amended Intercept Notice to the State Controller. Not later than the fifteenth (15th) calendar day of any month in which a payment under the Loan Agreement is scheduled, the Borrower may revise the 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 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 Larchmont to, cooperate with the Trustee in any manner the Trustee may request (but has no duty to request) in connection with revising the Intercept Notice. If at any time the Intercept Notice is revised for any reason, the Borrower will cause Larchmont to promptly provide to the Authority, the Department of Education and the Trustee a copy of such revised Intercept Notice. The Intercept Notice may provide additional amounts payable to the Trustee for purposes set forth in the Indenture; provided Larchmont 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 under the Loan Agreement of moneys derived from the Intercept under the Loan Agreement will be made at the principal corporate trust office of the Trustee set forth in the Intercept Notice. The Borrower will cause Larchmont to timely revise the Intercept Notice to require transfers to such other location as will be designated in writing by the Trustee.

“*Intercept*” means the apportionment from the State Controller, pursuant to Section 17199.4(a) of the Education Code (or any successor provision) and the Intercept Notice, of amounts specified in the Intercept Notice and payable directly to the Trustee.

“*Intercept Notice*” means any notice from the School to the State Controller, pursuant to Section 17199.4(a) of the Education Code (or any successor provision), specifying a transfer schedule for the payment directly to the Trustee of one or more of the following: (i) principal of the Bonds, (ii) interest on the Bonds and (iii) other costs necessary or incidental to financing pursuant to the Act relating to the Bonds, including Additional Payments, in substantially the form set forth in the Lease, as the same may be amended, supplemented or restated from time to time.

Limitation on Indebtedness. Under the Loan Agreement, the Borrower will not, except as described below, incur any Additional Indebtedness:

(a) Long-Term Indebtedness may be incurred if, prior to the issuance of such Additional Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee setting forth projections meeting the following conditions:

(i) a 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 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 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 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, as applicable, (i) the audited results of operations and verified enrollment of the Schools, (ii) projected enrollment of the Schools, and (iii) Gross Revenues at the completion of the 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 and will exclude therefrom the payment obligations which will be eliminated as a result of the incurrence of the proposed Long-Term Indebtedness.

(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 (as defined in "APPENDIX C – FORMS OF PRINCIPAL BOND DOCUMENTS" attached hereto) 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; (ii) the total Debt Service (as defined in "APPENDIX C – FORMS OF PRINCIPAL BOND DOCUMENTS" attached hereto) 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 shall not apply to any refinancing with Balloon Indebtedness (as defined in "APPENDIX C – FORMS OF PRINCIPAL BOND DOCUMENTS" attached hereto).

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

(d) Indebtedness consisting of leases which are considered operating leases under generally accepted accounting principles may be incurred without limitation.

(e) Subordinated Indebtedness may be incurred without limitation.

"Payment Obligations Coverage Ratio" means the ratio determined by dividing Net Operating School Revenue for such period by the Base Payment Obligations.

"Net Operating School Revenue" means the sum of all Net Operating School Revenue (as such term is defined in the Lease or School Loan Agreement) as that computation would be applied to the operations of an existing or proposed school operating at existing or proposed facilities.

“Base Payment Obligations” means (a) that portion of the total lease payment obligation under any Lease by Lessee of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “Base Rent” plus (b) the repayment obligations for Lessee under any Long-Term Indebtedness, including, but not limited to, any School Loan Agreement for the financing of Lessee’s improvement or equipping of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “School Loan Repayments.”

“School Loan Agreement” means any loan agreement pursuant to which Lessee borrows money from the Borrower for the benefit of Facilities at which a School is located.

“Indebtedness” means all obligations for borrowed money, installment sales and capital lease obligations (as determined pursuant to GAAP in effect on the date hereof), incurred or assumed by the Borrower or Lessee, as applicable, including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

“Guarantee” means any obligation of the Lessee or the Borrower payable from Gross School Revenues or Gross Revenues, respectively, guaranteeing in any manner, whether directly or indirectly, any obligation of any Person which would, if such Person were the Lessee or the Borrower, constitute Long Term Indebtedness.

“Long-Term Indebtedness” means Indebtedness having an original maturity greater than one year or renewable at the option of the Borrower or Lessee 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 Borrower or Lessee for a term greater than one year from the date of original incurrence or issuance 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 Fiscal Year.

“Subordinate Indebtedness” means Indebtedness that is subordinate as to payment and security to all Bonds and Parity Debt.

“Additional Indebtedness” means any Indebtedness (including all Additional Bonds) incurred subsequent to the execution and delivery of the Indenture.

See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Indenture – Additional Bonds” herein.

Deed of Trust; Assignment of Lease. To secure the payment of Loan Repayments and Additional Payments that are not Authority Additional Payments, the performance by the Borrower of its other obligations under the Loan Agreement and the payment and performance of all obligations of the Borrower under any Parity Debt, the Borrower has entered into that certain Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “Original Deed of Trust”), executed by the Borrower in favor of Fidelity National Title Insurance Company, as trustee thereunder, for the benefit of the Trustee.

The Mortgaged Property encumbered by the Original Deed of Trust currently includes the Series 2018 Facility. In connection with the issuance of the Series 2026 Bonds, Borrower will deliver a Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the “2026 Deed of Trust” and together with the Original Deed of Trust, the “Deed of Trust”) to pledge its fee interest in the 2026 Facility as security for the Bonds, in addition to the Series 2018 Facility. The 2026 Deed of Trust will be recorded simultaneously with the acquisition of the Series 2026 Facilities. The Borrower agrees, as

long as any of the Loan Repayments or Additional Payments that are not Authority Additional Payments remain unpaid, to supplement the Deed of Trust or to execute and deliver such other deeds of trust in substantially the form of the Deed of Trust as may be necessary from time to time to grant the Trustee a first priority Lien on the Mortgaged Property, subject to Permitted Liens and the Lease.

The Borrower will obtain, at its own cost and expense or at the cost and expense of Larchmont, ALTA policies of title insurance, or an endorsement to such policies at the time of and dated as of the date of acquisition of the Mortgaged Property, or, with respect to any Additional Bonds, the date of issuance of the Bonds or Parity Debt as provided in the Loan Agreement, insuring the Trustee's lien on the Mortgaged Property owned by the Borrower in fee, subject only to Permitted Liens and the Lease, issued by a title insurance company qualified to do business in the State. Subsequent to the issuance of the Bonds and the filing of the initial Uniform Commercial Code financing statements filed by other parties, the Trustee will file or cause to be filed continuation statements for the Uniform Commercial Code financing statements, and will execute and deliver such other documents as may be necessary or reasonably requested by the Authority in order to perfect or maintain as perfected such security interest or give public notice thereof.

(a) Property will be released from the Deed of Trust if such Property is sold or otherwise disposed of in compliance with the Loan Agreement. The Authority will execute and deliver to the Borrower, or cause the Trustee to execute and deliver to the Borrower, all releases, deeds of reconveyance or other documents as may be reasonably requested by the Borrower in connection with the release of such Property from the Deed of Trust.

(b) To secure the obligation of the Borrower to make Loan Repayments and Additional Payments, the performance by the Borrower of its other obligations under the Loan Agreement and the payment and performance of all obligations of the Borrower under any Parity Debt, the Borrower collaterally grants, transfers and assigns to the Trustee for the benefit of the Holders of the Bonds without recourse all of the Borrower's right, title and interest under the Lease, including without limitation the following: (i) all its rights to receive the Base Rent, and any other amount payable or to be paid by Larchmont under the Lease (except for payment of Additional Rent and Authority Additional Payments); and (ii) all rents, profits, products and proceeds from the Mortgaged Property to which the Borrower has any right or claim whatsoever under the Lease.

(c) In the Loan Agreement, the Borrower collaterally granted, transferred and assigned to the Trustee for the benefit of the Authority all of the Borrower's right, title and interest under the Lease to receive Rent and to the Gross School Revenues pledged pursuant to the Lease.

The Deed of Trust will provide that, (a) upon payment of all sums secured by the Deed of Trust in connection with the Series 2018 Bonds, the Series 2018 Facility and related real property will be reconveyed to the Borrower; and (b) upon payment of all sums secured by the Deed of Trust in connection with the Series 2026 Bonds, the Series 2026 Facilities and related real property will be reconveyed to the Borrower.

Security for Repayment; Pledge of Property Revenues. Under the Loan Agreement, the Borrower also pledges and grants a security interest to the Authority, for assignment by the Authority to the Trustee (for the benefit of the Bondholders) under the Indenture, in all of the Gross Revenues and its right to receive the Gross Revenues and all proceeds thereon or therefrom, together with any and all other property, rights and interests of every kind or description that from time to time is hereafter granted, conveyed, pledged, transferred, assigned or delivered as additional security under the Loan Agreement, in each case, to secure the payment of the Loan Repayments and the performance by the Borrower of its other obligations under the Loan Agreement (except for the Authority Additional Payments).

Under the Loan Agreement, if the Lease is terminated prior to the repayment in full of the Bonds, the Borrower will use commercially reasonable efforts to enter into another lease in substantially the same form as the terminated Lease with a 501(c)(3) Organization, which operates a charter school under the Charter School

Law. Such lease will require the Lessee to pay Rent in an amount sufficient to enable Borrower to pay all of its obligations under the Loan Agreement when due and will provide that the new lessee assumes all the obligations of Larchmont. See CERTAIN RISK FACTORS – Default Under a Lease; No Assurance Regarding Subsequent Tenant” herein.

THE LEASE

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

General*

The primary source of revenues for the Borrower are the payments of Rent received pursuant to the Lease.

Under the Lease, the Borrower will lease to Larchmont, and Larchmont will lease from the Borrower, the Series 2026 Facilities, for an initial term of approximately 40 years, ending on June 30, 2066.*

Under the Lease, the Borrower will lease to Larchmont, and Larchmont will lease from the Borrower, the Facilities, for an initial term ending on June 30, 2048; provided that the Lease includes three 6-year renewal options to extend the Lease for additional renewal terms.

Collectively, the initial term under the Lease and any renewal terms under such Lease are referenced herein as the “Lease Term.” Pursuant to the Lease, Larchmont has covenanted that, so long as the Borrower has any obligations under the Loan Documents, Larchmont will exercise each renewal option available under such Lease.

Payment of Rent

Pursuant to the Lease, the Lessee will make monthly payments of Rent in advance on the 20th day of each calendar month. “Rent,” as defined under the Lease, comprises the following: (i) the monthly payment of Base Rent (as defined in the Lease); (ii) Expenses; (iii) Additional Rent; and (iv) all other monetary obligations of the Lessee to the Borrower or to third parties arising under the terms of the Lease. See “APPENDIX D – SUMMARY OF THE LEASE” attached hereto.

The Lessee will cause all payments of Base Rent and Additional Rent under the Lease to be received by the Trustee on behalf of the Borrower in lawful money of the United States on or before the day on which such payments are due, without any abatement, deduction or offset. Notwithstanding the foregoing, Lessee will receive a credit for Rent owed to Borrower to the extent the Trustee receives monies on behalf of Lessee under the Intercept. The Lessee has agreed to take such action as may be necessary to include all payments of Rent due under the Lease in its annual budget, to make, as necessary, annual appropriations for all such payments and to take such action annually as will be required to provide funds in such year for such payments of Rent. See “APPENDIX D – SUMMARY OF THE LEASE” attached hereto.

Neither Larchmont’s general revenues nor any revenues Larchmont may derive from its operation of schools (other than the School), nor from any schools Larchmont may operate in the future, are pledged or otherwise available to make payments under the Lease and with respect to the Bonds. See “CERTAIN RISK FACTORS” herein. **Larchmont operates the School at charter school facilities separate from the Facilities; although such facilities are not subject to the Lease, revenues derived therefrom are available to make payments under the Lease and with respect to the Bonds.**

* Preliminary, subject to change.

Pledge and Security Interest

To secure the payment and performance of its obligations under the Lease, the Lessee pledges to the Borrower and grants the Borrower a security interest in the Gross School Revenues (as defined herein). 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 will not encumber, attach to, or transfer, and the holder of any claims of the Borrower under the Lease will have no recourse under such 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.

Certain Covenants of the Lessee under the Lease

General. The Lease contains various covenants (including reporting covenants), representations and warranties made by the Lessee to the Borrower. Covenants include:

- (i) restrictions on the use of the Premises to the operation of a charter school;
- (ii) compliance by Lessee with applicable laws, including all environmental laws;
- (iii) sublease and assignment restrictions without the Borrower's consent;
- (iv) covenants to maintain insurance policy coverages required pursuant to the Lease;
- (v) indemnification of the Borrower pursuant to the Lease terms;
- (vi) covenant to take all reasonable actions to maintain Lessee's Charter;
- (vii) limitations on disposition of property, plant and equipment of Lessee;
- (viii) covenant not to incur further indebtedness, except as permitted thereunder; and
- (ix) covenant not to take any action or omit to take any action that, if taken or omitted, would cause Lessee to lose status as an organization described under Section 501(c)(3) of the Code.

Financial Covenants. The Lease contains the following financial covenants on the part of the Lessee, as tenant thereunder.

Liquidity Covenant. Lessee will calculate Days Cash on Hand as of the last day of each Fiscal Year, based upon its audited financial statements for such Fiscal Year and file such reports with the Trustee. For each calculation date, the Lessee will maintain Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days.

"Days Cash on Hand" means (a) the sum of Cash and Cash Equivalents of the Lessee, as shown on 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 (b) the Average Daily Expenses for the Lessee (as calculated for the most recent Fiscal Year ending before such date).

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

“Average Daily Expenses for the Lessee” means (a) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Lessee (excluding from such calculation all depreciation and other non-cash items), and including within such calculation (i) all Operating Expenses for such Fiscal Year for the Lessee; (ii) CMO Management Fees; and (iii) the Base Rent payable under all Leases for that year, divided by (b) 365.

Lessee will provide a certificate to the Borrower and Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether Lessee has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, Lessee covenants to retain an Independent Consultant at the expense of Lessee, 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 Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to the Borrower and the Trustee within 90 days after being so retained. If Lessee fails to implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Lessee by the Borrower, the Authority, or the Trustee, such failure will constitute an Event of Default under the Lease.

No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation (other than the proceeds of any working capital loans made to bridge deferrals in State payments or start-up loans from the State or the California Department of Education).

In the event the Lessee fails to have such an amount on deposit, it will not be a default or Event of Default under the Lease. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

Base Rent Coverage Ratio. Lessee covenants and agrees to calculate for each Fiscal Year its Base Rent Coverage Ratio for all Leases 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 Trustee annually. Lessee also covenants to maintain its Net Operating School Revenue so that its Base Rent Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, Lessee’s failure to achieve the required Base Rent Coverage Ratio will not constitute an Event of Default under the Lease if Lessee promptly engages an Independent Consultant to prepare a report, to be delivered to Lessee, Borrower and Trustee within 45 days of engagement, with recommendations for meeting the required Base Rent 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 Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Borrower and Trustee within 90 days after being so retained. If Lessee fails to implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Lessee by the Borrower, the Authority, or the Trustee, such failure will constitute an Event of Default under the Lease. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period. Notwithstanding the foregoing, Lessee’s failure to achieve a Base Rent Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under the Lease.

“Base Rent Coverage Ratio” means for any period of time the ratio determined by dividing (a) Net Operating School Revenue, by (b) the amount of scheduled Base Rent under the Lease.

“Gross School Revenues” means all revenue, income, receipts and money received by Lessee or on behalf of Lessee from all lawfully available sources attributable to the operation of the School, 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 Lessee not specifically described in the immediately preceding sentence shall not constitute Gross School Revenues.

“Net Operating School Revenue” means 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 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.

“School Indebtedness” means Indebtedness (as such term is defined in the Indenture) related to or payable from revenues of the Lessee.

“Operating Expenses” means except as provided below, all unrestricted expenses of Lessee, attributable to operations of the School, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Base Rent, but including Expenses and Additional Rent), 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 Lessee, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Borrower. “Operating Expenses” shall exclude, however, (a) all subordinated CMO Management Fees, (b) depreciation and amortization, and (c) other non-cash expenses, (d) those expenses which are actually paid from any proceeds of Long-Term Indebtedness, (e) extraordinary one-time expenses, (f) expenditures for capitalized assets, and (g) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

“CMO Management Fees” means all CMO Management fees, if any, paid to Lessee in connection with management services provided and related to or payable from revenues attributable to the Lessee’s charter schools, which fee is subordinate to the payment of Rent due under the Lease. Larchmont does not currently pay or receive any CMO Management Fees.

“Additional Rent” consists of the following: (a) All amounts required to reimburse Borrower, or satisfy Borrower’s obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Borrower is obligated to pay under the terms of the Loan Agreement, including, but not limited to, such amounts as described in the Loan Agreement; (b) any other amounts required to be paid by the Borrower in order for the Borrower to meet its obligations under the Loan Agreement on a full and timely basis.

“Expenses” means and includes all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Facilities, as determined by standard accounting practices, as further described in the Lease.

Use of Public Moneys. 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 the School a violation or breach of any State of California statute, rule or regulation governing the use of those moneys.

In addition, the Authority will be a Third Party Beneficiary under the Lease with respect to this provision of the Lease.

Limitations on Lessee Indebtedness. The Lessee will not assume or guaranty any Indebtedness (secured or unsecured) after the date of the Lease except for purposes specifically benefiting the Lessee and except as provided below:

(a) Long-Term Indebtedness may be incurred if, prior to the issuance of such Additional Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee setting forth projections meeting the following conditions:

(i) a 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 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 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 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, as applicable, (i) the audited results of operations and verified enrollment of the Schools, (ii) projected enrollment of the Schools, and (iii) Gross School Revenues at the completion of the 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, and will exclude therefrom the payment obligations which will be eliminated as a result of the incurrence of the proposed Long-Term Indebtedness.

(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; (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 shall not apply to any refinancing with Balloon Indebtedness.

(c) To the extent permitted by applicable law and if no Event of Default under the Lease, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under the Lease, has occurred and is continuing, Lessee may incur School Short-Term Indebtedness for working capital purposes which the Lessee in its judgement deems expedient, or School Interim Indebtedness to finance and refinance existing capital needs which the Lessee in its judgement deems expedient, in each case which School

Short-Term Indebtedness or School Interim Indebtedness constitutes Nonrecourse Indebtedness, so long as such proposed Indebtedness, together with all School Short-Term Indebtedness and School Interim Indebtedness then outstanding, exceed the greater of (a) the maximum amount of advance apportionment and principal apportionment due to the Lessee in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14014.6 of the Education Code of the State or Sections 16325.5 and 16326 of the Government Code of the State, or subsequent legislation authorizing additional deferral of such apportionment or (b) the sum of (1) a PPP Loan in the maximum principal amount of \$2,719,240 and (2) a Line of Credit in a maximum available principal amount of \$2,500,000, provided that the Lessee may only draw on the Line of Credit in the amount of the PPP Loan which is forgiven or repaid in accordance with the terms of the PPP Loan.

“Line of Credit” means a revolving line of credit which may be entered into by the Lessee with a lender from time to time.

“PPP Loan” means the unsecured forgivable loan made to Lessee by Pacific Western Bank in connection with the United States Small Business Administration Payroll Protection Program established under the Coronavirus Aid, Relief and Economic Security Act of 2020.

“Nonrecourse Indebtedness” means all 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 of any part of the Premises or the Improvements (as such terms are defined in the Lease) in order to pay, satisfy or discharge all or any part of the Indebtedness.

“School Short-Term Indebtedness” means Indebtedness having an original maturity or 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 School-Short Term Indebtedness that has been issued as revenue anticipation notes (“RANs”) will not be included or counted as School Short-Term Indebtedness to the extent that the RANs are secured by deferred State apportionment revenue expressly pledged and deposited in an intercepted account for such RANs.

“School Interim Indebtedness” means all 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 original incurrence or issuance.

“Payment Obligations Coverage Ratio” means the ratio determined by dividing Net Operating School Revenue for such period by the Base Payment Obligations.

“Net Operating School Revenue” means the sum of all Net Operating School Revenue (as such term is defined in the Lease or School Loan Agreement) as that computation would be applied to the operations of an existing or proposed school operating at existing or proposed facilities.

“Base Payment Obligations” means (a) that portion of the total lease payment obligation under any Lease by Lessee of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “Base Rent” plus (b) the repayment obligations for Lessee under any Long-Term Indebtedness, including, but not limited to, any School Loan Agreement for the financing of Lessee’s improvement or equipping of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “School Loan Repayments.”

“School Loan Agreement” means any loan agreement pursuant to which Lessee borrows money from the Borrower for the benefit of Facilities at which a School is located.

“Indebtedness” means all obligations for borrowed money, installment sales and capital lease obligations (as determined pursuant to GAAP in effect on the date hereof), incurred or assumed by the

Borrower or Lessee, as applicable, including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

“Guarantee” means any obligation of the Lessee or the Borrower payable from Gross School Revenues or Gross Revenues, respectively, guaranteeing in any manner, whether directly or indirectly, any obligation of any Person which would, if such Person were the Lessee or the Borrower, constitute Long Term Indebtedness.

“Long-Term Indebtedness” means Indebtedness having an original maturity greater than one year or renewable at the option of the Borrower or Lessee 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 Borrower or Lessee for a term greater than one year from the date of original incurrence or issuance 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 Fiscal Year.

“Subordinate Indebtedness” means Indebtedness that is subordinate as to payment and security to all Bonds and Parity Debt.

“Additional Indebtedness” means any Indebtedness (including all Additional Bonds) incurred subsequent to the execution and delivery of the Indenture.

Financial Reporting. In the Lease, the Lessee agrees to provide the Borrower, and upon written request of the Trustee, the Trustee, the following information:

(a) if Lessee is undertaking any construction or renovations at the Facilities, not later than 60 days after the end of each fiscal quarter of Lessee, a construction progress report with respect to any such construction until such construction is substantially complete;

(b) quarterly unaudited financial information and operating data of the Lessee not later than 60 days after the end of each quarter;

(c) quarterly, not later than 60 days after the end of each quarter, a report of the Lessee’s quarterly enrollment data and waitlist data by grade for the previous fiscal quarter;

(d) prior to the end of each fiscal year, a copy of the annual budget of the Lessee for the subsequent Fiscal Year;

(e) quarterly, not later than 60 days after the end of each quarter, 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, a copy of any recommendations of any Independent Consultant received in accordance with the Lease pursuant to the Liquidity Covenant and Base Rent Coverage Ratio described above;

(g) annually, no later than six months after the close of each Fiscal Year, copies of the audited financial statements of Lessee 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 months after the close of each fiscal year, the certifications and calculations of the Days Cash on Hand and the Base Rent Coverage Ratio for the Lessee as described in the Liquidity Covenant and Base Rent Coverage Ratio described above; and

(i) such other information as may be reasonably requested by a Borrower, the Authority and the Trustee.

See “APPENDIX D – SUMMARY OF THE LEASE” attached hereto.

CHARTER SCHOOLS

General

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.

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. State public charter schools 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 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 School's charter petition was approved by Los Angeles Unified School District. For information concerning the charter granted with respect to the School, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS" attached hereto.

Elements of a Charter Petition

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

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

Under the accountability requirements of Assembly Bill 1137 ("AB 1137"), signed into law in October 2003, districts or other agencies that grant charter authority must identify a contact person for charter schools, visit each charter school at least once a year, and ensure that charter schools submit all required

reports (including fiscal reports that must be sent four times a year to the district and local county office of education). In addition, the district must monitor the fiscal condition of its charter schools and notify the State Department of Education whenever a charter is granted, denied, revoked, or the charter school will cease operation. AB 1137 also required that charter schools show a certain level of academic performance to have their charters renewed.

Approval or Denial of Charter Petition

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

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

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

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

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

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

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

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

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

If the county board of education denies a petition, the petitioner may appeal that denial to the state board. The state board will either hear the appeal or summarily deny review of the appeal based on the documentary record. If the state board hears the appeal, the state board may affirm the determination of the governing board of the school district or the county board of education, or both of those determinations, or may reverse only upon a determination that there was an abuse of discretion. 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.

AB 130 (as defined herein), which was signed into law by the Governor on July 9, 2021, automatically extends by two years the term of all existing charter schools whose term expires between January 1, 2022 and June 30, 2025, inclusive. See “– Amendments to the Charter School Law” below.

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

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

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

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

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

- (A) The charter school has received the two highest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels; and
- (B) For all measurements of academic performance, the charter school has received performance levels schoolwide that are the same or higher than the state average and, for a majority of subgroups performing statewide below the state average in each respective year, received performance levels that are higher than the state average.

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

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

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

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

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

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

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

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

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

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

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

Countywide Benefit Charter Schools

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

The provisions governing denial of a charter petition for school district governing boards also apply to the denial of a charter petition for countywide benefit charters. A county board of education will deny a

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

The School does not operate pursuant to a countywide benefit charter. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS” 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.

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 School has not received any notice from the SBE or its charter authorizer regarding any violation or proposal to revoke the School’s charter or of any other violation requiring corrective action. In addition, as noted above, any future adverse decision by a school district governing board authorizer may be appealed to the County Board of Education of the applicable County and any adverse decision by such a County Board of Education, directly or on appeal, may be appealed to the SBE.

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 nor Larchmont 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 Larchmont.

Growth in Charter Schools in California

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

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

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

Source: The Borrower.

STATE FUNDING OF EDUCATION

General

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

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

Failure by the State to adopt a budget may restrict the State Controller's ability to disburse State funds. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002 and later refined by a California Supreme Court decision in 2003, the State Controller may be able to disburse State funds after the beginning of the fiscal year prior to the adoption of the State budget bill or emergency appropriation if the expenditure, among other things, is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the 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 and the Governor's proposed budget for the following fiscal year are 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 Borrower or the Lessee, and neither the Borrower nor the Lessee 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.

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

The 2025-26 State Budget reports that, since the release of the Governor's proposed State budget, the imposition of federal policy changes significantly slowed economic growth within the State. Most notably, broad-based tariffs blunted economic growth and drove a downgrade of the economic forecasts built into the May revision to the proposed State budget. Additionally, the State experienced substantial cost and caseload growth in several core State programs, most notably within Medi-Cal, which combined to create a State

general fund shortfall of \$11.8 billion. The 2025-26 State Budget notes that the budget does not reflect the impact of substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The State continues to monitor the impacts of the federal spending cuts and may need to make adjustments to the 2025-26 State Budget as a result. The 2025-26 State Budget solves the projected \$11.8 billion deficit through significant reductions in ongoing programs and a mix of other broad-based measures, including:

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

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

The 2025-26 State Budget sets total funding in fiscal year 2025-26 for all TK-12 education programs at \$137.6 billion, including \$80.5 billion from the State general fund and \$57.1 billion from other sources. The minimum funding guarantee in fiscal year 2025-26 is set at \$114.6 billion. The 2025-26 State Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2023-24 and 2024-25, setting them at \$98.5 billion and \$119.9 billion, respectively. The revised general fund estimates resulted in notable adjustments to the minimum funding guarantee with an increase of approximately \$3.9 billion from the State budget for fiscal year 2024-25 over the three-year period.

For fiscal year 2024-25, the 2025-26 State Budget appropriates \$118 billion, instead of the currently calculated level of \$119.9 billion, in order to mitigate the risk of potentially appropriating more resources to

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

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

- *LCFF* – The 2025-26 State Budget includes an LCFF COLA of 2.3%. When combined with population growth adjustments, these result in an increase of roughly \$2.1 billion in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. As a result, the adjusted LCFF Base Grants for fiscal year 2025-26 are as follows: (i) \$11,323 for grades TK-3, (ii) \$10,411 for grades 4-6, (iii) \$10,719 for grades 7 and 8, and (iv) \$12,746 for grades 9-12. Additionally, the adjusted TK add on rate for fiscal year 2025-26 is \$5,545. The 2025-26 State Budget authorizes a mandatory deposit of \$455 million into the PSSSA in fiscal year 2024-25, of which the entirety is exhausted in fiscal year 2025-26, including \$405.3 million to support LCFF costs.
- *Deferrals* – The 2025-26 State Budget reflects LCFF apportionment deferrals from 2024-25 to 2025-26 of approximately \$246.6 million, and from 2025-26 to 2026-27 of approximately \$1.9 billion.
- *Universal Transitional Kindergarten (TK)* – The 2025-26 State Budget provides \$2.1 billion (inclusive of all prior years' investments) in ongoing Proposition 98 funding to support the full implementation of universal TK so that all children who turn 4 years old by September 1 of the school year can enroll in the 2025-26 school year. The 2025-26 State Budget also provides \$1.2 billion ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom. Additionally, the 2025-26 State Budget shifts \$232.9 million of ongoing Proposition 98 funding for universal TK funding that was previously allocated to community college districts as a result of the Proposition 98 statutory split to the TK-12 side of the budget.
- *Before School, After School and Summer School* – \$515.5 million in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which seeks to implement before, after and summer school instruction and enrichment for students in grades TK-6, by increasing the number of local education agencies that offer universal access to students with an unduplicated count of 75 percent to an unduplicated count of 55 percent. The 2025-26 State Budget includes an additional \$10.4 million to increase the minimum grant amounts from \$50,000 to \$100,000 per local educational agency.
- *Literacy Instruction* – \$480 million in one-time Proposition 98 funding for the support of the English Language Arts/English Language Development framework, which includes investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2025-26 State Budget also provides \$10 million in one-time Proposition 98 funding for the statewide use of English language proficiency screeners to support multilingual learners in TK.
- *Teacher Preparation and Professional Development* – \$300 million in one-time Proposition 98 funding to establish the Student Teacher Stipend Program, which will provide \$10,000 grants to qualifying teacher candidates, \$70 million in one-time Proposition 98 funding for high-quality teacher residency programs and \$30 million in one-time Proposition 98 funding

to extend the timeline of existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.

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

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

2026-27 Proposed State Budget. On January 9, 2026, the Governor released the proposed State budget for fiscal year 2026-27 (the “Proposed 2026-27 Budget”). The following is drawn from the DOF and LAO summaries of the Proposed 2026-27 Budget.

The Proposed 2026-27 Budget reports that the State experienced a welcome surge in revenues since the 2025-26 State Budget, with a projection approximately \$42 billion higher over the three-year budget window, from fiscal year 2024-25 through 2026-27, than the projection at the 2025-26 State Budget. Much of the revenue surge is attributable to a relatively small number of technology companies that have experienced a substantial increase in their share prices due to investor enthusiasm in artificial intelligence. Additionally, the increase in revenues is due to higher cash receipts, higher stock market levels and an improved economic outlook. However, the Proposed 2026-27 Budget reports that the constitutional funding requirements, need for an adequate budget reserve and higher program costs exceed the level of increased revenues, resulting in a projected shortfall of \$2.9 billion for fiscal year 2026-27. Despite the \$12 billion in ongoing expenditure reductions included in the 2025-26 Budget, the State continues to be confronted with structural operating deficits that need to be addressed. The Proposed 2026-27 Budget identifies dominant risks to the State budget as stock market and asset price declines and unpredictable federal policies, including continued uncertainty regarding tariffs and immigration, as well as their impact on inflation, the labor market, investment and overall demand. Additionally, significant federal policy changes for health and human services programs due to the adoption of House of Representatives (“H.R.”) 1 of 2025, which increased projected costs for the State’s Medicaid Program and Supplemental Nutrition Assistance Program in fiscal year 2026-27 by approximately \$1.4 billion. The Proposed 2026-27 Budget reports a balanced budget for fiscal year 2026-27, with a discretionary reserve of \$4.5 billion and projects a deficit of roughly \$22 billion in fiscal year 2027-28, with additional shortfalls in the two subsequent fiscal years.

The LAO notes that the administration’s revenue estimates in the Proposed 2026-27 Budget exceed LAO projections by \$25 to \$30 billion over the three-year budget window. The LAO revenue projections reflect an assessment that recent gains are unlikely to be sustainable as they are tied to an overheated stock market with a high risk of reversing course into a downturn in the next year or two. The LAO reports that the Proposed 2026-27 Budget relies on the increased revenue forecast in order to remain roughly balanced for fiscal year 2026-27 and continues to project alarming multiyear budget deficits, with estimates ranging between \$20 billion to \$35 billion annually. The LAO reports that the Proposed 2026-27 Budget does not propose material actions to address downside revenue risk.

For fiscal year 2025-26, the Proposed 2026-27 Budget projects total general fund revenues and transfers of \$235.16 billion and authorizes expenditures of \$237.66 billion. The State is projected to end the 2025-26 fiscal year with total reserves of approximately \$41.3 billion, including \$11.33 billion in the BSA, \$25.45 billion in traditional general fund reserves and \$4.51 billion in the PSSSA. For fiscal year 2026-27, the Proposed 2026-27 Budget projects total general fund revenues and transfers of approximately \$227.39 billion and authorizes expenditures of \$248.33 billion. The State is projected to end the 2026-27 fiscal year with total reserves of approximately \$23 billion, including \$4.51 billion in the traditional general fund reserve, \$14.35 billion in the BSA and \$4.10 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance across both fiscal years 2025-26 and 2026-27.

The Proposed 2026-27 Budget sets total funding in fiscal year 2026-27 for all TK-12 education programs at \$149.1 billion, including \$88.7 billion from the State general fund and \$60.4 billion from other sources. TK-12 per-pupil funding totals \$27,418, including \$20,427 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2026-27 is set at \$125.5 billion. The Proposed 2026-27 Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at \$123.8 billion and \$121.4 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately \$21.7 billion over the three-year period relative to the 2025-26 State Budget. For fiscal year 2025-26, the Proposed 2026-27 Budget appropriates \$117.6 billion, instead of the currently calculated level of \$121.4 billion, in order to mitigate the risk of potentially appropriating more resources to the minimum funding guarantee than are available in the final calculation for 2025-26. Potential adjustments will be evaluated at the May revision to the Proposed 2026-27 Budget and will not be final until the certification of the 2025-26 minimum funding guarantee. The Proposed 2026-27 Budget projects Test 1 of the guarantee to be in effect for fiscal years 2024-25, 2025-26 and 2026-27, meaning the funding level is equal to roughly 40% of State general fund revenues that count towards the minimum funding guarantee.

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

- *LCFF* – The Proposed 2026-27 Budget includes an LCFF COLA of 2.41%. When combined with population growth adjustments, this would result in an increase of roughly \$2 billion in discretionary funds for local educational agencies. The Proposed 2026-27 Budget fully repays budgetary deferrals of \$1.9 billion in 2026-27, and includes an ongoing increase of \$30.7 million to provide an increase in LCFF for necessary small schools. The Proposed 2026-27 Budget also provides \$228 million in ongoing Proposition 98 funding to reflect a 2.41% COLA for specific categorical programs and the LCFF Equity Multiplier. Finally, the Proposed 2026-27 Budget reflects a \$15.6 million decrease in ongoing Proposition 98 funding to reflect ADA changes applicable to LCFF funding for county offices of education, as well as a 2.41% COLA.
- *Master Plan for Career Education/Student Support and Professional Development Discretionary Block Grant* – \$100 million in one-time Proposition 98 funding to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities. \$2.8 billion in one-time Proposition 98 funding for a discretionary block grant to implement statewide priorities including: professional development for teachers in English language arts and mathematics, teacher recruitment and retention, professional development related to transitional kindergarten and career pathways and dual enrollment expansion consistent with the Master Plan for Career Education. Additionally, \$250 million in one-time Proposition 98 funding to continue teacher residency programs through fiscal year 2029-30.
- *Before School, After School and Summer School* – An additional \$62.4 million in ongoing Proposition 98 funding to provide a guarantee of \$1,800 per pupil for local educational agencies with less than 55 percent unduplicated pupils, bringing the total \$4.7 billion in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program.
- *Facilities* – \$1.5 billion in one-time funds from bonds issued under Proposition 2 (2024) to support school construction projects in fiscal year 2026-27.
- *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.
- *Home-to-School Transportation* – \$322 million in one-time and \$239.2 million in ongoing Proposition 98 funding to reflect higher costs in the Home-to-School Transportation Program.
- *Kitchen Infrastructure and Training* – \$100 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.
- *Reading Difficulties Risk Screening* – \$40 million in one-time Proposition 98 funding to support continued implementation of student reading difficulties screenings.
- *Los Angeles County Wildfire Recovery* – \$22.9 million in one-time Proposition 98 funding to support local educational agencies that are continuing to recover from the January 2025 Los Angeles County wildfires.
- *Universal and Targeted Assistance* – An additional \$13.3 million ongoing Proposition 98 funding, for a total of \$131.9 million ongoing, for county offices of education to provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.
- *Financial Crisis and Management Assistance Team (FCMAT)* – \$994,000 in additional ongoing Proposition 98 funding to support increased FCMAT workload.

- *Nutrition* – An ongoing decrease of \$67.9 million in ongoing Proposition 98 funding to fully fund the Universal School Meals Program, reflecting a reduction in fiscal year 2025-26 estimates compared to the 2025-26 State Budget and an increase in meal reimbursement rates.
- *Local Property Tax Adjustments* – A decrease of \$1.4 billion in fiscal year 2026-27 and \$18 million in fiscal year 2025-26 in ongoing Proposition 98 funding for school districts and county offices of education.
- *Technology Initiatives* – \$629,000 in additional ongoing Proposition 98 funding to support the K-12 High Speed Network program and \$966,000 in additional ongoing Proposition 98 funding to support increased California School Information System costs.

Curriculum-Embedded Performance Tasks for Science – \$890,000 in ongoing Proposition 98 funding to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction.

Future Actions and Events. Neither the Borrower nor Larchmont 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. Neither the Borrower nor Larchmont also 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 Larchmont will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State’s ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Borrower and Larchmont.

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 (identical to the grade spans previously used for charter school funding). Each Base Grant is subject to certain adjustments and add-ons, as discussed below. 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. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for cost-of-living increases by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

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

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

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

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

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

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

School districts and charter schools are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. Charter school LCAPs are required to be included in charter

petitions and updated annually. School district and charter school LCAPs must be annually updated and posted on the district or charter school's website using a State-mandated standard reporting format.

Lottery Funding. Charter schools receive funding from the State Lottery Fund, which receives all proceeds from, among other sources, the sale of lottery tickets. Lottery funding is allocated to charter schools per unit of ADA. Lottery funds are distributed quarterly by the State Controller's Office. Funding is based on annual average ADA. Lottery funds are identified as either "Proposition 20" funds or "non-Proposition 20" funds. Proposition 20 lottery funds may only be used to purchase instructional materials. Non-Proposition 20 lottery funds are unrestricted, except that they may not be used for acquisition of property, construction of facilities, financing of research, or for other non-instructional purposes. Lottery funding is not included in the charter school categorical block grant. Lottery funding is approximately 2% of public school revenues and is estimated at \$272 per unit of ADA for the 2025-26 fiscal year, of which approximately \$190 is "non-Proposition 20" and \$82 is "Proposition 20" funding.

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

Charter School Facility Grant Program Funding. In fiscal year 2025-26, 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 may increase in future years based on cost of living adjustments. To be eligible for SB 740 benefits: (i) 55% or more of the charter school's students must be eligible for free or reduced priced meals; or (ii) the charter school must be located in the attendance area of a public elementary school in which 55% or more of students are eligible for free or reduced priced meals and the charter school must give a preference in admissions to students who are currently enrolled in that public elementary school and to students who reside in the elementary school attendance area where the charter school is located. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS" attached hereto.

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

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

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

Effective beginning fiscal year 2017-18, 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 fiscal year 2016-17, subject to a cost-of-living adjustment; or (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school. See "CERTAIN RISK FACTORS – SB 740 Funding" herein.

Set forth in the following table are historical data regarding SB 740 funding and awards for fiscal years 2019-20 through 2024-25.

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

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
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⁽⁴⁾	103%	108%	101%	99%	105% ⁽¹⁾	110% ⁽¹⁾
E. Total Average Daily Attendance ("ADA")⁽⁵⁾	165,489	172,143	171,812	158,489	175,839 ⁽⁸⁾	186,224 ⁽⁸⁾
F. Average Award Per ADA⁽⁶⁾	\$827	\$795	\$939	1,154	\$1,111 ⁽¹⁾	\$956 ⁽¹⁾
G. Maximum Award Allowed Per ADA⁽⁷⁾	\$1,184	\$1,211	\$1,232	\$1,313	\$1,421	\$1,436

⁽¹⁾ Figures are current estimates as of March 3, 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 facility related 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 BORROWER AND LARCHMONT SCHOOLS" attached hereto.

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

⁽⁶⁾ Equal to the "Amount Awarded" divided by the "Total ADA." The Average Award Per ADA is lower than the Maximum Award Allowed Per ADA because a significant number of schools do not qualify for the maximum amount allowed; instead they are capped at 75% of actual rent.

⁽⁷⁾ 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.

⁽⁸⁾ 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 ADA-based state funding of California charter school education for Fiscal Year 2021-22 through 2025-26:

STATE FUNDING OF CHARTER SCHOOL EDUCATION

Fiscal Year 2021-22

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

Fiscal Year 2022-23

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

Fiscal Year 2023-24

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

Fiscal Year 2024-25

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

Fiscal Year 2025-26⁽³⁾

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

⁽¹⁾ Estimated.

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

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

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

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING EDUCATION REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

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

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

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates

a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place. Charter schools are not directly dependent on local property taxes. To the extent local property taxes fund the general purpose entitlement, losses in local property tax income are required to be made up by the State.

Proposition 30

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

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA

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

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

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

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

2024 State School Facilities Bond

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

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

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

2024 STATE SCHOOL FACILITIES BOND	
Use of Bond Funds	
(In Millions)	
<u>K-12 Public School Facilities</u>	
New construction	\$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	<u>\$8,500</u>
<u>Community College Facilities</u>	
Total	<u>\$1,500</u>
	<u>\$10,000</u>

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 XIII A, Proposition 98, and Proposition 30 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 School and a corresponding reduction in payments made to the Authority by the Borrower are discussed herein.

A number of factors could have an adverse impact on the ability of Larchmont to generate revenues needed to meet its obligations under the Lease, which could, in turn, have an adverse effect on the Borrower’s

ability to make loan repayments. The ability of Larchmont to generate sufficient revenues to make payments under the Lease is dependent upon a number of elements, including State budget pressures, demand for charter schools, the ability of the School to provide the educational services and classes demanded by parents or to attract students generally, changes in the level of confidence in the public school system in general or public charter schools in particular, competition, faculty recruitment, demographic changes, legislation, governmental regulations, changes in immigration policy, litigation and the School's ability to achieve and maintain enrollment and fundraising levels. This, in turn, is affected by numerous circumstances both within and outside the control of Larchmont, including a continuation of favorable governmental policies and programs with respect to public charter schools (see "CHARTER SCHOOLS" herein); the competitive appeal and perceived quality of the School's curriculum; the ability and energy of the School's faculties and administration; and the benevolence of the School's supporters. There can be no assurance given that revenues of the Borrower or the School 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 Larchmont or the Borrower.

See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS" and "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF LARCHMONT 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, including Base Rent payments owed by Larchmont under the Lease. The Borrower will also encumber the Facilities with the Deed of Trust as security for the obligation to make the payments under the Loan Agreement.

The Borrower's primary expected source of the revenues will be the Rent payments the Borrower receives from Larchmont pursuant to the Lease. The Lease provides that Larchmont will be obligated to pay rent thereunder only from revenues derived from operation of the School. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Lease" herein. Based on present circumstances, including the successful operating history of the School, Larchmont believes it will generate a sufficient amount of such revenues to meet its payment obligations under the Lease representing the source of payment by the Borrower of debt service on the Bonds. However, the School's charter may be terminated or not extended or renewed, or the basis of the assumptions utilized by Larchmont and the Borrower to formulate such beliefs may otherwise change. No representation or assurance can be made that the Borrower will continue to generate sufficient revenues to meet its obligations under the Loan Agreement with respect to the Bonds.

AS NOTED ELSEWHERE HEREIN, THE OBLIGATION OF LARCHMONT TO MAKE PAYMENTS UNDER THE LEASE IS A SPECIAL OBLIGATION LIMITED SOLELY TO THE GROSS SCHOOL REVENUES, WHICH REVENUE DERIVES SOLELY FROM THE OPERATION OF THE SCHOOL AND NOT ANY OTHER CHARTER SCHOOLS THAT MAY BE OPERATED BY OR ANY OTHER REVENUES OF LARCHMONT. NEITHER THE GENERAL REVENUES NOR THE REVENUES LARCHMONT MAY DERIVE FROM THE OPERATION OF CHARTER SCHOOLS OTHER THAN THE SCHOOL, NOR FROM ANY SCHOOL LARCHMONT MAY OPERATE IN THE FUTURE, ARE PLEDGED TO MAKE PAYMENTS WITH RESPECT TO THE LEASE OR THE BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

Moreover, although in addition to the property subject to the Lease, the Borrower may own and lease other facilities to the School or other charter schools, and Larchmont operates other charter school facilities, the obligations represented by the Loan Agreement are not secured generally by such properties of the Borrower or its affiliates nor by the revenues of Larchmont that are not derived from operation of the School.

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 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 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 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 MAKE FUNDS AVAILABLE TO THE SCHOOL IN ANY AMOUNT OR AT ANY TIME.

Outbreak of Disease; Coronavirus

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

The spread of COVID-19 had significant negative impacts throughout the world. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. Although the states of emergency declared by the State and the United States were subsequently ended, those declarations and actions taken in conjunction therewith had serious economic and financial consequences for businesses, public schools, and other institutions. No assurance can be made that future pandemics or outbreaks of disease will not have similar adverse effects on Larchmont or the Borrower.

Operating History; Reliance on Projections

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

No feasibility studies have been conducted with respect to operations of the Facilities 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.

LARCHMONT PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE 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 "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS" TO REVIEW THE PROJECTIONS, THEIR UNDERLYING ASSUMPTIONS, AND THE OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER SIGNIFICANTLY FROM PROJECTED RESULTS. REFER TO "INTRODUCTION" ABOVE, FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

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

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

Possible Offsets to State Apportionment

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

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 the School.

Because the apportionments are the sum of multiple program entitlement calculations as well as prior adjustments, the amount available may be more or less than 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 Larchmont with respect to the School 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 is currently applicable to the School.

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 Larchmont under the Lease, the Borrower will likely not have sufficient funds to satisfy its obligations under the Loan Agreement absent re-leasing – or in appropriate cases, selling – one or more of the Facilities. Were Larchmont to default under the Lease, there is no assurance that the Borrower would be able to find a new tenant for the Facilities that could generate revenues in a sufficient amount to allow the Borrower to make payments under the Loan Agreement to satisfy debt service on the Bonds or a buyer that would purchase one or more of the Facilities 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 Facilities have 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, Larchmont, and the Trustee entered into a Subordination, Non-Disturbance and Attornment Agreement in connection with the issuance of the Series 2018 Bonds (the “Original SNDA”). [The Borrower, Larchmont, and the Trustee will enter into an Amendment to Subordination, Non-Disturbance and Attornment Agreement in connection with the issuance of the Series 2026 Bonds (collectively with the Original SNDA, the “SNDA”).] The SNDA addresses the priority of the rights between Larchmont and the Trustee. The SNDA provides that Larchmont’s rights under the Lease to the use, possession and enjoyment of the Facilities will not be disturbed by the Trustee so long as no event of default exists under the Lease. The non-disturbance portion assures Larchmont that its rights to the Facilities will be preserved (“nondisturbed”) on specified conditions within control of Larchmont if the Borrower defaults on its Loan with the Authority and the Trustee forecloses on the Facilities. The attornment component of the SNDA provides that Larchmont will continue its obligations under the Lease if a new landlord takes over the Lease.

Reserve Account

The 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 believes such reserve to be reasonable and anticipates 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 Approved 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 Approved Investors. The Indenture contains provisions limiting transfers of the Bonds and beneficial interests therein to Approved Investors. The face of each Bond will contain a legend indicating that the Bond is subject to transfer restrictions as set forth in the Indenture. The Bonds will be issued in minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. In light of these restrictions, purchasers should not expect that there will be an active secondary market for the 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.

Additional Bonds and Additional Indebtedness

The Indenture permits the issuance of Additional Bonds on a parity basis with the Bonds if certain conditions are met. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Indenture – Additional Bonds” and “– Loan Agreement – Limitations on Additional Indebtedness” herein. The Borrower may acquire, construct and equip additional charter schools in the future. If it does, or for certain other expenses, it may issue Additional Bonds. 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 Bonds is undetermined at this time. The issuance of Additional Bonds may adversely affect the investment security of the Bonds.

The Loan Agreement permits the issuance of Additional Indebtedness by the Borrower, subject to certain conditions and limitations. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Loan Agreement – Limitations on Additional Indebtedness” herein.

The Lease permits the issuance of additional indebtedness by Larchmont, subject to certain conditions and limitations. See “THE LEASE – Financial Covenants” herein. The issuance of such additional indebtedness by Larchmont may adversely affect the investment security of the Bonds.

Tax Related Issues

Tax-Exempt Status of Interest on the Series 2026 Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2026 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2026 Bond proceeds, limitations on the investment earnings of Series 2026 Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2026 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 Larchmont 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 2026 Bonds as taxable, retroactively to the date of issuance of the Series 2026 Bonds.

Maintenance of Tax-Exempt Status. The tax-exempt status of the Series 2026 Bonds depends upon the maintenance by Larchmont of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including the operation for charitable and educational purposes and avoidance of transactions which may cause the assets of 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 is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by Larchmont could potentially result in loss of tax exemption of interest on the Series 2026 Bonds and of other existing and future tax-exempt debt of the Borrower, if any, and defaults in covenants regarding the Series 2026 Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

Less onerous sanctions have been enacted which focus enforcement on private persons who transact business with a tax-exempt organization rather than the tax-exempt organization, but these sanctions do not replace the other remedies available to the IRS as mentioned above.

State Income Tax Exemption. The loss by Larchmont 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”). Larchmont and its affiliates currently report no UBTI. Larchmont and its affiliates may, however, participate in activities which generate UBTI in the future. If so, the Borrower and Larchmont believe such UBTI would be properly accounted for and reported; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of Larchmont, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2026 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 Borrower and Larchmont believe that the Facilities will be exempt from California *ad valorem* real property taxation.

Determination of Taxability. If a Determination of Taxability (as defined in the Indenture) were to occur, the Series 2026 Bonds would be subject to mandatory redemption as a whole at the principal amount thereof, plus accrued interest thereon to the date of redemption on the earliest practicable date selected by the Trustee, after consultation with the Borrower, but in no event later than six months following the finalization of the Determination of Taxability. See “THE BONDS – Redemption – Mandatory Redemption Upon Determination of Taxability” herein.

Factors That Could Affect the Security Interest in the Facilities; Superior Liens

The Trustee’s security interest in the Facilities may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of 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. d

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 value set forth in “THE PROJECT” represents a reliable estimate of what the Facilities would bring in liquidation following an Event of Default. See “THE PROJECT – Appraisal” herein.

Limitations on Value of the Facilities and to Remedies Under the Deed of Trust

Maintenance of Value. The Facilities are 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 Borrower default in making payments under the Loan Agreement, including in the event Larchmont defaults in making the Rent payments due under the Lease, the Facilities could be foreclosed upon and sold for the amounts owed under the Loan Agreement.

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 Facilities 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 Facilities 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 Project that would be realized upon a default and foreclosure.

See “THE PROJECT – Environmental Inspections” herein for a description of certain environmental reports regarding the Series 2026 Facilities.

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 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 Facilities 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 Facilities 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 Facilities, cannot generate revenues, will not exceed the coverage of such insurance policies.

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

The Series 2026 Appraisal estimates the remaining economic life of the Series 2026 Facilities, in their current state, as 30 years, which is less than the final maturity of the Series 2026 Bonds. See "THE PROJECT – Appraisal" herein. The Borrower covenants in the Loan Agreement to engage an Independent Facilities Consultant every five years to change the Repair and Replacement Fund Requirement to provide for the proper maintenance and upkeep of the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Repair and Replacement Fund" herein. However, there can be no assurance that the amount of funds available to maintain the Facilities will be sufficient for that purpose, or that the Facilities will continue to generate revenues sufficient to pay the expenses of the Borrower and the Loan Repayments.

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

Field Act Compliance. Certain public schools in the state of California, are entitled and approved through the DSA, which reviews building plans and calculations based on three sets of criteria: Seismic and Engineering; Fire, Life, Safety; and Access. DSA applies the California building code standards and requires that certain buildings are compliant with the Field Act for Public Schools set forth in Sections 17280 & 81130 et seq. of the California Education Code (the "Field Act"). The Field Act resulted from the Long Beach Earthquake in 1933 in which 70 public schools were destroyed and another 120 schools suffered major structural damage. The Field Act sets forth structural design standards to enable applicable school buildings meet a higher threshold of seismic safety, ensuring safety for students and building occupants in the event of an earthquake. The DSA process requires state approved inspectors to certify that the work is being done in

accordance with the approved plans. The Field Act does not apply generally to all public schools and it does not apply to the Facilities.

Flood. The occurrence of flooding could result in substantial damage to the Facilities, which could adversely affect the ability of Larchmont to operate the Facilities or make payments due under the Lease and/or the ability of the Borrower to make the Loan Repayments and could adversely affect the value of the Facilities.

Neither the Series 2018 Facility nor the Series 2026 Facilities are located in a special flood hazard area (as defined by the Federal Emergency Management Agency). The Borrower is not obligated by the Loan Agreement to maintain flood insurance on the Facilities and there can be no assurance that the Borrower will obtain such coverage in the future.

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 Larchmont 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 Facilities.

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 Larchmont 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 Larchmont. 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 Larchmont 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 Facility or any portion thereof.

See "THE PROJECT – Environmental Inspections" herein for a description of certain environmental reports regarding the 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 the Borrower or Larchmont 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 the Borrower, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such entity despite the security interest of the Trustee therein. While the Bankruptcy Code requires that the interest of the Trustee as lien owner be adequately protected before the collateral may be used by the Borrower, such protection could take the form of a replacement lien on assets acquired or created after the bankruptcy petition is instituted. The rights of the Trustee to enforce liens and security interests against the Borrower’s assets could be delayed during the pendency of the rehabilitation proceedings.

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

Factors Associated with the School’s Operations

General Factors. There are a number of factors affecting schools generally that could have an adverse effect on the School and on Larchmont’s financial position and ability operate the Facilities as a charter school 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 School and disruption of the School’s operations by real or perceived threats against the School, their staff members or students; and (vi) decline in the reputation of the School or the ability of the School and its management to provide educational services desired and accepted by the population it serves.

Potential purchasers should be aware that the School faces constant competition for students and there can be no assurance that such School will continue to attract and retain the number of students that are needed to generate revenues sufficient to make payments on the Lease that are the source of revenue to debt service on the Bonds. Neither the Borrower nor Larchmont 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 Lease or the Loan Agreement.

Changes in Law and Governmental Authorities. On January 27, 2025, the U.S. Office of Management and Budget (“OMB”) issued a memorandum directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance, and other relevant activities, that may be implicated by recent executive orders issued under the Trump Administration. On January 29,

2025, OMB rescinded the memorandum. Following the rescission, the White House press secretary noted that the rescission of the memorandum was “[not] a rescission of the federal funding freeze.” The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding.

A portion of Larchmont’s revenue is derived from federal funding, which may be further impacted by the executive order signed by President Trump on March 20, 2025, to begin dismantling the U.S. Department of Education. Neither Larchmont nor the Borrower are able to predict the extent of such impact at this time and whether any such impact will materially affect their finances and operations.

Dependency on 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, Larchmont 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 Larchmont’s ongoing viability and its ongoing ability to make payments under the 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 Larchmont to find comparable qualified replacements, could adversely affect their respective operations or financial results. See Appendix A for more information regarding the management and leadership of Larchmont.

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 Indenture and the Deed of Trust upon a default depends upon the exercise of various remedies specified in the Loan Agreement, the 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 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 Indenture or the Deed of Trust. Accordingly, the ability of the Authority or the Trustee to exercise remedies under the Loan Agreement, the 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 School.

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 Larchmont believes that it has stable relationships with the Authorizer of the School’s charter, representatives of Los Angeles County, and representatives on the State Board of Education, each of which, under appropriate circumstances, is authorized to grant charters under the Charter School Law. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS – THE SCHOOL” 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 the 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 BORROWER AND LARCHMONT SCHOOLS – OPERATING AND FINANCIAL INFORMATION – No Material Litigation” attached hereto. Any failure of Larchmont to have a charter for the School in place could well have a material adverse effect on the Borrower and its ability to generate revenues necessary to make payments under the Loan Agreement which are expected to provide sufficient revenues to satisfy the debt service requirements for the 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. See “STATE FUNDING OF EDUCATION” above.

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

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

ADA-based funding is determined by actual attendance, and not by student enrollment data. Regardless of the statewide level of ADA-based funding, the School is subject to loss of revenue if enrollment should decrease, or if average daily attendance should decrease even if enrollment remains steady, whether due to student illness, truancy or other factors. Such a loss of revenues could adversely affect the ability of Larchmont to make Rent payments due under the Lease and, consequently, the ability of the Borrower to make payments under the Loan Agreement.

In addition, the Charter School Law prohibits a charter school from imposing fees or charges for its educational services. Therefore, the School is dependent upon receipt of ADA-based funding, as well as

philanthropic support. There is little Larchmont or the Borrower can do to increase revenues, other than for the School to admit a larger number of students.

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

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

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

In December 2015, the Every Student Succeeds Act of 2015 (“ESSA”) was passed by Congress and signed by the President in connection with the amendment and reauthorization of the Elementary and Secondary Education Act of 1965. With the passage of ESSA, states are no longer required to produce AYP, but are required to develop new accountability systems by 2017-18. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS – THE SCHOOL – Academic Outcomes – California School Dashboard” 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.

Larchmont does not expect ESSA to impact its ability to make payments under the Lease representing debt service on the Bonds.

State Retirement Systems. Larchmont is currently a member employer of the State’s STRS retirement system (see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS – OPERATING AND FINANCIAL INFORMATION – State Retirement Program” attached hereto). Although Larchmont does not anticipate withdrawing from or otherwise terminating its membership in STRS, there can be no assurance that State law or Federal law under the Code, including IRS rulings and other guidance, will permit charter schools to continue to participate in the STRS Governmental Plan (as defined in Section 414(d) of the Code).

The STRS retirement system has substantial system-wide unfunded liabilities. If Larchmont were to withdraw from STRS, voluntarily or otherwise, it could be liable for its share of the unfunded liabilities of the system. Neither Larchmont nor the Underwriter can predict what liabilities, if any, would result if

Larchmont's member employer status in the retirement system were to terminate, or what impact any such a termination would have on Larchmont's finances and operations.

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the School or the Borrower. Such litigation may result as a result of either Larchmont's or the Borrower's status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of 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 Larchmont covenant and agree in the Loan Agreement and the Lease, respectively, that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to the Facilities at levels set forth therein. The Borrower and Larchmont are not obligated by the Loan Agreement or the Lease to maintain earthquake insurance and there can be no assurance that the Borrower or Larchmont will obtain such coverage in the future. See "APPENDIX C – FORMS OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

Risk of Noncontinued Philanthropy or Grants

In the past, Larchmont 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 are expected to 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 Larchmont.

Failure to Provide Ongoing Disclosure

The Borrower and Larchmont will enter into a Continuing Disclosure Agreement with the Trustee, 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 Facilities

No assurance can be given as to whether a challenge to the educational use of the Facilities brought would result in an interruption of the School's operations and have a material negative impact on the Revenues. Any court order prohibiting the educational use of any of the Facilities may entitle the Trustee to submit a claim on the lender's title insurance policy. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Leasehold Interest in Certain Larchmont Campuses

Although the Borrower will own the Facilities in fee simple, Larchmont currently operates at certain Campuses pursuant to lease agreements with various landlords. The lease agreement for the Wilshire Campus currently expires by its terms on June 30, 2030, while the lease agreement for the Fairfax Campus currently expires by its terms on August 31, 2030. Larchmont has been able to successfully extend such agreements in the past and expects to continue operating such Campuses pursuant to the current or similar agreements, however no assurance can be given as to whether such lease agreements will be extended or renewed in the future. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER AND

LARCHMONT SCHOOLS – OPERATING AND FINANCIAL INFORMATION – Operating Leases” attached hereto.

SB 740 Funding

Effective beginning the 2017-18 fiscal year, reimbursable costs under the SB 740 program are limited to either of the following conditions: (i) reimbursable facility rent or lease costs do not exceed the prior year’s costs on file with 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.

It is uncertain how such changes to the SB 740 program will be administered. It is likely that if the rent or leases costs do not meet such conditions in subparagraph (i) or (ii) above, SB 740 funding would be reduced by a pro-rata amount. Additionally, it is possible that annual increases in reimbursable expenses under the SB 740 program will be limited to an annual cost-of-living adjustment, even if such reimbursable expenses are less than market rate as determined by an appraisal. However, there can be no assurances that the Authority will take any particular course of action.

Larchmont has received SB 740 funding in the past, and expects to continue receiving such funding relating to facilities costs of the Series 2018 Facility, the Series 2026 Facilities and certain other charter school facilities. However, there can be assurances that Larchmont 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 BORROWER AND LARCHMONT SCHOOLS – OPERATING AND FINANCIAL INFORMATION – SB 740” attached hereto.

Cybersecurity

Larchmont, 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, Larchmont 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 Larchmont’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that Larchmont’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 Larchmont. Larchmont 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.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2026 Bonds (including any original issue discount properly allocable to the owner of a Series 2026 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the Authority, the Borrower and the Lessee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2026 Bonds. Failure to comply with such requirements could cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The Authority, the Borrower and the Lessee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

The accrual or receipt of interest on the Series 2026 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2026 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2026 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2026 Bonds.

Bond Counsel is also of the opinion that interest on the Series 2026 Bonds is exempt from State of California personal income taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2026 Bonds under the laws of the State of California or any other state or jurisdiction.

Original Issue Discount

The Series 2026 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Limited Offering Memorandum (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Series 2026 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Limited Offering Memorandum (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2026 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2026 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2026 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2026 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2026 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2026 BONDS.

APPROVAL OF LEGALITY

The validity of the Series 2026 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock 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 Stradling Yocca Carlson & Rauth LLP, as Underwriter’s counsel, and the approval of certain matters by Musick, Peeler & Garrett LLP, as counsel to the Borrower. Bond Counsel, the Underwriter and its counsel will receive compensation contingent upon the sale and delivery of the Series 2026 Bonds. A

complete copy of the proposed form of Bond Counsel opinion is 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. Musick, Peeler & Garrett LLP will also render certain opinions pertaining to Larchmont as described herein under “TAX MATTERS.”

RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned a rating of “BB+” (with stable outlook) to the Series 2026 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 Series 2026 Bonds.

MUNICIPAL ADVISOR

Campanile Group, Inc. (the “Municipal Advisor”) has acted as Municipal Advisor to Larchmont and the Borrower in conjunction with the issuance of the Series 2026 Bonds. The Municipal Advisor has assisted Larchmont and the Borrower in matters related to the planning, structuring, and issuance of the Series 2026 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Series 2026 Bonds.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in this Limited Offering Memorandum, or any other information related to the Series 2026 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.

LIMITED OFFERING OF BONDS

The Series 2026 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 Approved Investors. By purchasing the Series 2026 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, Larchmont and Wilmington Trust, National Association, as dissemination agent (the “Dissemination Agent”), will execute and deliver one or more Continuing Disclosure Agreements pursuant to which the Borrower and Larchmont will, for the benefit of the Beneficial Owners of the Series 2026 Bonds, periodically compile and deliver to the Dissemination Agent certain financial information and operating data relating to the operations of the Borrower and the School, 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 Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2026 Bonds or to any decision to purchase, hold or sell Series 2026 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Series 2026 Bonds or any other person with respect to the Rule.

Prior Undertaking. Larchmont and the Borrower previously entered into a continuing disclosure undertakings pursuant to the Rule in connection with the issuance of the Series 2018 Bonds (the “Prior Undertaking”). In connection with the Prior Undertaking: (i) audited financial statements were filed late for fiscal years 2020-21 through 2024-25, ranging from one to 302 days late; (ii) annual reports, or portions thereof, were filed late for fiscal years 2020-21 through 2024-25, ranging from three to 624 days late; and (iii) quarterly reports were filed late for fourteen quarters, ranging from one to 308 days late.

[Add note to disclose assignment of new dissemination agent or other measure to improve compliance.]

UNDERWRITING

The Series 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Series 2026 Bonds at a price of \$ _____ (being the principal amount of the Series 2026 Bonds, [plus/less] [aggregate/net] original issue [premium/discount] of \$ _____, less an Underwriter’s discount of \$ _____). The Bond Purchase Agreement (“Bond Purchase Agreement”) pursuant to which the Series 2026 Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Series 2026 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 Series 2026 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 Series 2026 Bonds and there may, in fact, be no market for the Series 2026 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 Larchmont.

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, the Borrower or Larchmont and to persons and entities with relationships with the Authority, the Borrower or Larchmont, 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, the Borrower or Larchmont.

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, the Borrower or Larchmont.

MISCELLANEOUS

The foregoing and subsequent summaries and descriptions of provisions of the Series 2026 Bonds and the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to said documents for full and complete statements of their provisions. The appendices attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Indenture 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.

The distribution and use of this Limited Offering Memorandum has been approved by the Authority, the Borrower, and Larchmont, as Lessee under the Lease.

LARCHMONT LFP LLC, a California limited liability company, as Borrower

By: LARCHMONT SCHOOLS, a California nonprofit public benefit corporation, its Manager

By: _____
Amy Held
Executive Director

LARCHMONT SCHOOLS, a California nonprofit public benefit corporation

By: _____
Amy Held
Executive Director

APPENDIX A

**CERTAIN INFORMATION REGARDING THE BORROWER
AND LARCHMONT SCHOOLS**

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APPENDIX A

CERTAIN INFORMATION REGARDING THE BORROWER AND LARCHMONT SCHOOLS

Certain statements contained in this Appendix 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 were furnished by Larchmont.

INTRODUCTION

Larchmont Schools (“Larchmont”) is a California nonprofit public benefit corporation doing business as Larchmont Charter School, and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). Larchmont holds the charter for and operates a charter school known as Larchmont Charter School (“Larchmont Charter School” or the “School”), educating children in transitional kindergarten through grade 12 at four campuses in Los Angeles, California. Under the School’s charter, enrollment is capped at 1,841. During the 2025-26 school year, the School had enrollment of 1,793 (as of the October 2025 census date).

The Bonds are being issued to (i) finance, refinance and/or reimburse the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located at 6325, 6331, 6363 Santa Monica Boulevard and 1115, 1123, 1125 Lillian Way, Los Angeles, California (the “Series 2026 Facilities”); (ii) fund capitalized interest on a portion of the Bonds; and (iii) pay certain costs of issuance of the Bonds. A deposit to a debt service reserve account is expected to be funded by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program. The proceeds of the Bonds will be loaned to Larchmont LFP LLC (referred to throughout as the “Borrower”), a California limited liability company, the sole member of which is Larchmont. For more information regarding the Borrower, see “THE BORROWER” below.

LARCHMONT SCHOOLS

General

Larchmont was founded in 2004 by parents who had a vision for a different kind of school. At the time of its founding, the neighborhood public schools were largely segregated and had a back to basics, stripped down, one-size fits all, scripted curriculum with very little parent involvement. Larchmont’s founders wanted a school that fully reflected the rich diversity of Los Angeles, a school with a more inspired and child centered approach to teaching and learning, and a school that would embrace and engage parents as partners in strengthening the school and instilling in its students a dedication to improving the world.

Larchmont is a constructivist school and diversity is central to its program and philosophy. See “ – Larchmont Educational Program” below. Incorporated in May 2004, Larchmont received approval for its initial charter in 2005 and opened for the 2005-06 school year, enrolling 122 students as of the October 2006 census date.

Mission. The School’s mission statement reflects its commitment to diversity:

“The mission of [the School] is to provide a socio-economically, culturally and racially diverse community of students with an exceptional public education. We foster creativity and academic excellence; our students learn with and from each other in an experience-centered, inquiry-based learning environment. With participation from our entire community, we strive to instill in each student a dedication to improving the world we inhabit.”

Governance

Larchmont is governed by its board of directors (the “Board”). The Board comprises no fewer than three and no more than 21 members. Pursuant to its bylaws, the Board is composed of parents/guardians of currently enrolled students and community members with expertise in areas that enhance the governance and operations of Larchmont and its schools. Under its bylaws, the Board will not include any “interested persons,” meaning: (a) any person compensated by Larchmont for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of a person described in clause (a).

The Board currently comprises 12 members. Members of the Board serve terms of two years, and until a successor is designated and qualified. There is no limit on consecutive terms for directors of Larchmont. Vacancies on the Board are filled by approval of the Board or, if the number of directors then in office is less than a quorum, by (i) the affirmative vote of a majority of the directors then in office at a meeting or (ii) a sole remaining director.

The following table lists the current members of the Board as well as their titles, when they joined the Board and the expiration of their current term. Currently, all members of the Board are parents of Larchmont students. Biographies for those Board members are listed below:

Name	Title	Joined Board	Term Expires
Ali Baird	<i>Chair</i>	2014	June 3, 2027
Frances Hoge	<i>Vice Chair</i>	2014	May 7, 2026
Nora Tillmanss Shear	<i>Secretary</i>	2024	December 12, 2026
Jeff Lester	<i>Treasurer</i>	2025	June 3, 2027
Collette Williams Alley	<i>Member</i>	2019	February 4, 2027
Charity Bailey	<i>Member</i>	2021	February 4, 2027
Ben Howell	<i>Member</i>	2016	February 6, 2028
Luciralia Ibarra	<i>Member</i>	2023	October 7, 2027
Steven Kim	<i>Member</i>	2020	February 6, 2028
Angelica McAdoo	<i>Member</i>	2021	September 2, 2027
Mario Perez	<i>Member</i>	2018	February 6, 2028
Arri Shelton-Edwards	<i>Member</i>	2023	December 9, 2027
Rizwan Kassim	<i>Member</i>	2026	February 9, 2028
Eunice Lakis	<i>Member</i>	2026	February 9, 2028
Rashad Drakeford	<i>Member</i>	2026	February 9, 2028

Source: Larchmont.

Ali Baird. Ali Baird is a founding parent of Larchmont. She is also a former teacher, who has taught multiple grades in both public and private schools, including 1st grade and middle school English and Social Studies. Ms. Baird left teaching to work for the non-profit Educators for Social Responsibility (now called Engaging Schools), which helps schools develop improved discipline practices, better engage students and

implement advisory programs, and supports schools with programs on bullying, peer mediation, conflict resolution, and diversity.

Ms. Baird is a Marriage and Family Therapist Intern with a master's degree in Applied Psychology from Antioch University. She has counseled adults, children, couples and families at the Southern California Counseling Center. She supervises teenagers at a peer-to-peer crisis hotline TeenLine. Ms. Baird graduated from Groton School in Massachusetts, and she received her bachelor's degree in Psychology from Trinity College in Hartford, Connecticut, where she focused on the effects of social justice and diversity on education. She is the mother of two children, both of whom attend Larchmont's Fairfax Campus.

Frances Hoge. Frances Hoge is a marketing professional with over 20 years of experience as a brand manager. Her senior executive roles include Communications, Business Development, Creative Content, and Corporate Strategy, and span Fortune 500, mid-range and entrepreneurial settings. Most recently, Ms. Hoge led the marketing team for Quickoffice, the highest-grossing worldwide app on the iPad®, which was subsequently acquired by Google. She continues to run an independent marketing firm. Ms. Hoge's non-profit work includes serving on the boards of multiple youth sports organizations, focusing on increasing access and opportunity for urban youth. She graduated from UCLA with Honors with degrees in Communication and Psychology, and she received her MBA from The Wharton School.

Nora Tillmanns Shear. Nora Tillmanns Shear is a Los Angeles native and a product of charter, magnet, and private schools. Nora is Vice President, Employment Counsel at Tubi Media Group and Fox Corporation, where she serves as a strategic advisor to business and HR leaders on a broad range of workplace matters, including compliance, investigations, and policy development. She previously practiced employment law at Jones Day. Ms. Tillmanns Shear earned her J.D. from UCLA School of Law and her B.A. from Sarah Lawrence College. She serves on the Executive Committee of Bet Tzedek Legal Services' New Leadership Council and on the Board of Directors of the UCLA Law Alumni Association, where she previously co-chaired the Diversity, Equity, Inclusion, and Belonging Committee.

Jeff Lester. Jeff Lester is a CPA with over 15 years of experience in public accounting, forensic accounting, and assurance services. He provides forensic accounting and litigation support to attorneys and businesses in Los Angeles. Previously, Mr. Lester served as a Senior Audit Manager at a regional CPA firm in Portland, Oregon, where he led engagement teams across audit, financial operations, and advisory services. He holds a Bachelor's degree in Mathematics from University of California, Santa Cruz and a Master of Accounting from the University of Southern California. He currently serves as treasurer for Larchmont Charter School Board of Directors.

Collette Williams Alleyne. Collette Williams Alleyne has 18 years of experience in alternative and arts education. Currently, she serves as the Senior Director of Education at Inner-City Arts, in which she oversees all arts instruction programs for K-12 students. Previously, she served as the Director of Instruction for Opportunities for Learning and Options for Youth, where she established partnerships with schools to provide students with summer programs to reduce summertime learning loss. Ms. Williams Alleyne joined Opportunities for Learning in 2004 and achieved several promotions in her tenure, having served as: Academic Recovery Teacher, Area Curriculum Advisor, Assistant Principal, Regional Supervisor, and Educational Programs Project Coach. Collette holds a Bachelor of Arts in Education with a Multiple Subject Credential from the University of New Orleans, a Master's Degree in Educational Administration from Pepperdine University, and a Clear California Administrative Credential. Before moving to California, Ms. Williams Alleyne was an Instructor for New Orleans Center for Creative Arts, NOCCA/Riverfront, and Adjunct Instructor at Dillard University of New Orleans.

Charity Bailey. Charity M. Bailey is a Los Angeles native and graduate from the University of Southern California. She started her career in the music industry working on tour, marketing and promotion campaigns for acclaimed artists such as Janet Jackson, Mariah Carey, D'Angelo and other Virgin Records artists. She spent 6 years at Donna Karan International. While working on marketing and advertising in the licensing department,

Ms. Bailey played a leadership role in developing and launching 20 business categories including kids, shoes, suits, swim and jeans. While at David Yurman, she focused on experiential and brand marketing launching David Yurman Men and Eyewear. After returning to Los Angeles, Ms. Bailey re-entered the world of production, entertainment and management continuing to share her knowledge of digital and brand marketing, business strategy and management with various award winning companies including Grammy winning cellist Lynn Harrell and Emmy nominated production company Legion of Creatives.

Ben Howell. Ben Howell is the Executive Vice President and General Counsel of Caruso, a privately owned real estate company. Since joining Caruso, Mr. Howell has led Caruso's legal team in closing over \$1 billion in financing transactions, from real-estate-secured permanent and construction loans to the company's corporate credit facility. Mr. Howell also provides legal advice to all of the company's business units, and collaborates with in-house and outside counsel on litigation and land-use matters. Prior to joining Caruso, Mr. Howell was an attorney at Munger, Tolles & Olson, LLP. Mr. Howell's private practice focused on real estate and corporate transactions for a wide range of clients. Mr. Howell graduated from the University of California Berkeley School of Law where he was named Order of the Coif (top 10% of graduating class), and was a member of the Law Review. After law school Mr. Howell served as a law clerk to Hon. Harold Baer, Jr., a judge in the Southern District of New York. Prior to attending law school Howell graduated from Stanford University, where he received a Bachelor's Degree with honors in Modern Thought and Literature. Mr. Howell is a member of the Executive Committee of the Los Angeles County Bar Association's Real Property Section, and is on the board of the Los Angeles Neighborhood Land Trust.

Luciralia Ibarra. Luciralia (Luci) Ibarra, is a Principal at Sitio, a land use consultancy. Prior to her current role, she was VP of Planning, Land Use, and Government Affairs for Caruso, working on entitlements and monitoring local, regional, and statewide policy for the company. She joined Caruso after 16 years with the City of Los Angeles Department of City Planning, having processed the City's most regionally significant, technically complex, and more litigious development projects as head of Major Projects. Ms. Ibarra attended Pitzer College (BA), and UC Berkeley (MCP). She is a Coro Public Affairs Fellow (San Francisco - 2001) and recent participant in Coro Southern California's Executive Leadership Network (ELN – 2023).

Steven Kim. Steven Kim has over 17 years working in the financial industry specializing in wealth management and planning. He is currently the Senior Financial Consultant at TD Ameritrade in Beverly Hills. He grew up and went to school in Los Angeles. He attended University of Pennsylvania for engineering and then switched to complete his B.A and Licentiate in Philosophy while living and studying in Europe. Mr. Kim worked several years with an international non-profit organization dedicated to the education and development of youth and family. For over 15 years he has been an active collaborator in the financial education of engaged couples. He was an Officer of Military and Hospitaler Order of St. Lazarus of Jerusalem, a world-wide charitable group dedicated to help leprosy. Steven has served as the head of the Korean Parents Association at LCS for 3 years and is the current Scoutmaster for Boy Scout Troop 145 (a 95 year old troop) in Little Tokyo.

Angelica McAdoo. Angelica McAdoo is the mother of three children who all attend or have attended Larchmont. Currently she is working for The City of Hope in Duarte CA. Ms. McAdoo is a member of the LFP Site Council, ABAR (Anti-Bias Anti-Racist) Committee, and the African American Affinity Group at LFP.

Mario Perez. Mario Perez serves as the Director of the Los Angeles County Department of Public Health's Division of HIV and STD Programs and is responsible for guiding the work of more than 320 County staff, contract employees and consultants in the delivery of state-of-the-art HIV and STD education, prevention, diagnosis and treatment programs and services. Mr. Perez is responsible for managing the annual investment of more than \$105 million in local, State and federal resources to support this broad portfolio of services delivered by more than 75 organizations in either the private non-profit or public sector. Mr. Perez recently completed three terms as a member of the Presidential Advisory Council on HIV and AIDS and currently serves on the Board of Directors of the National Minority AIDS Council, the National Council of STD Directors, and as a member of the AIDS United Public Policy Committee. Mr. Perez began providing HIV education and awareness services in 1990 while a student at Berkeley. Over the last 20 years, he has testified before Congress, the Los

Angeles County Board of Supervisors, and the Los Angeles City Council to address a range of HIV/AIDS issues, including the need for scientifically-proven interventions and adequate resources. Mr. Perez earned a Bachelor of Arts degree in Biology from University of California, Berkeley and a Master of Public Health degree from University of California, Los Angeles.

Arri Shelton-Edwards. Arri Shelton-Edwards is a professional with nearly 20 years of experience in education and the nonprofit sector, where she has cultivated a diverse skill set encompassing various areas such as overseeing after-school programs, college counseling, socio-emotional counseling, program design, nonprofit management, and executive leadership. One of the highlights of her career was serving as the Executive Director of Lean In Girls for the Sheryl Sandberg and Dave Goldberg Family Foundation. Before joining SGFF, Ms. Shelton-Edwards was the Managing Director of Programs at iMentor—a non-profit organization that leverages mentorship relationships for positive impact. She also worked with KIPP (Knowledge is Power Program) and Derek Jeter's Turn 2 Foundation. In her most recent endeavor as an entrepreneur, Ms. Shelton-Edwards ventured into opening Los Angeles' first Black-owned UPS Store. Ms. Shelton-Edwards completed her undergraduate studies at Spelman College, where she obtained a Bachelor's degree in Child Development and a Master's in Educational Psychology from New York University. In addition to her academic achievements, Ms. Shelton-Edwards has been actively involved in various organizations. She served as the President of the NY National Alumnae Association of Spelman College and the board for over ten years, and is an engaged member of Alpha Kappa Alpha Sorority, Incorporated, and Jack and Jill of America, Incorporated.

Rizwan Kassim. Rizwan Kassim is the Co-Founder, Vice Chairman, and Chief Strategy & Financial Officer of Ultra & Mint Mobile, two hyper-growth disruptors in the wireless service space. He founded and led several telecom and technology companies to the top of the prestigious Inc. 5000 Fastest-Growing Companies list. First in 2011 after founding Hometown Telecom, which pioneered monthly international calling plans, and again in 2015 when Ultra Mobile took the #1 spot as America's fastest-growing private company with a 3-year increase of more than 100,000 percent. Subsequently, Mint Mobile was named as "Best Place to Work" and honored again as the Fastest Growing Company in America. In recognition of this success, Rizwan was awarded "Entrepreneur of the Year" by Ernst and Young in 2023. He was also recognized as part of the Bruin Business 100 at UCLA in 2025. Rizwan is a graduate of the UCLA Henry Samueli School of Engineering. As a passionate advocate for education and entrepreneurship, he sits on the advisory board of UCLA's Computer Science Department as well as UCLA Extension's Technical Management Program. In addition, he sits on the Board of Trustees of the California Science Center Foundation, a member of the Cedars-Sinai Board of Governors and serves as an advisor and mentor for a few startups. He is a member and finance chair of the Hollywood chapter of the Young Presidents Organization.

Eunice Lakis. As a User Experience Lead at Google, Eunice Lakis leads research to build cutting-edge AI tools for Google developers. Her work involves identifying AI opportunities as well as mitigating potential risks. She holds a Ph.D. in Social Psychology and over a decade of leadership in AI/technology at companies including Google, Autodesk, Opower and Intuit.

Rashad Drakeford. Rashad Drakeford is a senior marketing leader with 15 years of experience driving growth through brand strategy, product positioning, and go-to-market execution at global scale. Rashad has built brands and high-performing teams across multiple consumer categories at Beats By Dre, Amazon Music, and Levi Strauss & Co. Known for translating brand vision into culturally relevant storytelling, integrated campaigns, and live experiences, Rashad brings strong business leadership, including P&L ownership, team management, and cross-functional collaboration, to drive long-term brand growth.

Larchmont Leadership Team

Larchmont's leadership team includes an Executive Director and Director of Operations, whose biographies follow:

Amy Held, Executive Director. Amy Held has served as the Executive Director of the School since 2014. Prior to joining Larchmont, she served as the Executive Director of Citizens of the World Charter Schools Los Angeles (“CWCLA”), from July 2010 until July 2014. During that time Ms. Held was in charge of all aspects of launching and running three elementary schools. Over those four years she grew the organization from one school of 100 students to three schools serving nearly 1,000 students. Under Ms. Held’s leadership CWCLA schools scored academically among the top 10% of public schools in LA, had top parent and staff satisfaction rates and raised more than \$2 million.

Prior to joining CWCLA, Ms. Held served as Executive Director of Palisades Charter High School, a diverse, high performing charter high school of more than 2,800 students and 200 staff. In her capacity as Executive Director, Ms. Held oversaw academics, finance (a \$22 million annual budget), facilities, labor relations, legal, and communications. Prior to joining Pali High in 2006, Ms. Held worked for several years at the Los Angeles Unified School District, first on the staff of then-School Board President Caprice Young, then as a Special Assistant to Senior Deputy Superintendent Maria Ott, and finally as Director of Policy and Communications with then-LAUSD School Board President Marlene Canter. Ms. Held began her career as a Teach for America corps member, teaching a bilingual fifth grade class in Phoenix Arizona, followed by a position with Kaplan and completion of the Coro Public Affairs Leadership Training Post-Graduate Fellowship in Los Angeles. Ms. Held received her B.S. in Humanities in International Affairs from the School of Foreign Service at Georgetown University.

Myra Salinas, Deputy Executive Director. Myra Salinas begins her 19th year at Larchmont Charter School. Originally from the Philippines, Ms. Salinas immigrated to Los Angeles when she was eleven years old. She received her bachelor’s and master’s degrees in education from the University of Southern California, where she was first introduced to the charter school world. As a veteran LCS school leader, Ms. Salinas has experienced many changes at LCS – from a one school site with 240 students to four school sites with a little less than 1800 students. Myra shares her time with all campuses. Ms. Salinas oversees a variety of academic and social emotional programs at Larchmont, including special education. She also oversees school finance and operations and works closely with Larchmont’s external growth initiatives. As an educator and a charter school reform supporter, Ms. Salinas continues to provide guidance and expertise to start up charter schools. She serves as the board chair for Alma Fuerte Public School in Pasadena, California. She was a founding administrator of Camino Nuevo Charter Academy - Harvard site and later became the Director of School and Program Compliance working with all the Camino Nuevo Charter Academy school sites. She was a middle school teacher at Foshay Learning Center, a K-12 span school in LAUSD, teaching English Language Art, mathematics, and social studies.

Michelle Brent Neyer, Professional Learning Coordinator Michelle Brent Neyer began her career in education as a classroom teacher with the Los Angeles Unified School District in 1996, later serving at the local district office supporting systemwide initiatives. She earned her Master’s degree in Education from Harvard University, deepening her commitment to instructional leadership and meaningful school improvement. For the past decade, Michelle has worked at Larchmont Charter School in a variety of roles. Most recently, she serves as Professional Learning Coordinator, where she focuses on strengthening educator practice and expanding Larchmont’s impact beyond its campuses to the broader educational community.

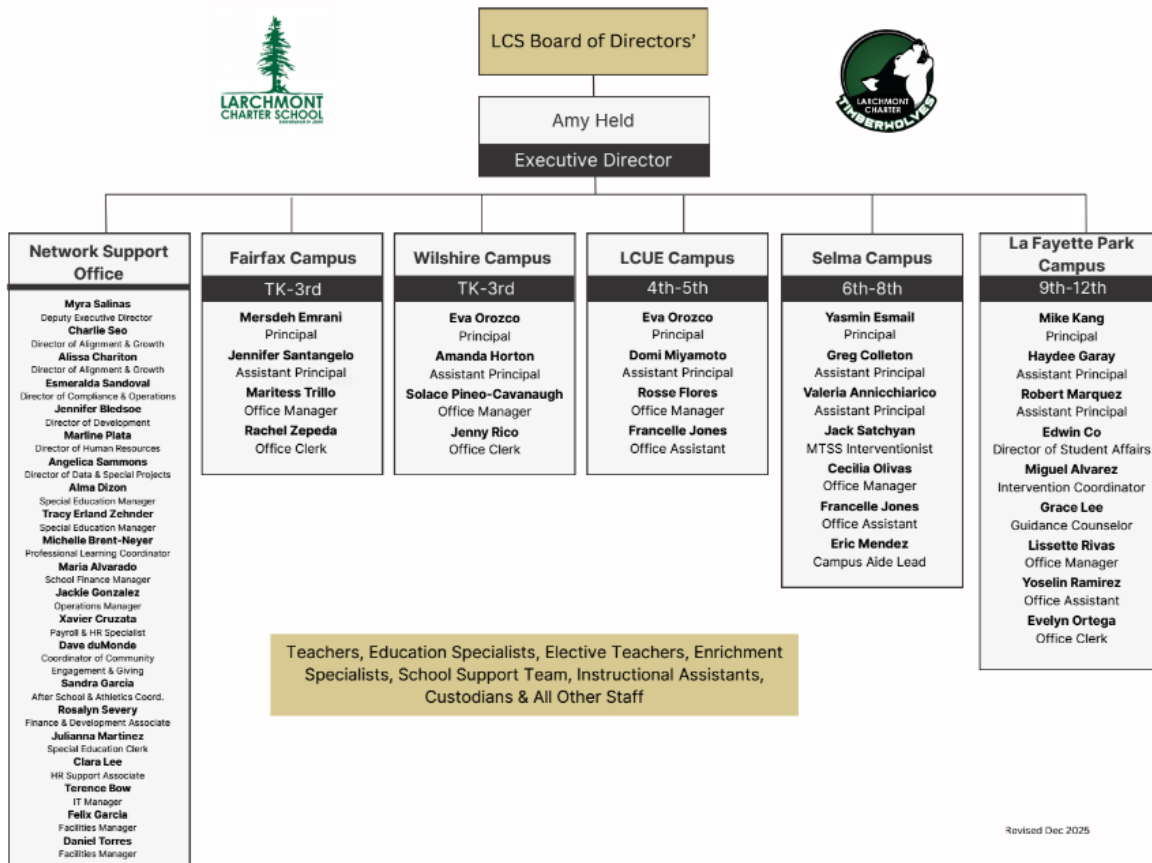
Alissa Chariton, Director of Alignment & Growth Alissa Chariton is an educator and leadership coach with nearly three decades of experience as a teacher, administrator, and system-level leader. She currently serves as Director of Alignment & Growth for Larchmont Charter Schools, where she leads strategic initiatives that strengthen instructional coherence, develop leadership capacity, and support professional growth across TK–12 campuses. In addition to her school-based leadership, Ms. Chariton has served in volunteer capacities on the founding teams and boards of several local charter schools, contributing to the development of mission-driven organizations grounded in instructional excellence, equity, and strong culture. Her work bridges systems thinking with deep care for people, ensuring that adults thrive so students can flourish. Ms. Chariton earned her Bachelor of Arts from Washington University in St. Louis and holds a Master’s degree in Teaching and Curriculum from

University of California, Los Angeles. She is also a Professional Certified Coach (PCC), trained and certified through Accomplishment Coaching and credentialed by the International Coaching Federation (ICF).

Charlie Seo, Ed. D., Director of Alignment & Growth. Mr. Seo has dedicated his career to education, beginning as a high school chemistry teacher and growing into a systems-focused educational leader. From the start, he has been driven by a clear vision: to ensure every student is known, supported, and challenged to exceed their own expectations. Recognizing that lasting impact requires more than classroom instruction alone, Mr. Seo transitioned into administration to design and implement systems that promote equity, access, and excellence. His leadership centers on building school cultures where high expectations are paired with meaningful support, ensuring that every student—regardless of background—has the opportunities and tools needed to thrive.

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Following is an organizational chart for Larchmont.



Source: Larchmont.

History

Founded in 2004, Larchmont opened its first school for the 2005-06 school year, chartered as a K-6th grade school. Just a few years later, in 2008, a second charter elementary school, Larchmont Charter School – West Hollywood (“LCS–West Hollywood”) was founded, receiving a separate charter approval from LAUSD.

In 2009, Larchmont opened its middle school, covering grades 7 and 8. In 2011, LAUSD approved a material revision to Larchmont’s charter to include a high school. At this point, Larchmont was able to offer its students an uninterrupted K-12 educational path; but LCS–West Hollywood still operated as a separate school, limited to a K-8 program. In 2013, Larchmont requested and LAUSD approved a material revision to the charter, effecting the merger of Larchmont with LCS–West Hollywood. In 2016, Larchmont graduated its first senior class.

Awards and Recognition

Larchmont has received various awards and recognition, including the following.

Niche.com Rankings (2026) Edition:

- 27th Best Charter K-12 School in America
- 7th Best Charter K-12 School in California

- 10th Best Public K-12 School in California
- 3rd Best Charter K-12 School in the Los Angeles Area

U.S. News & World Report:

- Ranked in the Top 6% of high schools nationally (2025-26)
- Designated as a “Best High School” with a national rank of #992

California Distinguished School:

- A California Distinguished School in 2021 and 2023

Larchmont Educational Program

The Larchmont curricular and instructional design is based upon the belief that all students can be successful learners and achieve conceptual understanding through insightful guidance and collaborative efforts that heavily involve the student’s cognitive styles and unique understanding.

Larchmont intentionally created its academic program with the development of the whole child in mind – from kindergarten to middle school and through graduation. The School’s organizational structure is intended to allow for teachers and instructional leaders to vertically align and adapt the instructional program, resulting in a cohesive, personalized, rigorous learning experience for every student. At all levels, interdisciplinary planning incorporates lessons from the California academic content and performance standards and the California Common Core State Standards (the “CCSS”). Lessons are structured and organized around common thematic elements stemming from ecology, the humanities, and social justice. Students are encouraged to be active learners and are supported as they challenge themselves and achieve higher levels of learning.

Constructivism and the Constructivist Educational Experience. Larchmont is dedicated to constructivism as the educational strategy to achieve its mission. Based primarily on the work of Jean Piaget, but influenced by many educators and researchers, Constructivism is a theory of thinking and learning. Its name is derived from the word “construction” because its fundamental concept is that students learn through the process of constructing their own personal understanding of new information and ideas. This process of constructing understanding is slightly different for all students.

There are two significant variables that educators consider when they develop a constructivist, inquiry-based learning environment: (1) how the student’s mind best processes information; and (2) the student’s life experience.

To create a constructivist educational experience, teachers must find ways to present new information and ideas through a varied set of experiences to capture the many unique methods that the brain uses to process information. Then they must create opportunities for students to connect their new learning to their pre-formed schemata – or to make meaningful connections between the new information and the way of understanding that their life experience has provided. Through this constructivist process, learning becomes a natural and exciting process for students.

At Larchmont, cognitive constructivism is present across the curriculum, from kindergarten through grade 12, through project and inquiry-based instruction, service learning experiences, an integrated curriculum, small group and partner learning experiences, and longer blocks of study (70 minutes in 4th through 8th grades; 90 minutes in 9th through 12th grades).

Larchmont believes that the social learning environment is also a critical component to ensuring student success. As noted psychologist Lev Vygotsky described in *Mind in Society: The Development of Higher Psychological Processes* (1978), the key to a learning experience within a student’s “zone of proximal development” is “problem-solving under adult guidance or in collaboration with more capable peers.” Toward

this end, mixed-age grouping is a key component to the kindergarten through grade 8 educational setting at Larchmont. In the primary grades (TK-3), individual development of language arts skills is very broad and creates a wide range of abilities and levels at each grade level. In these grades, Larchmont implements a mixed-age group model for reading and language arts instruction.

Students in kindergarten through 3rd grade spend a portion of the day in small group, mixed-age group instruction. By the 4th grade, Larchmont believes that individual development results in different patterns of growth and changes in learning style. At these older ages students demonstrate, for example, greater variation in their pacing and style of mathematical-logical thinking, or the thinking processes most necessary for mathematics and science concepts. Thus, Larchmont shifts its focus on mixed-age grouping to allow for an accelerated mathematics path in the 4th through 8th grades. Students from two consecutive grade levels work in mixed-age groupings during math, science, and enrichment classes to allow for social benefits while maintaining students in the “zone of proximal development” Larchmont believes are necessary for their academic success.

Larchmont draws further upon social constructivism and social learning theory by recognizing the critical role that personal relationships play in the educational setting. In order to support relationships that result in higher cognitive functioning in students, primary grade students in transitional kindergarten through grade 3 participate in a loop in which students have the same teacher and classroom of peers for two consecutive years. Larchmont believes this looping allows for a more in-depth and personal relationship development between teacher and student, as well as student and peers.

Constructivism in Action. At Larchmont the curriculum is driven forward by the California academic content, performance standards and the CCSS, and is structured through Larchmont’s constructivist approach. Signature Projects at the kindergarten through grade 8 level (“Signature Projects”), and project-based learning and the capstone project courses at the high school level (the “Capstone Project”), embody Larchmont’s inquiry-based approach.

Signature Projects set the theme for the year through the principles of eco-literacy and social justice, intended to provide a meaningful structure through which to learn the standards in social studies, science, English language arts, mathematics, world languages, physical education, and the visual/performing arts. Signature Projects consist of multiple smaller units and lessons, connected through their thematic consistency and focus, and includes two approaches to teaching and learning:

1. Content/skill-based lessons, in which students develop a knowledge base and refine the academic skills to utilize that knowledge, and
2. Action-based lessons, in which students become active agents in life-based activities in order to learn how to put their knowledge to work.

Signature Projects are continually assessed and revitalized. Faculty and staff take part annually in a process of self-assessment in which the content, design, and implementation of the Signature Projects at each grade level is examined and improved. Through the use of Larchmont’s Signature Project Rubric, Larchmont faculty and administration validate that each Signature Project is:

- Academically integrated;
- CCSS-based and grade level appropriate;
- Based upon the concepts and theories of eco-literacy;
- Action-oriented; and
- Using a constructivist approach to learning.

The Larchmont high school curriculum is aligned to the CCSS and meets and exceeds coursework required for successful completion of the University of California A-G courses. Consistent with Larchmont's inquiry-based educational philosophy and approach, the CCSS emphasizes the development of critical thinking skills and the experience of reading and writing across the curriculum. Larchmont high school English students, for example, explore non-fiction materials from varied academic areas while continuing to read fiction from diverse sources and time periods. These experiences serve to help students build the analytical skills necessary to successfully complete their Capstone Project.

At the high school level, students work towards the following markers of success:

- Completion of all courses required for graduation from Larchmont. Larchmont's graduation requirements exceed those required for application to a University of California campus;
- Completion of a cross-curricular, independently designed Capstone Project that includes a written senior thesis grounded in thorough, college preparatory level research, a connected/related service component, an oral presentation to a panel of faculty and community members, and the integration of new media and technology into one or more of these components; and
- Application and acceptance into the college/university program of choice.

Collaborative Learning Environment. Collaboration, both among students and among teachers, is an integral part of Larchmont's educational program. Among Larchmont's teachers, collaboration between teaching teams aims to deepen curricular cohesion, with each contributor adding their insight and inspiration to the final curricular design. Teachers at Larchmont collaborate both across grade levels, and within subject areas. Larchmont uses a team-oriented approach to reviewing a variety of assessments to help support student achievement. Additionally, when possible, special education and general education teachers collaborate to differentiate instruction and modify curriculum for students with special needs.

For students, throughout a typical day at Larchmont, collaborative structures vary from whole class direct instruction to individual practice, to small group collaboration and instruction (including combining groups between different classrooms or grade levels, based on skill levels and interests). This collaborative effort is intended to ensure that students enjoy learning, see their classmates as teammates, and feel supported by their teachers and parents.

Collaborative Learning During a Typical Larchmont Day. Students go through their typical academic day by rotating through teachers and course subjects by periods according to a block schedule.

As an example, students may begin their day in Geometry class may start with a discussion around a scaled model structure built out of balsa wood representing the downtown Disney Concert Hall as part of their assignment to determine what three-dimensional geometric shapes were used to create the unexpected combination of walls and ceiling that make up the hall's unique architecture. Students use their knowledge of trigonometric functions and the relationships between three-dimensional geometric shapes to explain their answers to this question. Students use class laptops to search for information about the architect's past projects while others measuring and sketch what they see on graph paper and compare notes from a prior lesson on geometric shapes. The teacher facilitates thinking amongst small groups of students, and makes connections to students' observations and conclusions. A team re-builds portions of the model in the back of the room with connecting rods and tests the pressure points on the shapes. Other students research the way sound travels and responds to a variety of configurations in concert halls around the world using online research. Students draft hypotheses that they will present to the class in a closing discussion the following day.

This typical day continues for the students as they head to classes in Social Studies and Women's Literature. In both courses, students bring their own real-world questions, issues, and controversies and discuss them through Socratic methods. Teachers support students' development of research and communication skills,

and students are continually engaged in solving problems or creating solutions in these courses. Students might be collaborating in Women's Literature on their thesis statements and essay outlines, participating in the improvement of ideas and knowledge in a public setting – the classroom.

Students may end the day in Chemistry class, where they work in lab groups to investigate chemical reactions. In this case, they are investigating what happens when two solutions are combined, including the rate of reaction, change of temperature and the amount of precipitate formed. Analysis is both quantitative and qualitative as students describe the experiment, their roles, and results in lab books that serve as a written and visual record of their work. Students work in heterogeneous lab groups that have been formed previously as part of the daily practice of the classroom. The teacher moves between groups monitoring progress and answering questions, providing guiding feedback and encouragement. Groups end the class reporting their findings to the full class and sharing questions and ideas about what they've come to understand as a result of the experiment and discussion they experienced.

After the school day completes, students have homework to complete for their classes as well.

Capstone Project Courses. In the high school grades, all courses serve to prepare students for the two capstone project courses in the high school program. The capstone project courses prepare students to conduct deep and thorough research in an area of their choice – that will eventually become the subject of their Capstone Project. Utilizing seminar faculty and peers as thought partners, students propose initial qualitative and quantitative research, evaluate sources, write and present an abstract, gather data through a variety of research methods, design summer work/community service proposals and finally complete the writing, service, and multimedia presentation components of the project in their senior year. The goal for attaching a year-long research course prior to the Senior Project is to provide ample preparation time and to ensure all students have the research skills necessary to complete a high-level, high quality Senior Project.

The Junior Seminar also allows students to take the time to explore those areas of interest they have been nurturing during their academic career at Larchmont. For example, perhaps some students were impacted by the work they did during their 8th grade Signature Project and would like to return to that topic/subject area in order to dig deeper, in a more personalized and formalized manner.

By the end of their junior year, students choose a topic for their senior project and create an action research proposal and presentation outlining a research question, detailing their supportive sources, and discussing their research design. Students then use the summer prior to their senior year to make connections and begin the implementation of their action research.

The Capstone Project is the culmination of two years of study and contains four essential components: a proposal, a research paper, a physical primary and secondary product, and the final panel presentation. All of these requirements must be successfully met for seniors to be eligible for graduation. While the junior year is focused on research methods and project development, the senior year directs students to consider and learn about themselves as researchers and the actual action research process. Students keep research journals in order to track their progress, challenges, and successes with their action plans. Furthermore, they learn to collect, code, organize, and synthesize data for the purpose of data analysis and drawing logical conclusions. Lastly, they are asked to reflect on their personal and academic experiences and what they learned from the process and about themselves.

The Capstone Project requires that students create primary and secondary visual presentations, graphics, charts, models, or other physical representations of their research. The primary product is the center of their formal presentations while the secondary product provides additional visual/audio information and/or enhances the meaningfulness of their discussions, including handouts, pamphlets, video, and more. Students are expected to present and discuss each aspect of this process during a 15 – 20-minute presentation.

The following are a sample of topics from students' Capstone Projects:

- Curriculum and Child Development
- Film Studies and Communication
- Financial Literacy
- Healthy Eating in Teens
- Technology in the Classroom
- Standardized Testing
- Hospitals and Patient Care
- Political Perspectives
- Stem Cells and Spinal Cord Injuries
- Social Media and Education
- Violent Gaming and Youth
- LGBT Discrimination in Teens
- Environmental Impacts on Social Behavior in Children
- Perceptions of Traditional & Nontraditional Families
- Race and Business Ownership

Innovative Curricular Components of Educational Program.

Extracurricular Activities. All students in transitional kindergarten through grade 8 have access to an assortment of enrichment classes and clubs after school as a part of the Larchmont "After Class Enrichment" Program. After school clubs, across TK-8, include Chorus, Band, Debate, Yearbook, Gardening, and more. In addition, rotating after school Enrichment Classes enhance programming and opportunities in areas such as Dance, Yoga, Karate, Chess, Computer Programming, and Cooking.

In high school, students have the opportunity to complete A-G elective courses in Music, Chorus, Theater, Film, Creative Writing, Journalism, Visual and Performing Arts and the Sciences. The daily high school schedule also includes a Club/Conference period where students can receive standards based targeted English Language Development support, academic support, and academic or college counseling. Student enrichment clubs also meet at this time. Larchmont students have in the past taken the initiative to secure faculty advisors and create clubs that match their interests, such as the Coding Club, Basketball Club, UNICEF, Robotics, Economics Club, Book Club, Guitar, Debate, Mentorship and Volunteer Clubs. For the 2025-26 school year, it is expected that all students in grades 9-12 will participate in a club.

After school opportunities include athletics, peer tutoring, dance and drumming. There is typically a major visual and performing arts play or production every two semesters, as well as seasonal science fairs and Math Olympiad.

Service Learning. Service learning is present in Larchmont's curriculum as early as the first grade – with a focus on increasing students' level of independence and self-direction through structured guidance in Larchmont's Signature Projects in K-8, and then forward into high school and beyond.

Over the course of all four years of high school, community service hours are a graduation requirement for Larchmont high school students. In addition, action research, which benefits the community and is linked to each student's junior and senior year capstone courses, serves as an integral component of the Capstone Project.

Each year, Larchmont students learn both through and about the principles of ecoliteracy and social justice. This framework creates the structure through which the California academic content and performance standards and CCSS are taught. The curriculum is presented through a standards-based, constructivist, academically integrated, project-based approach which embodies the eco-literacy concepts of interconnectedness, nested systems, cycles, flows, and balance in its design.

Clustering and Multi-Year Loops. Two distinctive aspects of the Larchmont instructional structure are clustering grade levels and teaching in multi-year loops. These strategies are intended to have multiple benefits: catering to the needs of developing students; creating a strong professional team among teachers; building supportive teacher-student relationships; and enhancing the meaningful, action-based learning that occurs in the Larchmont integrated projects that make up much of Larchmont's curriculum.

A “cluster” refers to classes that span two or three grade levels. Each cluster is housed in proximity to each other. Students are mixed together in various configurations across different academic and enrichment activities, with teachers planning together and sharing curriculum for the two-year spectrum. This occurs for students in transitional kindergarten through grade 5, for no more than one subject per grade level and no more than one hour a day as a way to allow for differentiation. All teachers involved are multi subject credentialed and highly qualified when regrouping or team teaching compliant with the State definition.

“Looping” refers to the experience of teachers who stay together with a class of students across two grade levels, and then loop back to teach a new class as it enters the two-year cluster. Looping has existed in educational settings for decades and has been associated with many academic benefits,⁽¹⁾ including:

- Teachers gain extra teaching time;
- Teacher knowledge about a child’s intellectual strengths and weaknesses increases in a way that is impossible to achieve in a single year;
- Long-term teacher/student relationships improve student performance; and
- Long-term teacher/student relationships improve job satisfaction for teachers.

Additionally, the following social benefits have been identified⁽¹⁾:

- Students have reduced apprehension about the new school year and the new teacher after the first year;
- Students reap benefits from time spent on developing social skills and cooperative group strategies in subsequent years;
- English Language Learners adjust to their new school and become comfortable with their teacher, developing confidence in their newly acquired language; and
- Long-term relationships result in an emotional and intellectual climate that encourages thinking, risk-taking, and involvement.

Through transitional kindergarten through grade 8 at Larchmont, clusters, looping, and mixed age opportunities is intended to support student learning across the curriculum with particular focus in English language arts, mathematics, and the integration of enrichment classes to support academic and social/emotional growth and learning.

The Edible Schoolyard at Larchmont. In 2009, Larchmont was honored to become one of the few schools in the nation affiliated with Alice Waters’ Edible Schoolyard program (“Edible Schoolyard”). The mission of the Edible Schoolyard, as conceptualized by Waters, is to teach essential life skills and support academic learning through hands-on classes in an organic garden and kitchen classroom. The Edible Schoolyard curriculum is meant to be fully integrated into the school day and to teach students how their choices about food affect their health, the environment, and their communities.

Larchmont’s implementation of the Edible Schoolyard is intended to unify Larchmont’s community around the themes and values of the Edible Schoolyard program: eco-literacy, active life-based learning, community involvement, and healthy lifestyles. By providing experiences that demonstrate the relationship

⁽¹⁾ LAB at Brown University, *Looping: Supporting Student Learning Through Long-Term Relationships* (Providence: LAB at Brown University, 1997).

between the garden and kitchen, Larchmont's edible schoolyard program fosters appreciation of how the natural world sustains us and promotes the environmental and social well-being of the school community and beyond.

The manifestation of the Edible Schoolyard at Larchmont is a comprehensive organic gardening program on Larchmont's urban public school grounds. This program is intended to enhance Larchmont students' learning experiences in several ways, woven through Signature Projects, service learning activities, enrichments and electives, lunch, and Larchmont's after school program.

Commitment to Spoken Word, Speech, and Debate. Larchmont's curriculum places a strong focus on supporting the development of students' use of spoken word. Through the constructivist lens, oral language provides an avenue for sharing, processing, and understanding information that creates a valuable avenue for all Larchmont learners. Larchmont's curriculum focuses on actualizing the elements of Larchmont's Essential Schoolwide Learning Results including a focus on effective communication.

Larchmont's students have demonstrated cognitive and behavior outcomes including improved reading, listening, speaking, and writing skills; improved critical thinking skills; intellectual curiosity and increased motivation as a result of their participation in speech and debate competitions.

At the high school level, students use spoken word and oral language in regular class presentations and Socratic seminars. All students are expected to formally defend their capstone project course proposal as well as their Capstone Project findings. Seniors present their culminating Hallmark Project at a conference, displaying their learning through a variety of media.

As members of the National Junior Forensics League, Larchmont's teachers in transitional kindergarten through grade 8 access, implement, refine, and personalize the lessons, strategies, and units of study that develop oral language skills in students. At the middle school level, oral language skills are strategically woven into projects, units, lessons, and demonstrations of knowledge to support varied learners and develop articulate and confident students who can state their beliefs, defend their ideas, voice concerns, and contribute to meaningful discussions in order to learn and to impact the world around them.

Ensuring Mastery of the CCSS and Other State Content Standards. Larchmont instructional methodologies, curricula, and courses have been aligned to the CCSS and other State content and performance standards, including the Next Generation Science Standards, and in the high school grades, are college-preparatory. Larchmont's faculty receives training and guidance in continually refining curriculum and teaching practices aligned to the CCSS and other state content and performance standards. Through ongoing professional development, collaboration, and support, Larchmont teachers develop a broad toolbox of strategies, and become experts at aligning those strategies to the standards and assessments for units, lessons and projects.

In addition, every grade level has a "Standards Tracker" in order to map out the explicit integration of the standards referenced above in Larchmont's constructivist-driven curriculum. School leaders provide feedback to faculty-created Standards Trackers for adequate depth, breadth, and rigor. In addition, instructional leaders review formative and summative assessments for depth and complexity as well as incorporation of a variety of learning modalities. The scope and sequence of academic standards at Larchmont may be modified as necessary and/or appropriate to reflect changes to State and national standards.

Through a project-based structure, students receive both individualized support and instructional strategies as they work to master the interrelated skills and knowledge in the content and performance standards. This approach is intended to lead to student mastery of higher level thinking skills.

Students are expected to deeply understand what they learn, and interdisciplinary reading, writing, spoken language and arts foster this mastery. Within this context, English learner students have many opportunities to use English purposefully and interact with content and ideas in meaningful ways. Students performing below grade level receive instructional supports for learning based on the principles of Universal

Design for Learning (“Universal Design”) that engages students in presenting information in multiple ways and allows for diverse avenues of action and expression. Teachers provide this extra support through in-class strategies, team collaboration, as well as after school support programs, including online adaptive programs designed to remediate basic skills.

Larchmont approaches curriculum design with the following criteria:

- Align curriculum to the CCSS and other State content and performance standards;
- Apply principles of Universal Design to provide access and adequate challenge to Larchmont’s full range of diverse learners;
- Ensure rigorous instruction, leverage the use of technology as a tool;
- Provide many opportunities for students to participate in oral presentations of their learning in both individual and group settings;
- Include student input on the design of CCSS-aligned project rubrics;
- Provide learning opportunities to deepen connections to the academic content and performance standards, including CCSS through regular instruction in the arts, elective opportunities and clubs;
- Integrate connections to social-emotional supports such as Council with a focus on college and career readiness; and
- Include a service-learning program that combines rigorous academic pursuits with real world experiences, focused on social justice.

The following sample lesson plan from a U.S. History class exemplifies Larchmont’s curriculum design:

<i>Unit</i>	<i>Class Activities</i>	<i>Assessment</i>
Native American History	• HBO <i>Last Week Tonight</i> Columbus and The People vs. Columbus Mock Trial • Westward Expansion and Native American Resistance • Native American Assimilation/Dawes Act • Redskins Document Based Question (“DBQ”)	<i>Who Decides Who Counts as Native American?</i> REAP, Journaling and Weekly Discussion Should the Redskins Change Their Name? DBQ
Immigration and Nativism	• Irish Immigration/SHEG Irish Lesson • A.P. U.S. History (“APUSH”) DBQ, Lecture and Document Work • SHEG: Japanese Internment • Nativism Throughout History	<i>When Deportation is a Death Sentence</i> REAP, Journaling and Weekly Discussion APUSH DBQ: <i>For the years 1880 to 1925, analyze both the tensions surrounding the issue of immigration and the United States government’s response to these tensions.</i>
American Capitalism	• APUSH DBQ, Lecture and Document Work • Zinn/<i>Power In Our Hands</i> Lesson: Organic Goodie Machine • Zinn/<i>Power In Our Hands</i> Lesson: Homestead Strike • Zinn/<i>Power In Our Hands</i> Lesson: Plant Closures + “Income Inequality” Video	<i>Facebook Feminism, Like It Or Not</i> REAP, Journaling and Weekly Discussion APUSH DBQ: <i>In the post–Civil War United States, corporations grew significantly in number, size, and influence. Analyze the impact of big business on the economy and politics and the responses of Americans to these changes. Confine your answer to the period 1870 to 1900.</i>
Gender and Sexuality	• European and Native American Gender Norms in Colonial Virginia	<i>Why America’s Black Mothers and Babies Are in a Life-or-Death Crisis?</i>

<i>Unit</i>	<i>Class Activities</i>	<i>Assessment</i>
	• Women in the 1840s Lecture and Mock Seneca Falls Convention • SHEG Stonewall Riots • APUSH DBQ, Lecture and Document Work • HBO <i>Trans List</i>	REAP, Journaling and Weekly Discussion APUSH DBQ: <i>Compare and contrast the women's rights movement of the 1840s–1860s with the women's rights movement of the 1960s–1980s.</i>
Race	• Origins of Slavery in Colonial Virginia (<i>New Jim Crow</i> chapter on Bacon's Rebellion) • SHEG Slave Narratives • APUSH Long Essay Question ("LEQ") and Lecture • 13th	<i>The Case for Reparations</i> REAP, Journaling and Weekly Discussion APUSH LEQ: <i>African American leaders have responded to racial discrimination in the United States in a variety of ways. Compare and contrast the goals and strategies of African American leaders in the 1890s-1920s with the goals and strategies of African American leaders in the 1950s-1960s.</i>
War, Peace, and Imperialism	• Zinn Ed Project Lesson: U.S.-Mexico War Tea Party: "We Take Nothing by Conquest, Thank God" • Imperialism DBQ • Hiroshima Debate • Zinn Ed Project Lesson: Rethinking Vietnam • Zinn Ed Project Lesson: What is Terrorism?	<i>The Lethal Presidency of Barack Obama</i> REAP, Journaling and Weekly Discussion Imperialism DBQ

Graduation Requirements and College/Career Preparation. All of Larchmont's courses have been designed in alignment with the State content and performance standards, including CCSS. In order to graduate, students are required to successfully complete a minimum of 230 credits in four years in grades 9 through 12 and meet proficiency standards as determined by the State of California. Graduation requirements have also been designed to meet the UC/CSU A-G requirements (the "A-G Requirements"), and all courses offered, with the sole exception of physical education, meet the A-G requirements.

The Larchmont high school grades provide its students with college counseling to ensure that all students have access to the top colleges and universities across the country. Larchmont's college counseling program guides students as they prepare for, apply to and select the college or university that best fulfills their long-term goals. Students and their families begin on this path as freshmen and receive ongoing support through their acceptance and commitment to the college or university of their choice.

The following table outlines the various programs and services Larchmont offers high school students to ensure they are college and career ready:

<u>9th and 10th Grade</u>
• Parent/Guardian & student orientation meetings to provide information on the college admissions and preparation process (including financial preparation). • Annual review of each student's class schedule (more frequently if needed on a case by case basis) to ensure they are prepared to successfully complete the appropriate college-preparatory courses and are on track for graduation and college admission (the "Individual Graduation Plan"). • Ongoing college and career counseling. • Provision of PSAT (Preliminary Scholastic Assessment Test) information including test dates, registration, and fees. • On site administration of PSAT to all 10th graders. • AP World History and AP World History exam available to 10th graders. • Collaboration and counseling with students to plan and provide recommendations for summer enrichment opportunities that enhance student college application profiles

11th Grade

- Parent/Guardian & student meetings to provide an overview and timeline for college admissions, application process and requirements.
- Provide financial planning workshops for interested families.
- Review of each student's class schedule to ensure they remain on track to graduate and successfully apply to college; update Individual Graduation Plan.
- Ongoing college and career counseling.
- Assist students with registering for college entrance examinations (SAT Reasoning or ACT and SAT Subject Tests.)
- On site PSAT and SAT administration.
- Arrange for students to attend college fairs and presentations by college and university representatives.
- Provide individualized support, as needed, with the college application and essay writing process and scholarship application process.
- Assist students with development of resume and portfolio of accomplishments and extra-curricular activities including service-learning and summer enrichment opportunities.

12th Grade

- Parent/Guardian meetings to inform parents on the college application process and college selection.
- On site SAT administration.
- Provide college financial planning workshops for interested families.
- Review of each student's class schedule to ensure they continue to be on track to graduate and successfully apply to college; update Individual Graduation Plan.
- Ongoing college and career counseling.
- Individualized student counseling throughout the college application process.
- Process admissions application for every senior, including personalized letters of recommendation.
- Additional financial aid advising as students make decisions about which college to attend and support with scholarship identification and application process.

Meeting the Needs of All Students. Larchmont uses various strategies to target students who may have additional needs – students performing far below or above grade level, students with low socioeconomic status, English Learners, foster youth, and students in Larchmont's Special Education program. Larchmont's various subgroup populations receive instruction that focuses on their needs and capitalizes on their strengths, ensuring that all students receive the most effective education possible.

The following structures assist in meeting students' individual needs:

- Small class sizes (elementary) and block scheduling (middle and high school grades) allows teachers to develop deep understanding of individual student strengths and needs;
- A minimum of 40 minutes of planning time each day provides time for teachers to modify and lessons to meet the needs of individual students;
- Team teaching at the elementary level and frequent professional development time allows teachers to learn from each other's varying expertise in differentiating instruction;

- Integrating instruction and curriculum across academic disciplines, including integration of service learning with real-life applications allows students to demonstrate their proficiency in a variety of ways, promoting motivation and skill transference;
- Multiple and varied opportunities for communication between teachers and parents supports the Larchmont commitment to personalizing instruction; and
- Authentic and varied forms of assessment are used to identify differentiated instructional techniques and scaffolding and identify students in need of interventions and additional supports.

These school-wide structures are the first step in meeting the needs of students performing below or above grade level, but additional supports are introduced for students who are performing more than one level below or above his/her actual grade level, not meeting standards in one or more core subjects, or has persistent challenges with the School's academic or behavioral expectations. The Larchmont Student Success Team ("SST") addresses plans for students identified as in need of additional supports. The SST is a systematic, individual, solution-oriented approach to assist students with factors that are interfering with academic success.

Diverse by Design. Larchmont was founded by parents who had a vision for a different kind of school. Larchmont believes that at the time of its founding, the neighborhood public schools were largely segregated and had a back to basics, stripped down, one-size fits all, scripted curriculum and very little parent involvement. Los Angeles is one of the nation's most diverse cities, and yet it has one of the nation's most segregated school districts, which contributes to income inequality, creating a vicious cycle of generational poverty.⁽¹⁾ Larchmont's founders wanted a school that fully reflected the rich diversity of Los Angeles, a school with a more inspired approach to teaching and a school that would embrace parents as partners in strengthening the school and instilling in its students a dedication to improving the world.

Larchmont sees learning as an active process. Diversity is core to Larchmont's model because it is through ensuring a richly diverse environment – of both people and programming – that Larchmont creates the setting for learning to occur. The diversity of Larchmont's community provides students the opportunities to interact and benefit from students and staff from disparate backgrounds often resulting in a variety of perspectives leading to diversity of thought and increasing critical and creative thinking. The diversity in the educational program – both the interdisciplinary project based learning and the rich array of enrichment and elective offerings (including music, art, movement, cooking, gardening, improvisation, and others) tap into Larchmont students' multiple intelligences and facilitate the making of connections across the curriculum.

Larchmont believes that, due in part to its diverse by design model, its students will graduate from the School with "global competence" and "intercultural communication competence." William Brustein, Vice President for Global Strategies and International Affairs at West Virginia University, defines "global competence" to include "the ability to work effectively in different international settings" and "the capacity for effective communication across cultural and linguistic boundaries." "Intercultural communication competence" includes having intercultural awareness (cognitive aspect), intercultural adroitness (social aspect), and intercultural sensitivity (emotional aspect).⁽²⁾

Research has demonstrated that racial isolation is detrimental to student achievement, and that attending racially diverse schools benefits all students and is associated with smaller gaps in test scores among subgroups. A recent report from The Century Foundation, specifically, finds that:⁽³⁾

⁽¹⁾ Orfield, G & Jongyeon, E. (2014). *Segregating California's Future: Inequality and Its Alternative 60 Years after Brown v. Board of Education*. Los Angeles, CA: UCLA Civil Rights Project. See also OECD (2018), *Divided Cities: Understanding Intra-urban Inequalities*, OECD Publishing, Paris, 142.

⁽²⁾ Deardorff, Darla K. "The Identification and Assessment of Intercultural Competence as a Student Outcome of Internationalization at Institutions of Higher Education in the United States." *Journal of Studies in International Education* 10. 2006.

⁽³⁾ Amy Stuart Wells, Lauren Fox, and Diana Cordova-Cobo, "How Racially Diverse Schools and Classrooms Can Benefit All Students," The Century Foundation, 2016, <https://tcf.org/content/report/how-racially-diverse-schools-and-classrooms-can-benefit-all-students/>.

- Students of all races in racially integrated schools have higher SAT scores and are less likely to drop-out than students in segregated, high-poverty schools.
- Racially diverse educational institutions help young people challenge stereotypes and their implicit biases toward people of different racial or ethnic backgrounds.
- Students' satisfaction and intellectual self-confidence increase when educators tap into the educational benefits of diverse classrooms by helping students challenge their assumptions and learn from more than one perspective.
- Learning in integrated settings can also enhance students' leadership skills.
- Integrating schools leads to more equitable access to important resources such as structural facilities, highly qualified teachers, challenging courses, private and public funding, and social and cultural capital.

The diverse student body at Larchmont represents the community in which the School is located. For the 2024-25 school year, Larchmont has approximately 44% low income students School-wide, and the student body is approximately 16% Latino, 14% Asian, Filipino, or Pacific Islander, 5% African American, 40% white and 8% students of multiple races/ethnicities. Approximately 14% of the School's students have special needs and 10% are English learners.

Teacher Recruitment and Professional Development. Larchmont uses multiple strategies to attract and retain a community of professionals who are dedicated to providing the best educational practices to all students. Each campus's Heads of School are responsible for hiring all instructional faculty. With the help of an *ad hoc* hiring committee, comprised of the appropriate department chair, members of the department, and teacher leaders, the Head of School selects and reviews candidates through a process of phone and in-person interviews, demonstration lessons, and submission of writing and lesson plan samples. Consideration is given to teaching experience, the ability to demonstrate curriculum development, creative interpretation and application of the theory of constructivism, implementation of effective classroom strategies, knowledge of effective assessment tools and strategies, and respectful interactions, tone and style with peers and students. The ability to collaborate with other faculty and direct collaborative learning with students is one of the most important characteristic for potential Larchmont teachers.

Larchmont's development team spreads the word among its extensive network of California certified teachers to publicize positions. Hiring committee members also recruit teachers at local and national job fairs to increase the number of quality candidates in the Larchmont pool. Larchmont Charter School aims to attract highly talented teachers by offering a compensation and benefits package, involving teachers in decision-making, and by providing opportunities to collaborate with colleagues and receive meaningful professional development. Larchmont verifies all teaching credentials of candidates with the California Commission on Teacher Credentialing, ensuring that each teacher possesses credential subject authorization that meet State and federal requirements to teach the subject that he/she is being hired to teach.

Ongoing Professional Development. Larchmont foster a collaborative school environment in which teachers are given a chance to work with and learn from one another as well as develop leadership and facilitation skills. Professional development sessions throughout the year are tailored to the needs of faculty and designed to promote student learning.

Professional development is woven through teacher experiences in both team and individual approaches. Gathering in small groups, Larchmont teachers take part in weekly shared planning sessions with grade level teams; rotating monthly professional development meetings focused on 1) learning and instruction, 2) sharing best practices, and 3) analyzing data and developing effective assessment strategies; "whole child" assessment meetings each trimester (Grades TK-5); and 14 dedicated Professional Development days across the

year focused on vertical and horizontal articulation of curriculum, programming, and school culture, safety, and processes.

THE SCHOOL

Charter

The School was initially granted its charter by the Los Angeles Unified School District (“LAUSD”) on February 8, 2005. The School’s charter was renewed in 2010, 2014, and again most recently in 2020, for a five-year term ending June 30, 2025, but has now been extended to June 30, 2028 (pursuant to Section 47607.4). All four campuses of the School are operated under this single charter.

TABLE 1
SUMMARY OF CHARTER SCHOOLS
The Lessee

<i>School</i>	<i>First Year of Operation</i>	<i>Grades Served</i>	<i>Enrollment (2024-25)⁽¹⁾</i>	<i>Enrollment (2025-26)⁽¹⁾</i>	<i>Charter Expiration</i>	<i>Authorizer</i>	<i>No. of Renewals</i>
Larchmont Charter School	2002	TK-12	1,767	1,793	6/30/2028	LAUSD ⁽²⁾	3

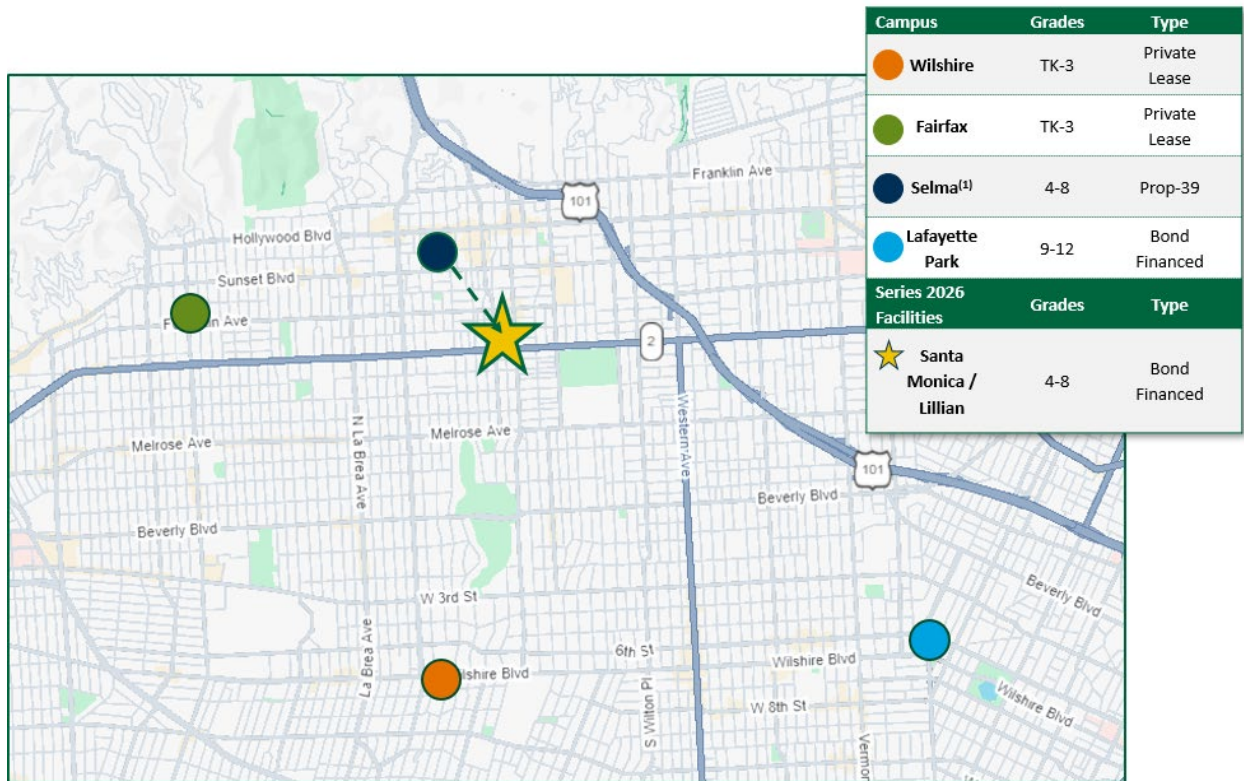
⁽¹⁾ Certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System in each school year. Enrollment may vary throughout the year as students enroll at or leave the School.

⁽²⁾ Los Angeles Unified School District.

Source: *Larchmont*.

Campuses

The School currently operates at four campuses, shown on the map below.



⁽¹⁾ The Series 2026 Facilities are expected to replace the Selma Campus in the 2026-27 school year. See “THE PROJECT” in the forepart of this Limited Offering Memorandum.

Source: Larchmont.

The Fairfax Campus and the Wilshire Campus are operated by Larchmont pursuant to lease agreements with private entities. The Selma Campus is operated by Larchmont on property owned by LAUSD pursuant to a facilities use agreement. See “OPERATING AND FINANCIAL INFORMATION – Operating Leases” herein. The Selma Campus contains two school programs: (i) Larchmont Charter School at Selma consisting of grades 6-8 and (ii) Larchmont Charter Upper Elementary (“LCUE”) consisting of grades 4 and 5. The Lafayette Park Campus is owned by the Borrower. Upon the issuance of the Bonds, the Borrower will own the Series 2026 Facilities and lease them to Larchmont pursuant to the Lease (as defined in the forepart of this Limited Offering Memorandum).

The following table shows the grades served at each Larchmont campus, along with the year each campus opened, 2025-26 enrollment and current lease expiration.

TABLE 2
CAMPUS LOCATIONS
Larchmont Charter School

<i>Campus</i>	<i>Grades Served</i>	<i>2025-26 Enrollment⁽¹⁾</i>	<i>School Year Opened</i>	<i>Ownership / Lease Expiration</i>
Fairfax Campus	TK-3	237	2008-09	Lease terminating 8/31/2030
Wilshire Campus	TK-3	305	2023-24	Lease terminating 6/30/2030
Selma Campus ⁽²⁾	4-8	673	2011-12	Facilities use agreement, terminating 6/30/2026. Students will move to Series 2026 Facilities.
La Fayette Park Campus	9-12	578	2014-15	Owned by Borrower

⁽¹⁾ Enrollment figures vary slightly from those represented elsewhere in this Appendix A, as such other figures reflect 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⁾ The Selma Campus contains two school programs: (i) Larchmont Charter School at Selma consisting of grades 6-8 and (ii) LCUE consisting of grades 4 and 5.

Source: Larchmont.

Letter of Good Standing

On February 10, 2026, Larchmont received a letter of good standing from LAUSD indicating that as of that date (i) the School was operating pursuant to an active charter and (ii) the School did not have any pending corrective actions or a pending revocation issued by LAUSD.

Authorizer Oversight Visit Report

On April 1, 2025, LAUSD performed their annual oversight visit for the 2024-25 school year. Larchmont received “accomplished” ratings on the four areas reviewed by LAUSD.

SUMMARY OF RATINGS <i>(4)= Accomplished (3)=Proficient (2)=Developing (1)=Unsatisfactory</i>			
Governance	Student Achievement and Educational Performance	Organizational Management, Programs, and Operations	Fiscal Operations
4, Accomplished	4, Accomplished	4, Accomplished	4, Accomplished

Source: Los Angeles Unified School District Charter School Division, Annual Performance-Based Oversight Visit Report, 2024-25 School Year for Larchmont Charter School.

Accreditation

The School is accredited by the Western Association of Schools and Colleges (“WASC”) for K through grade 12. In 2023, the School was granted its most recent full six-year term of accreditation, expiring on June 30, 2029.

School Leadership

The daily operations of each campus are managed by a School Leader or principal. Brief biographies of the School Leaders and Principals are below.

Eva Orozco, Principal, Wilshire Campus/LCUE. Ms. Orozco has been a part of the Larchmont community as a teacher for the past 16 years. During the 2017-18 school year Ms. Orozco stepped into her role as Co-School Leader. Ms. Orozco is a nationally board certified teacher with a second masters in Science, Technology, Engineering, and Math education. Ms. Orozco has steadily taken on additional leadership roles at Larchmont during her years in the classroom including Next Generation Science Standards Coordinator, Grade Level Team Leader, and a mentor teacher supporting new teachers.

Mersedeh Emrani, Principal, Fairfax Campus. Mersedeh Emrani is entering her Fifteenth year with Larchmont. Ms. Emrani has served as Principal of Larchmont Fairfax since 2015, Dean of Students from 2013-2015 and was previously a K-1 Lead Teacher for four years with Larchmont. Ms. Emrani graduated with Honors with a B.A. in Psychology and Master's Degree in Public Health from the University of California, Los Angeles prior to obtaining her Multiple Subject Teaching Credential (K-6). As the lead administrator for Larchmont's Fairfax Campus, Ms. Emrani's primary responsibilities include student guidance, faculty support and supervision, parent interface, curriculum development, and campus operations.

Yasmin Esmail, Principal, Selma Campus. Yasmin Esmail began her career as a Science teacher in the Los Angeles Unified School District after serving for two years as a Los Angeles Teaching Fellows Program participant. Yasmin earned two undergraduate degrees from University of California, Los Angeles—a B.S. in Psychobiology and a B.A. in Political Science. She graduated with honors from Loyola Marymount University with a Master's degree in Education focused on secondary education in 2005. She currently serves as Principal of the Selma Campus at Larchmont Charter School, where she has worked for the past five years. Yasmin especially enjoys working with middle school students and embraces both the challenges and the joy that come with supporting students during this formative stage of their lives.

Mike Kang, Principal of Secondary School, La Fayette Park Campus. Mike Kang serves as Principal of Larchmont Charter High School, where he provides leadership for academic and operational initiatives that support student achievement, growth, and community engagement. Guided by a strong commitment to educational equity and excellence, Mr. Kang brings a multidisciplinary background in economics, international relations, and educational leadership to cultivate a rigorous, student-centered learning environment that promotes critical thinking, creativity, and innovation. Each year, he supports hundreds of high school students in accessing college through individualized guidance, group advising, and the development of structured pathways aligned to their educational goals. Mr. Kang earned a Bachelor of Arts in Economics from University of California, Irvine and a Master of Arts in International Relations from University of California, San Diego, with a focus on international trade. He later obtained a California teaching credential in Mathematics from California State University, Los Angeles and completed graduate studies in Educational Administration at California State University, Dominguez Hills.

Enrollment, Attendance & Student Retention

Student Admissions. Larchmont is nonsectarian in its programs, admission policies, and all other operations, and does not charge tuition or discriminate against any student based upon any of the characteristics listed in Section 220 of the Education Code. Larchmont admits all pupils who wish to attend the School, subject to available capacity. No test or assessment is administered to students prior to acceptance and enrollment into the School. The School complies with all laws establishing minimum and maximum age for public school attendance in charter schools. Admission, except in the case of a public random drawing, is not determined by the place of residence of the pupil or his or her parent or legal guardian within the State.

Applications are accepted during a publicly advertised open enrollment period each year for enrollment in the following school year. Following the open enrollment period each year, applications are counted to determine whether any grade level has received more applications than availability. In the event that this happens, Larchmont holds a public random drawing to determine admission for the impacted grade level, with the exception of existing students, who are guaranteed admission in the following school year. Larchmont conducts the lottery in the spring for enrollment in fall of that year.

Preference in the public random drawing is extended to applicants in the following order:

1. Students currently attending the School (guaranteed admission);
2. Students of Founding Parents;
3. Siblings of students already attending the School;
4. Children of Larchmont employees and Board members (capped at 10% of current openings at any grade level);
5. Students who reside in LAUSD; and
6. All other applicants;

In addition, applicants who qualify for free or reduced priced meals (“FRPM”) or who are currently enrolled, or reside in, the attendance areas for Laurel Avenue Elementary School, Vine Street Elementary School, and Charles White Elementary School, will be given a weighted preference by having their name included in the lottery twice. The weighting of such applicants may be adjusted annually by the Board to ensure that the FRPM population is adequately represented in the lottery and that Larchmont qualifies for SB 740 funding.

At the conclusion of the public random drawing, all students who were not granted admission due to capacity are given the option to put their name on a wait list according to their draw in the lottery. This wait list allows students the option of enrollment in the case of an opening during the current school year. The wait list does not carry over from one year to the next. See “— Waitlist” herein.

During the summer prior to starting classes, Larchmont involves new students and their parents in various onboarding activities to prepare families for Larchmont’s educational program. These activities include summer playdates with new and returning Larchmont families, returning and new family socials, summer communications from the School (including summer reading assignments) and various social events sponsored by Larchmont. In August, students and families are invited to Larchmont for an orientation program over several days.

Enrollment. The following tables present historical enrollment information by grade at the School in the school years 2019-20 through 2025-26.

TABLE 3
HISTORICAL ENROLLMENT BY GRADE⁽¹⁾
2019-2020 through 2025-2026
Larchmont Charter School

<i>Grade</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
Transitional							
Kindergarten	--	--	--	--	30	30	59
Kindergarten	131	129	122	122	101	103	122
1 st Grade	114	112	111	111	111	113	120
2 nd Grade	114	112	113	113	114	114	121
3 rd Grade	115	116	115	117	114	115	120
4 th Grade	115	115	113	116	114	126	124
5 th Grade	124	130	126	132	122	159	129
6 th Grade	136	123	135	136	133	145	145
7 th Grade	131	135	123	131	136	140	136
8 th Grade	134	137	136	130	138	140	139
9 th Grade	105	140	152	128	117	158	131
10 th Grade	132	111	129	145	125	139	159
11 th Grade	97	129	108	134	144	136	134
12 th Grade	103	92	126	105	132	149	154
Total	1,551	1,581	1,609	1,620	1,631	1,767	1,793

⁽¹⁾ Reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to CALPADS in each school year.

Source: California Department of Education.

TABLE 4
PROJECTED ENROLLMENT BY GRADE
2026-27 through 2029-30
Larchmont Charter School

<i>Grade</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
TK &				
Kindergarten	182	182	182	182
1 st Grade	122	122	122	122
2 nd Grade	122	122	122	122
3 rd Grade	122	122	122	122
4 th Grade	125	125	125	125
5 th Grade	130	130	130	130
6 th Grade	148	148	148	148
7 th Grade	145	145	145	145
8 th Grade	145	145	145	145
9 th Grade	150	150	150	150
10 th Grade	150	150	150	150
11 th Grade	150	150	150	150
12 th Grade	149	149	149	149
Total	1,840	1,840	1,840	1,840

Source: Larchmont.

Average Daily Attendance and EL/LI Enrollment. The table below shows the School’s average daily attendance (“ADA”), attendance rate, and percentage of English learners and low income (“EL/LI”) student enrollment, from the 2019-20 school year through the 2024-25 school year. Attendance rate is calculated as the School’s Average Daily Attendance for each year divided by the total school enrollment. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Local Control Funding Formula” in the forepart of this Limited Offering Memorandum.

TABLE 5
AVERAGE DAILY ATTENDANCE AND EL/LI ENROLLMENT
2019-20 through 2024-25
Larchmont Charter School

	<i>ADA⁽¹⁾</i>	<i>Attendance Rate⁽²⁾</i>	<i>% of EL/LI Enrollment⁽³⁾</i>
2019-20	1,482.24	96.0%	8.0%
2020-21	1,482.89	95.2	9.0
2021-22	1,500.15	94.3	8.0
2022-23	1,512.60	94.2	9.0
2023-24	1,535.78	94.2	7.0
2024-25	1,670.19	95.9	8.0

(1) Reflects ADA as of the second principal reporting period (“P-2 ADA”), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school.

(2) Calculated as the School’s P-2 ADA divided by CALPADS enrollment for each given year.

(3) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to CALPADS in each school year and is used to calculate the School’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education.

Source: Larchmont.

Student Retention. The table on the following page sets forth, for school years 2021-22 through 2025-26, the percentage of students in grades K through 11 that attended the School in the following year. For example, for 2023-24 it represents the percentage of students that ended the 2023-24 school year attending the School who re-entered the School in 2024-25.

TABLE 6
HISTORICAL STUDENT RETENTION DATA
2021-22 through 2025-26
Larchmont Charter School

	<i>2021-22 to 2022-23</i>	<i>2022-23 to 2023-24</i>	<i>2023-24 to 2024-25</i>	<i>2024-25 to 2025-26</i>
Kindergarten	95%	93%	93%	94%
Grade 1	95	92	94	93
Grade 2	93	94	94	94
Grade 3	94	93	94	93
Grade 4	92	91	92	92
Grade 5	92	89	97	96
Grade 6	86	86	94	91
Grade 7	87	90	93	90
Grade 8	90	94	96	98
Grade 9	75	69	87	77
Grade 10	89	89	90	96
Grade 11	95	98	95	96

Source: Larchmont.

Waitlist. Currently, the School has 1,010 students waiting to fill a seat for the 2025-26 school year. Larchmont considers the waitlist for the 2025-26 school year active until June 2026. Student waitlist information by grade level for the School is presented in the following Table.

TABLE 7
WAITLIST BY GRADE
2025-26
Larchmont Charter School

<i>Grade</i>	<i>No. of Students</i>
Kindergarten	294
1 st Grade	28
2 nd Grade	50
3 rd Grade	9
4 th Grade	39
5 th Grade	66
6 th Grade	287
7 th Grade	112
8 th Grade	35
9 th Grade	22
10 th Grade	19
11 th Grade	38
12 th Grade	11
Total	1,010

Source: Larchmont.

Employment and Staffing

As of January 1, 2026, the School has approximately 260 full-time and part-time employees, which consist of 97 teachers, 128 school support staff, 16 administrators and 19 school support staff located at Larchmont's support office.

The following table sets forth information regarding full time equivalent employees attributable to the School for the last four school years.

TABLE 8
FULL TIME EQUIVALENT EMPLOYMENT AND STAFFING
2022-23 through 2025-26
Larchmont Charter School

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Teachers	84	92	94	98
Administrators	12	13	15	16
Pupil Services	2	4	5	6
Classified Employees	37	45	49	46
Total Employees	135	154	163	163
Pupil-to-Teacher Ratio	19:1	18:1	19:1	18:1

Source: California Department of Education.

Teacher Retention

The following table sets forth, for each school year shown, the percentage of teachers who remained to teach at the School in the following year.

TABLE 9
Teacher Retention Rates
2021-22 through 2024-25
Larchmont Charter School

	<i><u>Teacher Retention</u></i>
2021-22 ⁽¹⁾	87%
2022-23 ⁽¹⁾	84
2023-24 ⁽¹⁾	86
2024-25 ⁽²⁾	95

⁽¹⁾ Includes all classified staff.

⁽²⁾ Includes teaching staff only.

Source: Larchmont.

Demographics

Student composition as a Title I eligible school and for purposes of qualification for SB 740 funding is presented in the following table.

TABLE 10
STUDENT DEMOGRAPHICS⁽¹⁾
2025-26

Larchmont Charter School and Local Elementary School

<i><u>School</u></i>	<i><u>Total Students</u></i>	<i><u>Percentage Eligible for Free/Reduced Priced Meals (K-12)</u></i>
Larchmont Charter School	1,793	43%
Laurel Elementary	280	89
Vine Street Elementary School	228	93
Charles White Elementary School	199	99

⁽¹⁾ Reflects certified data as of the fall census day (the first Wednesday in October), as reported to CALPADS.

⁽²⁾ The School's campuses are physically located within the attendance areas of Laurel Elementary, Vine Street Elementary School and Charles White Elementary School. Larchmont currently qualifies for SB 740 funding in part due to these schools' percent eligible for free/reduced priced meals. See "— Enrollment, Attendance & Student Retention – Student Admissions" and "OPERATING AND FINANCIAL INFORMATION – SB 740" herein.

Source: Larchmont.

Academic Outcomes

Graduation Rates. Graduation rates for the School, LAUSD and the State for the graduating classes of 2023-24 and 2024-25 are shown in the following table.

**TABLE 11
GRADUATION RATES
2023-24 and 2024-25**

Larchmont Charter School, LAUSD and the State

	<u>2023-24</u>	<u>2024-25</u>
Larchmont Charter School	93.4%	94.5%
LAUSD	87.8	90.1
State of California	88.4	88.7

Source: California Department of Education.

Post-Graduate College Entrance. For the high school students graduating in the 2024-25 school year, approximately 80% of Larchmont graduates were accepted to a 4-year college. Comparatively, in 2022-23 school year, the most recent for which statewide data are available, 65.7% of graduates state-wide enrolled in any public or private postsecondary institution after graduation.

Class of 2025 highlights include:

- Over 400 college acceptances
- Acceptances by Ivy League Schools: Harvard, Columbia, Yale
- Other top college acceptances: UC Berkely, UCLA, University of Southern California, MIT, Williams College, NYU, Johns Hopkins, University of Edinburgh

Class of 2025 College Acceptances (alphabetical order, schools in bold are ranked in the Top 50 of National Universities, National Liberal Arts Colleges, or Best Undergraduate Engineering Programs lists per U.S. News 2026 Best Colleges Rankings):

<u>Institution</u>	<u>Ranking / Category Notes</u>
American University	
Art Center	
Arizona State University	
Bard College	
Belmont University	
Bennington College	
California Baptist University	
California College of the Arts	
California Lutheran University	
California Polytechnic State University - Humboldt	
California State Polytechnic University - Pomona	#9 in Best Undergraduate Engineering
California Polytechnic State University - San Luis Obispo	#5 in Best Undergraduate Engineering
California State University, Channel Islands	
California State University, Chico	

Institution	Ranking / Category Notes
California State University, Dominguez Hills	
California State University, East Bay	
California State University, Fresno	
California State University, Fullerton	
California State University, Long Beach	
California State University, Los Angeles	
California State University, Maritime Academy	
California State University, Monterey Bay	
California State University, Northridge	
California State University, San Bernardino	
California State University, San Marcos	
California State University, Stanislaus	
Carnegie Mellon University	#20 in National Universities
Case Western Reserve University	
Chapman University	
Clark Atlanta University	
Columbia College Chicago	
Columbia University	#15 in National Universities
Connecticut College	
Dean College	
DePaul University	
Drexel University	
Emerson College	
Emory University	#24 in National Universities
Fordham University	
Gonzaga University	
Hampshire College	
Harvard University	#3 in National Universities
Howard University	
Indiana University-Bloomington	
Indiana University-Indianapolis	
Johns Hopkins University	#7 in National Universities
Kalamazoo College	
Knox College	
Lehigh University	#46 in National Universities
Lewis & Clark College	
Los Angeles City College	
Louisiana State University	
Loyola Marymount University	
Loyola University New Orleans	
Massachusetts Institute of Technology	#2 in National Universities
McGill University	

Institution	Ranking / Category Notes
Michigan State University	
Middlebury College	#13 in National Liberal Arts Colleges
Mount Saint Mary's University	
New York University	#32 in National Universities
North Carolina Central University	
Northeastern University	#46 in National Universities
Oberlin College	
Occidental College	#35 in National Liberal Arts Colleges
Otis College of Art and Design	
Pennsylvania State University – Penn State	
Pepperdine University	
Pratt Institute	
Reed College	
Rhode Island School of Design	
Rhodes College	
Rose-Hulman Institute	#1 in Best Undergraduate Engineering
Rutgers University- New Brunswick	#42 in National Universities
San Diego State University	
San Francisco State University	
San Jose State University	
Santa Monica College	
Sarah Lawrence College	
Scripps College	#37 in National Liberal Arts Colleges
Smith College	#13 in National Liberal Arts Colleges
SOAS University of London	
Sonoma State University	
Spelman College	#37 in National Liberal Arts Colleges
The George Washington University	
The University of British Columbia	
University of Arizona	
University of Birmingham	
University of California, Berkeley	#15 in National Universities
University of California, Davis	#32 in National Universities
University of California, Irvine	#32 in National Universities
University of California, Los Angeles	#17 in National Universities
University of California, Merced	
University of California, Riverside	
University of California, San Diego	#29 in National Universities
University of California, Santa Barbara	#40 in National Universities
University of California, Santa Cruz	
University of East London	
University of Edinburgh	

Institution	Ranking / Category Notes
University of Hawaii at Manoa	
University of Maryland – College Park	#42 in National Universities
University of Massachusetts-Boston	
University of Oregon	
University of Pennsylvania	#7 in National Universities
University of Pittsburgh	
University of Roehampton	
University of San Francisco	
University of Southern California	#28 in National Universities
University of the Pacific	
University of Utah	
University of Vermont	
University of Victoria	
University of Washington	#42 in National Universities
University of Westminster	
University of Wisconsin-Madison	#36 in National Universities
Vassar College	#13 in National Liberal Arts Colleges
Villanova University	
Virginia Tech	
Washington State University	
Wesleyan University	#13 in National Liberal Arts Colleges
Willamette University	
William & Mary	
Williams College	#1 in National Liberal Arts Colleges
Woodbury University	
Yale University	#4 in National Universities

Source: Larchmont; U.S. News & World Report 2026 Best Colleges Rankings.

Larchmont does not recommend that every student take the SAT, given California public colleges do not require or use SAT testing scores for admission purposes. However, Larchmont administers the PSAT for all students in the 10th or 11th grade to prepare them for other standardized, timed tests, and helps students decide whether taking the SAT can be a useful tool in applying to their preferred colleges.

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

- (a) the State’s Smarter Balanced Assessments, composed of (i) summative assessments in English language arts (“ELA”) and mathematics for grades 3 to 8 inclusive, and grade 11, (ii) interim assessments to monitor student progress toward mastery of the Common Core State Standards in ELA and mathematics, and (iii) a “Digital Library” consisting of tools and practices designed to help teachers utilize formative assessment processes for improved teaching and learning;

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

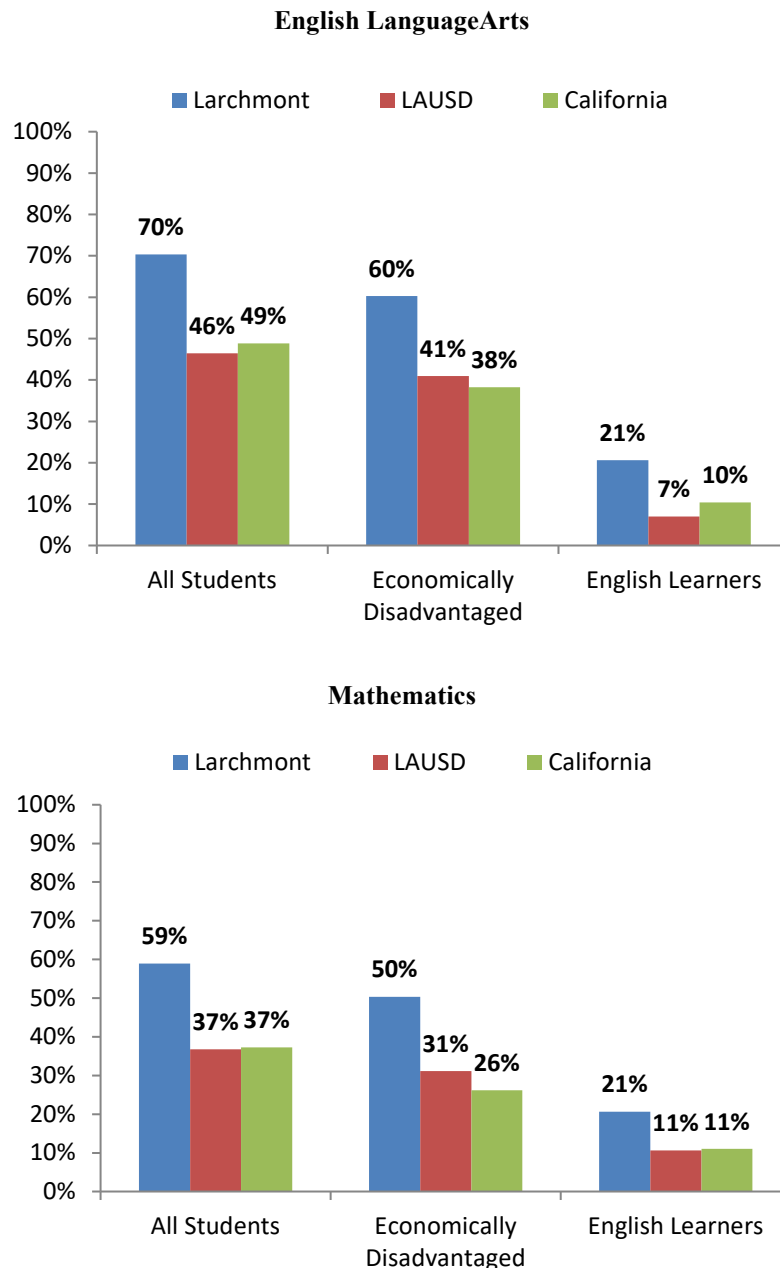
(c) science assessments in grades 5, 8, and 10, measuring specified content standards, currently composed of (i) the California Standards Test (“CST”) for students in public schools, (ii) the California Modified Assessment (“CMA”) for students with an individualized education program, and the (iii) California Alternate Performance Assessment (“CAPA”) for students with significant cognitive disabilities; and

(d) the Standards-based Tests in Spanish (“STS”), which are multiple-choice tests that allow Spanish-speaking English learners in grades 2 through 11 to demonstrate their knowledge of California content standards by taking a reading/language arts (“RLA”) assessment in their primary language.

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The following figure summarizes the performance of the School on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2024-25, compared against averages for schools in the Los Angeles Unified School District (“LAUSD”), and the State.

FIGURE 1
2024-25 SMARTER BALANCED ASSESSMENTS CONSORTIUM (SBAC) RESULTS
Percent of Students Met or Exceeded Standard⁽¹⁾
 Larchmont Charter School, LAUSD and the State



⁽¹⁾ Percentages shown are sums of percentages of 3rd through 12th grade students indicated as “Standards Met” and “Standards Exceeded” in Smarter Balanced Assessment results for the 2024-25 school year.

Source: California Department of Education.

California School Dashboard. During the 2016-17 school year, the California State Board of Education (“SBE”) approved a new 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. 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.

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FIGURE 2
CALIFORNIA SCHOOL DASHBOARD STATUS AND
CHANGE REPORT AND LOCAL INDICATORS
2024-25

Larchmont Charter School

<u>State Indicators</u>	<u>All Students Performance⁽¹⁾</u>	<u>Status</u>	<u>Change</u>
Chronic Absenteeism ⁽³⁾	 Green	5.1% Chronically Absent	Declined (-6.5%)
Suspension Rate ⁽⁴⁾	 Blue	0.2% Suspended at least one day	Declined (-0.3%)
English Learner Progress ⁽⁵⁾	 Orange	45.2% Making Progress	Declined (-5.4%)
English Language Arts ⁽⁶⁾	 Blue	49.6 Points Above Standard	Maintained 0.7 Points
Mathematics ⁽⁶⁾	 Green	17.6 Points Above Standard	Declined (-7.5 Points)
Graduation Rate ⁽⁷⁾	 Green	93.9% Graduated	Increased 2.3%
College/Career ⁽⁸⁾	 Yellow	68.8% Prepared	Declined (-4.3%)
<u>Local Indicators</u>		<u>Ratings</u>	
Basics: Teachers, Instructional Materials, Facilities)		Standard Met	
Implementation of Academic Standards		Standard Met	
Parent and Family Engagement		Standard Met	
Local Climate Survey		Standard Met	
Access to a Broad Course of Study		Standard Met	

- (1) A chartering authority shall not renew a charter if for two consecutive years immediately preceding the renewal decision, 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. See “CHARTER SCHOOLS – Charter Renewal” in the forepart of this Limited Offering Memorandum.
- (2) Change level is based on the difference between data for the 2024-25 and 2023-24 school years
- (3) 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.
- (4) Suspension Rate Status level is based on the unduplicated number of students suspended within the 2024-25 school year.
- (5) 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.
- (6) 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 2024-25 Smarter Balanced Assessment, divided by the total number of 2024-25 Smarter Balanced Assessment ELA or Math test takers.
- (7) 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.
- (8) 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.

Campus Service Areas and Competitive Schools

Competing Schools. The following table below presents a summary of certain demographics and test results for schools located in the vicinity of the School's campuses that the management of Larchmont regards as possible competing schools, as well as in LAUSD and the State, indicating for each school the enrollment, the percentages of English Learners ("EL"), recipients of Free and Reduced Price Meals ("FRPM"), and the percentage of students in the grades shown for each school who met or exceeded standards for the 2024-25 Smarter Balanced Assessments in English Language Arts and Math, broken out by all students and socioeconomically disadvantaged students.

TABLE 12
COMPETING SCHOOLS
2024-2025

Larchmont Charter School

Fairfax Campus

<i>School</i>	<i>Grades</i>	<i>Distance to the School⁽¹⁾</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>2024-25 SBAC ELA Met/Exceeded</i>	<i>2024-25 SBAC Math Met/Exceeded</i>	<i>2024-25 SBAC ELA Met/Exceeded (FRPM)⁽²⁾</i>	<i>2024-25 SBAC Math Met/Exceeded (FRPM)⁽²⁾</i>
Larchmont Charter School⁽⁶⁾	TK-3	--	10.9	42.9	74.2%	71.1%	65.0%	65.0%
Vine Street Elementary	TK-6	0.4	29.5	91.1	44.7	49.6	45.7	50.4
Laurel School	TK-8	0.5	28.6	87.8	49.8	31.5	46.2	30.6
Hollywood Primary Center	TK-3	0.7	36.6	94.3	31.1	35.1	29.0	34.8
Santa Monica Blvd. Cmty. Charter	TK-6	0.9	57.8	96.6	41.9	34.1	42.7	34.8
Van Ness Elementary	TK-5	0.9	14.8	83.1	31.7	41.0	26.9	40.3
Gardner Street Elementary	TK-5	1.0	22.7	76.2	49.4	39.8	43.0	36.2
Rosewood Avenue Elementary	TK-5	1.5	6.9	74.3	59.4	48.0	54.3	43.6
Melrose Avenue Elementary	K-5	1.5	10.7	45.8	72.4	71.0	56.3	58.3
Grant Elementary	TK-6	1.6	35.3	94.0	42.9	38.8	41.9	37.8
Third Street Elementary	TK-5	1.7	15.2	51.2	87.4	90.3	82.4	87.6
Cahuenga Elementary	TK-5	2.1	40.3	86.8	49.4	50.6	47.5	48.2
LAUSD	TK-12	--	18.6	82.0	46.5	36.8	40.9	31.17
California	TK-12	--	17.4	62.8	48.8	37.3	38.2	26.2

TABLE 12 (continued)
COMPETING SCHOOLS
2024-2025
Larchmont Charter School

Selma Campus

<i>School</i>	<i>Grades</i>	<i>Distance to the School⁽³⁾</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>2024-25 SBAC ELA Met/Exceeded</i>	<i>2024-25 SBAC Math Met/Exceeded</i>	<i>2024-25 SBAC ELA Met/Exceeded (FRPM)⁽²⁾</i>	<i>2024-25 SBAC Math Met/Exceeded (FRPM)⁽²⁾</i>
Larchmont Charter School⁽⁶⁾	4-8	--	6.4	43.8	68.0%	56.3%	54.9%	45.1%
Hubert Howe Bancroft Middle	6-8	1.0	18.2	91.5	36.8	27.0	36.1	26.8
Citizens of the World - Silver Lake	TK-8	1.2	13.6	70.3	43.7	37.0	36.8	29.8
Gardner Street Elementary	TK-5	1.2	22.7	76.2	49.4	39.8	43.0	36.2
Vine Street Elementary	TK-6	1.2	29.5	91.1	44.7	49.6	45.7	50.4
Joseph Le Conte Middle	6-8	1.3	28.4	94.7	28.5	16.1	27.8	16.1
Grant Elementary	TK-6	1.4	35.3	94.0	42.9	38.8	41.9	37.8
Laurel School	TK-8	2.5	28.6	87.8	49.8	31.5	46.2	30.6
Thomas Starr King Middle	6-8	3.3	9.2	74.5	54.2	45.9	45.8	37.7
LAUSD	TK-12	--	18.6	82.0	46.5	36.8	40.9	31.7
California	TK-12	--	17.4	62.8	48.8	37.3	38.2	26.2

Wilshire Campus

<i>School</i>	<i>Grades</i>	<i>Distance to the School⁽⁴⁾</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>2024-25 SBAC ELA Met/Exceeded</i>	<i>2024-25 SBAC Math Met/Exceeded</i>	<i>2024-25 SBAC ELA Met/Exceeded (FRPM)⁽²⁾</i>	<i>2024-25 SBAC Math Met/Exceeded (FRPM)⁽²⁾</i>
Larchmont Charter School⁽⁶⁾	TK-3	--	18.9	45.8	64.1%	59.4%	58.1%	51.6%
Wilshire Crest Elementary School	TK-5	0.6	14.9	74.7	46.9	38.8	40.0	31.4
Third Street Elementary School	TK-5	0.9	15.2	47.7	87.4	90.3	82.4	87.6
Queen Anne Place Elementary School	TK-5	1.4	11.6	76.3	59.3	53.7	56.0	48.9
Wilshire Park Elementary	TK-5	1.6	33.7	83.6	52.7	47.7	50.4	42.1
Van Ness Avenue Elementary School	TK-5	2.7	14.8	78.8	31.7	41.0	26.9	40.3
Melrose Avenue Elementary School	TK-5	2.0	10.7	39.6	72.4	71.0	56.3	58.3
LAUSD	TK-12	--	18.6	82.0	46.5	36.8	40.9	31.2
California	TK-12	--	17.4	62.8	48.8	37.3	38.2	26.2

TABLE 12 (continued)
COMPETING SCHOOLS
2024-2025

Larchmont Charter School

La Fayette Park Campus

<i>School</i>	<i>Grades</i>	<i>Distance to the School⁽⁵⁾</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>2024-25 SBAC ELA Met/Exceeded</i>	<i>2024-25 SBAC Math Met/Exceeded</i>	<i>2024-25 SBAC ELA Met/Exceeded (FRPM)⁽²⁾</i>	<i>2024-25 SBAC Math Met/Exceeded (FRPM)⁽²⁾</i>
Larchmont Charter School⁽⁶⁾	9-12	--	1.7	49.3	79.4%	59.2%	81.5%	64.1%
Rise Kohyang High	9-12	0.1	13.4	89.4	63.5	27.8	63.0	26.0
Ednovate – Brio College Prep	9-12	0.1	11.0	73.2	81.7	27.1	83.2	29.3
Rise Kohyang Middle	6-8	0.4	24.3	93.6	49.4	32.6	48.4	31.6
Ambassador Global Leadership	6-12	1.0	31.4	97.7	26.9	29.9	27.8	29.2
Central City Value	9-12	1.0	22.4	84.7	68.2	33.6	68.1	36.2
Camino Nuevo High #2	9-12	1.1	16.8	98.8	62.6	24.6	61.7	25.2
UCLA Community K-12	9-12	1.1	34.0	97.3	34.1	16.1	33.8	16.2
New Open World Academy K-12	6-12	1.2	35.7	97.6	31.6	20.0	31.4	19.3
University Prep Value High	9-12	1.3	19.9	91.7	59.1	28.7	58.3	27.7
Belmont Senior High	9-12	1.3	55.4	96.4	34.4	9.0	34.1	8.6
Contreras Learning Center	9-12	1.4	25.0	96.2	49.2	21.5	47.6	19.0
LAUSD	TK-12	--	18.6	82.0	46.5	36.8	40.9	31.17
California	TK-12	--	17.4	62.8	48.8	37.3	38.2	26.2

(1) Represents the distance to the Fairfax Campus.

(2) Represents the percentage of socioeconomically disadvantaged students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.

(3) Represents the distance to the Selma Campus.

(4) Represents the distance to the Wilshire Campus.

(5) Represents the distance to the LaFayette Park Campus.

(6) Data listed is for the applicable grade range and campus.

Source: Larchmont; California Department of Education.

OPERATING AND FINANCIAL INFORMATION

Historical Financial Results

The following table presents the audited statements of activities and changes in net assets for Larchmont for fiscal years 2021-22 through 2024-25. Larchmont changed auditors for the fiscal year 2023-24. The table below is split due to differences in presentation between the two auditors.

TABLE 13
STATEMENT OF ACTIVITIES
2021-22 through 2024-25
Larchmont Charter School

	<u>2021-22</u>	<u>2022-23</u>		<u>2023-24</u>	<u>2024-25</u>
SUPPORT AND REVENUES:			SUPPORT AND REVENUES:		
Local Control Funding Formula	\$15,185,221	\$17,053,438	Local Control Funding Formula	\$12,572,308	\$13,417,934
Federal revenue	2,116,436	2,196,718	Federal revenues	2,484,314	1,398,001
Other state revenue	2,772,780	4,117,550	Other State revenues	6,079,660	5,185,842
In-kind contributions	5,265	--	Total federal and state support and	21,136,282	20,001,777
PPP loan forgiveness revenue	2,723,449	--	Local support and Revenues		
Local revenues	4,156,594	5,468,433	Payments in lieu of property taxes	6,051,378	7,165,243
Contributions	1,405,037	1,354,046	Grants and donations	1,927,055	2,260,090
Net investment gain	--	14,125	Afterschool childcare fees	473,299	406,659
Total support and revenues	28,364,782	30,204,310	Investment income, net	166,940	174,783
			Other local revenues	524,640	409,913
EXPENSES:			Total local support and revenues:	9,143,312	10,416,688
Program services	21,007,047	24,379,384	Donor restriction satisfied	(100,000)	(73,168)
Management and general	6,994,410	4,895,856	Total Support and Revenues	30,279,594	30,418,465
Total expenses	28,001,457	29,275,240			
			EXPENSES:		
CHANGE IN NET ASSETS	363,325	929,070	Program services	24,176,015	24,745,745
NET ASSETS, BEGINNING OF YEAR	4,127,864	4,491,189	Management and general	5,838,529	5,343,309
NET ASSETS, END OF YEAR	4,491,189	\$5,420,259	Total expenses	30,014,544	30,089,054
			CHANGE IN NET ASSETS	265,050	329,411
			NET ASSETS, BEGINNING OF YEAR	5,420,259	5,685,309
			NET ASSETS, END OF YEAR	\$5,685,309	\$6,014,720

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

Management Discussion & Analysis – Larchmont – Statement of Activities. From 2021-22 to 2024-25 Larchmont has increased Total Support and Revenues by \$2M (7.2%). From 2021-22 to 2024-25, Larchmont produced positive operating results, with annual changes in net assets ranging from about \$265,000 to \$930,000, representing 1% to 3% of Total Support and Revenues.

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Historical Statements of Financial Position

The following table sets forth the audited assets, liabilities and net assets of Larchmont as of June 30 of each year for fiscal years 2021-22 through 2024-25.

TABLE 14
STATEMENT OF FINANCIAL POSITION
2021-22 through 2024-25
Larchmont Charter School

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents	\$6,222,828	\$7,719,959	\$5,668,506	\$6,581,816
Restricted cash	--	118,985	--	--
Investments	223,141	1,017,967	2,602,343	3,726,751
Accounts receivable	3,872,205	5,877,592	5,207,097	4,276,583
Prepaid expenses and other assets	319,930	457,844	532,433	226,484
Total current assets	<u>10,638,104</u>	<u>15,192,347</u>	<u>14,010,379</u>	<u>14,811,634</u>
Non-Current Assets				
Right-of-use assets	--	5,052,277	4,601,726	4,094,170
Deposits	29,750	69,769	69,769	73,145
Restricted cash	701,962	844,679	--	--
Capital assets, net	<u>8,992,970</u>	<u>9,384,393</u>	<u>9,435,577</u>	<u>9,319,853</u>
Total non-current assets	<u>9,724,682</u>	<u>15,351,118</u>	<u>14,107,072</u>	<u>13,487,168</u>
Total Assets	<u>\$20,362,786</u>	<u>\$30,543,465</u>	<u>\$28,117,451</u>	<u>\$28,298,802</u>
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	\$2,162,911	\$4,787,852	\$2,626,110	\$2,745,271
Accrued compensated absences	151,741	165,368	--	--
Deferred revenue	58,565	58,396	4,192,493	4,541,659
Refundable advance	2,045,929	3,782,168	--	--
Operating lease liability, current portion	218,077 ⁽¹⁾	568,624	608,578	881,935
Bonds payable, current portion	140,000	145,000	155,000	160,000
Total current liabilities	<u>4,777,223</u>	<u>9,507,408</u>	<u>7,582,181</u>	<u>8,328,865</u>
Noncurrent liabilities				
Operating lease liability, less current portion	--	4,668,684	4,060,106	3,327,622
Bonds payable, less current portion	11,094,374	10,947,114	10,789,855	10,627,595
Total non-current liabilities	<u>11,094,374</u>	<u>15,615,798</u>	<u>14,849,961</u>	<u>13,955,217</u>
Total liabilities	<u>15,871,597</u>	<u>25,123,206</u>	<u>22,432,142</u>	<u>22,284,082</u>
NET ASSETS:				
Without donor restriction	4,418,021	5,247,091	5,612,141	6,014,720
With donor restrictions	73,168	173,168	73,168	--
Total net assets	<u>4,491,189</u>	<u>5,420,259</u>	<u>5,685,309</u>	<u>6,014,720</u>
Total liabilities and net assets	<u>\$20,362,786</u>	<u>\$30,543,465</u>	<u>\$28,117,451</u>	<u>\$28,298,802</u>

⁽¹⁾ Represents deferred rent

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

Management Discussion & Analysis – Larchmont – Statement of Financial Position. From 2021-22 to 2024-25 Larchmont has increased combined Cash and Cash Equivalents and Investments by \$3.9M (59.9%). During the

same period, Total Assets have grown by \$7.9M (39.0%) while Total Liabilities have grown by \$6.4M (40.4%), resulting in an increase in Net Assets Without Donor Restrictions of \$1.6M (36.1%).

Financial Statements

The audited financial statements of Larchmont for the year ended June 30, 2025 are set forth in “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF LARCHMONT FOR THE YEAR ENDED JUNE 30, 2025” attached hereto.

State Retirement Program

Larchmont participates in the California State Teachers Retirement System (STRS).

The information set forth below regarding the STRS program, other than the information provided by Larchmont 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 to be construed as a representation by either the Larchmont 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)

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
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 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)**

<u>Effective Date</u>	<u>K-14 school districts</u>
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 was 19.1% in fiscal year 2022-23, 19.1% in fiscal year 2023-24, 19.1% in fiscal year 2024-25 and will be 19.1% in fiscal year 2025-26.

Larchmont's contributions to STRS were \$1,924,280 in fiscal year 2022-23, \$2,202,610 in fiscal year 2023-24 and \$2,202,471 in fiscal year 2024-25. Larchmont has budgeted \$2,293,406 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 2024-25 and 8.328% for fiscal year 2025-26. 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.

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

STRS has 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 STRS. 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.

FUNDED STATUS
STRS (Defined Benefit Program)
(Dollar Amounts in Millions) ⁽¹⁾
Fiscal Years 2012-13 through 2023-24

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⁾
2012-13	\$222,281	\$157,176	\$74,374	\$148,614	\$73,667
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

(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.

Source: 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 2024 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, 2024 (the “2024 STRS Actuarial Valuation”) reports that, based on an actuarial value of assets, the unfunded actuarial obligation increased by

approximately \$2.1 billion since the 2023 STRS Actuarial Valuation and the funded ratio increased by 0.8% to 76.7% over such time period. This increase in unfunded actuarial obligation was primarily due to salary increases that exceeded those assumed in the valuation, which resulted in a larger-than expected increase in the actuarial obligation. The funded ratio continued to increase primarily due to the required contributions made by employers and the State in fiscal year 2023-24 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 a decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from \$356 million as of June 30, 2023 to \$140 million as of June 30, 2024.

According to the 2024 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 100.7%. 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 2024 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 2.01%, 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 has rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges is down more than 7%, or about 115,000, since 2019. In November 2024, 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 2024 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.

Larchmont can make no representations regarding the future program liabilities of STRS, or whether Larchmont will be required to make additional contributions to STRS in the future above those amounts required under AB 1469.

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 STRS, 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. Among the other changes to STRS, the Reform Act also: (i) requires all new participants enrolled in 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 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 Larchmont 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 Larchmont, took effect for the fiscal year beginning July 1, 2014.

Outstanding Debt

In August 2018, the Borrower entered into a loan agreement with the California School Finance Authority (the "Authority") for the issuance of \$11,305,000 Charter School Revenue Bonds, Series 2018A and \$330,000 taxable Charter School Revenue Bonds, Series 2018B (the "2018 Bonds"). The 2018 Bonds are secured on a parity basis with the Series 2026 Bonds. See "INTRODUCTION – Parity Bonds" in the forepart of this Limited Offering Memorandum. The proceeds of the 2018 Bonds were used to acquire, construct, renovate, furnish, and equip the school facilities for the Lafayette Park Campus. As of January 1, 2026, the 2018 Bonds were outstanding in the aggregate principal amount of \$10,210,000.

SB 740

Larchmont is currently eligible to receive funding under the California law referred to herein as SB 740, which provides for reimbursement of facilities lease costs of 75% of the actual lease cost to the extent funded by the State up to a limit of \$1,436 per unit of classroom based ADA for the 2024-25 school year. This per-ADA amount may increase in future years based on cost of living adjustments. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding” in the forepart of this Limited Offering Memorandum. To be eligible for SB 740 reimbursement, a charter school must serve a student population with at least 55% of its student population eligible for free or reduced lunch, or be located in a public elementary school attendance area with such composition.

As of the 2025-26 school year, the percentage of Larchmont’s student populations eligible for free or reduced lunch is 43%; however, Larchmont’s campuses are located in public school attendance areas of schools with higher percentages eligible for free or reduced price meals. See “THE SCHOOL – Demographics” herein.

Larchmont was awarded \$1,412,007 in SB 740 funding for the 2022-23 fiscal year and \$1,350,951 in SB 740 funding for the 2023-24 fiscal year and \$1,074,445 in SB 740 funding for the 2024-25 fiscal year. Larchmont has budgeted to receive \$980,359 in SB 740 funding for the 2025-26 fiscal year.

There can be no assurance that any particular level of SB 740 funding will be available in fiscal year 2025-26, or any future year, or that the School will remain eligible for such funding. See “CERTAIN RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors,” “– Specific Risks of Charter Schools – Charter School Law” and “– SB 740 Funding” in the forepart of this Limited Offering Memorandum.

Philanthropy

In the past, Larchmont has received substantial income from unrestricted gifts and donations or grants to supplement operating revenues to finance operations and capital needs. In 2024-25, Larchmont received \$2,450,654 in philanthropic gifts, which amount included individual gifts from 65% of the parents of current Larchmont students. Larchmont has budgeted to receive \$2,500,000 of such income during the 2025-26 school year.

Larchmont hired a development director during the 2017-18 fiscal year. Larchmont expects that philanthropic support will continue in future years in at least the current level; however, Larchmont does not believe that a decrease in philanthropic support would materially adversely affect its operations. See “CERTAIN RISK FACTORS – Risk of Noncontinued Philanthropy or Grants” in the forepart of this Limited Offering Memorandum.

Larchmont typically holds dozens of events each year primarily to fundraise, but more importantly to foster a deep sense of community and collaboration amongst Larchmont’s families. Fundraising and community building events that have been held annually include the Pledge Drive, Party Book (private events actually hosted by parents of students – e.g. dinners or group activities with paid participation), Harvest Festival, Jogathon, World Fair, Annual Gala, and many others.

The following table presents total philanthropic support received by Larchmont in fiscal years 2022-23 through 2024-25, as well as the enrollment in such years, and the resulting amount of philanthropic support per student enrolled.

TABLE 15
Recent Philanthropic Support
2022-23 through 2024-25
Larchmont Charter School

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Total Philanthropic Support ⁽¹⁾	\$1,722,706	\$2,054,066	\$2,450,654
Enrollment ⁽²⁾	1,620	1,631	1,767
Support per Student ⁽³⁾	\$1,063	\$1,259	\$1,386

⁽¹⁾ Represents total funds raised through annual fundraisers, festivals, charity events, and other such campaigns Larchmont holds each year.

⁽²⁾ Reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to CALPADS in each school year.

⁽³⁾ Reflects total philanthropic support in each year, divided by enrollment for such year.

Operating Leases

On April 25, 2005, Larchmont entered into a lease agreement with the Archdiocese of Los Angeles Education and Welfare Corporation for the benefit of St. Ambrose Church in West Hollywood, CA, located at 1265 N. Fairfax Avenue, Los Angeles, for the operation of its Fairfax Campus (as amended, the “Fairfax Lease”). The Fairfax Lease will terminate by its terms on August 31, 2030. Under the Fairfax Lease, Larchmont paid \$315,641.18 during the 2023-24 fiscal year, \$325,110.48 during the 2024-25 fiscal year, and has budgeted to pay \$334,863.80 during the 2025-26 fiscal year.

Larchmont operates its Selma Campus pursuant to a Single-Year Charter School Facilities Use Agreement (the “Selma FUA”) with LAUSD that expires on June 30, 2026. Pursuant to the Selma FUA, Larchmont’s payment obligation for its pro-rata share of facilities cost for use of the Selma Campus is \$55,020.51 per month. Larchmont plans to relocate the students served by the School at the Selma Campus to the Series 2026 Facilities for the 2026-27 school year.

Larchmont entered into an AIR Standard Industrial/Commercial Single-Tenant Lease – Net with Korean Institute of Southern California (the “Wilshire Lease”) for the use of Wilshire Campus on September 22, 2022. The Wilshire Lease will terminate by its terms on June 30, 2030. Under the Wilshire Lease, Larchmont paid \$405,999.96 during the 2023-24 fiscal year, \$418,179.96 during the 2024-25 fiscal year, and has budgeted to pay \$430,725.36 during the 2025-26 fiscal year.

Larchmont entered into an AIR Standard Multi-Tenant Office Lease – Net with Clinton Development Company (the “Network Support Lease”) on September 1, 2024, for the use of office space located at 606 N. Larchmont Blvd. Suite 202, Los Angeles, California. The Network Support Lease will terminate by its terms on August 31, 2026. Larchmont anticipates extending the Network Support Lease for two years. Under the Network Support Lease, Larchmont paid \$52,640 during the 2024-25 fiscal year and has budgeted to pay \$63,168 during the 2025-26 fiscal year.

On June 30, 2014, Larchmont entered into a lease with Mobile Modular Management Corporation for three modular classrooms and related appurtenances (as amended, the “Modular Lease”). The term of the Modular Lease is twelve months. Under the Modular Lease, Larchmont paid \$34,043.73 during the 2023-24

fiscal year, \$34,663.08 during the 2024-25 fiscal year, and has budgeted to pay \$37,077.48 during the 2025-26 fiscal year.

Larchmont pays Supreme Holdings, Inc. for parking on a month-to-month basis (the “Parking Arrangement”). Under the Arrangement, the Borrower paid \$81,900 during the 2023-24 fiscal year, \$58,300 during the 2024-25 fiscal year, and has budgeted to pay \$75,600 during the 2025-26 fiscal year.

Financial Considerations of the Series 2026 Project

Larchmont believes purchasing the 2026 Facilities and relocating students currently served by the School at the Selma Campus will be beneficial to the organization by:

- Replacing district-owned facilities (i.e. the Selma Campus) with high-quality private facilities owned by the Borrower
- Removing risks associated with relying on year-to-year Prop-39 facilities-use-agreements, which have seen large cost escalations over the last several years
- Leveraging SB 740 funding to reduce net rent paid by the school by about \$350,000+ annually

The following tables provide an analysis of the projected net rent for the Series 2026 Facilities after SB 740 funding (both 100% and 90% funding scenarios are shown), and savings versus projected payments on for the current Selma Campus.

		FY27	FY28	FY29	FY30
	Selma - Prop 39				
[A]	Payments	\$717,506	\$739,031	\$761,202	\$784,038
	Base Rent – Series 2026 Facilities (2026 Bonds)	\$1,062,793	\$1,239,431	\$1,239,731	\$1,239,738
	Less: SB 740 Funding (100%) ⁽¹⁾	(797,095)	(929,573)	(929,798)	(929,803)
[B]	Net Payment (New Site)	\$265,698	\$309,858	\$309,933	\$309,934
[A-B]					
[C]	Savings	\$451,807	\$429,173	\$451,269	\$474,103
		FY27	FY28	FY29	FY30
	Selma - Prop 39				
[A]	Payments	\$717,506	\$739,031	\$761,202	\$784,038
	Base Rent – Series 2026 Facilities (2026 Bonds)	\$1,062,793	\$1,239,431	\$1,239,731	\$1,239,738
	Less: SB 740 Funding (90%) ⁽²⁾	(717,385)	(836,616)	(836,819)	(836,823)
[B]	Net Payment (New Site)	\$345,408	\$402,815	\$402,913	\$402,915
[A-B]					
[C]	Savings	\$372,098	\$336,216	\$358,289	\$381,123

⁽¹⁾ Assumes Larchmont receives 100% of eligible SB 740 funding.

⁽²⁾ Assumes Larchmont receives 90% of eligible SB 740 funding, which is the assumption used in the financial projections herein.
Source: Larchmont.

No Material Litigation

No action, suit, proceeding or investigation at law or in equity, before or by any court, governmental agency or public board or body is pending or, to the knowledge of Larchmont, threatened, affecting the validity of the Lease or the Bonds or contesting the corporate existence of the Borrower, Larchmont or its authority to operate pursuant to the charter.

Larchmont and the Borrower are subject to lawsuits and claims in the ordinary course of their operations. In the opinion of the management of Larchmont, the aggregate amount of the uninsured liabilities for such lawsuits and claims will not materially affect the finances of Larchmont or its operation of the School.

PROJECTIONS AND COVERAGE RATIOS

Projected Income and Coverage Ratios

Notwithstanding Larchmont's history of performance with respect to the School, future financial performance of the School may not equal or exceed the projections set forth in this Limited Offering Memorandum. No assurance is given that such projections will be met, or that the number of students attending the School may not diminish in the future. The projections of revenue and expenses contained in this Appendix A are based upon the number of students projected to be enrolled at the School and were prepared by Larchmont and have not been independently verified by any party other than Larchmont. See "THE SCHOOL – Enrollment, Attendance & Student Retention" herein for information regarding current and projected enrollment of the School.

No feasibility studies have been conducted with respect to operations of the 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 Larchmont'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.

LARCHMONT PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE 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 "INTRODUCTION" IN THE FOREPART OF THIS LIMITED OFFERING MEMORANDUM FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

The table below sets forth the Historical and Projected Debt Service Coverage for the School. See “STATE FUNDING OF EDUCATION” and “CERTAIN RISK FACTORS” in the Limited Offering Memorandum. For historic operating results of Larchmont and the School, see “OPERATING AND FINANCIAL INFORMATION” herein.

TABLE 16
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE
2025-26 through 2029-30
Larchmont Charter School

Larchmont Charter Schools	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30
Enrollment					
Grades Served	TK-12	TK-12	TK-12	TK-12	TK-12
Enrollment	1,785	1,840	1,840	1,840	1,840
ADA %	96%	96%	96%	96%	96%
Average Daily Attendance (“ADA”)	1,721	1,766	1,766	1,766	1,766
Revenue					
Local Control Funding Formula Sources	\$22,289,305	\$23,078,786	\$23,818,802	\$24,607,854	\$25,422,414
Federal Revenue	1,158,971	1,261,607	1,262,143	1,262,143	1,262,143
Other State Revenue	3,254,355	3,224,119	3,171,167	2,627,003	2,453,613
SB740 Program Revenue ⁽¹⁾	1,106,661	1,123,469	1,140,122	1,154,118	1,167,265
New Site SB740 Revenue ⁽¹⁾	--	717,385	836,616	836,819	836,823
Other Local Revenue	4,208,059	4,169,676	4,256,593	4,496,849	4,582,023
Total Revenue	\$32,017,352	\$33,575,042	\$34,485,444	\$34,984,786	\$35,724,280
Expenses					
Certificated Salaries	\$12,142,497	\$12,553,509	\$12,804,579	\$13,060,671	\$13,321,884
Classified Salaries	4,508,743	4,570,475	4,661,885	4,755,122	4,850,225
Employee Benefits	5,333,520	5,544,106	5,780,006	5,928,495	6,081,178
Supplies	1,913,151	1,958,100	1,985,045	2,047,807	2,052,747
Operating Services	4,992,874	5,079,110	5,211,493	5,348,472	5,489,951
Depreciation	274,818	262,055	223,651	210,029	199,194
Prop 39 Rent - Selma ⁽²⁾	696,607	--	--	--	--
Rent - Parking, Modulares, and Home Office Leases ⁽³⁾	173,056	173,056	173,056	173,056	166,756
Rent - Fairfax Campus ⁽⁴⁾	334,864	344,910	355,257	365,915	376,892
Rent - Wilshire Campus ⁽⁵⁾	430,725	443,647	456,957	470,665	484,785
Base Rent - LFP Campus (2018 Bonds) ⁽⁶⁾	700,853	702,786	703,800	700,169	700,848
Base Rent - New Campus (2026 Bonds) ⁽⁶⁾	--	1,062,793	1,239,431	1,239,731	1,239,738
Total Expenses	\$31,501,709	\$32,694,546	\$33,595,161	\$34,300,132	\$34,964,197
Net Income	\$515,643	\$880,496	\$890,283	\$684,654	\$760,083
Add Back: Depreciation	274,818	262,055	223,651	210,029	199,194
Add Back: Base Rent ⁽⁶⁾	700,853	1,765,578	1,943,232	1,939,900	1,940,585
Net Operating School Revenue	\$1,491,313	\$2,908,129	\$3,057,165	\$2,834,583	\$2,899,863
Base Rent Coverage Ratio⁽⁷⁾	2.13x	1.65x	1.57x	1.46x	1.49x

⁽¹⁾ 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. The revenue projections included herein assume only 90% of the calculated grant award is received.

⁽²⁾ Represents projected payments per the Selma FUA. See “OPERATING AND FINANCIAL INFORMATION – Operating Leases”, herein.

⁽³⁾ Represents projected lease payments for modular classrooms, the home office, and parking spaces. See “OPERATING AND FINANCIAL INFORMATION – Operating Leases”, herein.

⁽⁴⁾ Represents projected lease payments for the Fairfax Campus pursuant to the Fairfax Lease. See “OPERATING AND FINANCIAL INFORMATION – Operating Leases”, herein.

⁽⁵⁾ Represents projected lease payments for the Wilshire Campus pursuant to the Wilshire Lease. See “OPERATING AND FINANCIAL INFORMATION – Operating Leases”, herein.

⁽⁶⁾ Represents projected Base Rent under the Lease. (i.e. debt service on the Series 2018 Bonds and Series 2026 Bonds).

⁽⁷⁾ Base Rent Coverage Ratio is calculated annually commencing with Fiscal Year ending June 30, 2026. (See “THE LEASE – Certain Covenants of the Lessee Under the Lease – Financial Covenants – Base Rent Coverage Ratio Covenant” in the forepart of this Limited Offering Memorandum.)

Source: Larchmont.

[TABLE AND FOOTNOTES CONTINUE ON NEXT PAGE]

TABLE 16 (continued)
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE
2025-26 through 2029-30
Larchmont Charter School

	2025-26	2026-27	2027-28	2028-29	2029-30
Beginning Cash Balance ⁽⁸⁾	\$9,241,211	\$7,831,671	\$8,474,222	\$9,588,156	\$10,482,839
Plus: Net Income	515,643	880,496	890,283	684,654	760,083
Plus: Depreciation	274,818	262,055	223,651	210,029	199,194
Less: Equity Contribution to Project ⁽⁹⁾	(2,000,000)	--	--	--	--
Less: FF&E / Tenant Improvements / CapEx ⁽¹⁰⁾	(200,000)	(500,000)	--	--	--
Ending Cash Balance	\$7,831,671	\$8,474,222	\$9,588,156	\$10,482,839	\$11,442,116
Total Expenses	\$31,501,709	\$32,694,546	\$33,595,161	\$34,300,132	\$34,964,197
Less: Depreciation	(274,818)	(262,055)	(223,651)	(210,029)	(199,194)
Operating Expenses	\$31,226,891	\$32,432,491	\$33,371,510	\$34,090,103	\$34,765,003
Days Cash on Hand⁽¹¹⁾	92 days	95 days	105 days	112 days	120 days

⁽⁸⁾ For Fiscal Year 2025-26, Beginning Cash Balance equals Cash and Cash Equivalents plus Investments (as shown in the Audited Financial Statements for the year ended June 30, 2025), less cash held by the Trustee.

⁽⁹⁾ Represents cash equity contribution from Larchmont toward the purchase of the Series 2026 Facilities at closing.

⁽¹⁰⁾ For Fiscal Year 2025-26, represents purchases of furniture fixtures and equipment (FF&E); for Fiscal Year 2026-27, represents improvements to the Series 2026 Facilities. Such capital expenditures are projected to be funded from reserves on hand.

⁽¹¹⁾ Days Cash on Hand is calculated annually commencing with Fiscal Year ending June 30, 2026. (See "THE LEASE – Certain Covenants of the Lessee Under the Lease – *Financial Covenants* – Liquidity Covenant" in the forepart of this Limited Offering Memorandum.)

Source: Larchmont.

THE BORROWER

The Borrower

Larchmont LFP LLC (referred to throughout as the "Borrower") is a California limited liability company, the sole member of which is Larchmont. The Borrower will lease the Series 2026 Facility to Larchmont pursuant to the Lease (as defined in the forepart of this Limited Offering Memorandum). The Borrower was formed in 2018 for the purpose of owning and leasing property for the benefit of Larchmont.

Upon the issuance of the Authority's Charter School Revenue Bonds (Larchmont Charter School Project), Series 2026A and (Taxable) Series 2026B (collectively, the "Bonds"), the Authority will loan the proceeds of the Bonds to the Borrower, pursuant to a Loan Agreement, dated as of August 1, 2018, as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020, as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026, each by and between the Authority and the Borrower. See "INTRODUCTION – The Bonds" and "THE BONDS" in the forepart of this Limited Offering Memorandum.

The activities of the Borrower are expected to be consolidated with the activities of Larchmont in the annual audited financial statements of Larchmont. The Borrower is expected to have no assets, other than owning facilities to be used by Larchmont or its affiliates, and the Borrower is expected to have no revenue other than payments received pursuant to agreements for use of facilities by Larchmont or its affiliates.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF LARCHMONT FOR THE FISCAL
YEAR ENDED JUNE 30, 2025**

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LARCHMONT SCHOOLS

CONSOLIDATED AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2025**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Larchmont Charter School (Charter No. 0717)

AND CONSOLIDATED WITH

LCS Support Corporation
Larchmont LFP LLC



LARCHMONT SCHOOLS
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JUNE 30, 2025

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Larchmont Schools
Los Angeles, California

Report on the Audit of the Consolidated Financial Statements**Opinion**

We have audited the accompanying consolidated financial statements of Larchmont Schools which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Larchmont Schools as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Larchmont Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Larchmont Schools' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Larchmont Schools' 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 Larchmont Schools' 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 an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026, on our consideration of Larchmont Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Larchmont Schools' 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 Larchmont Schools' internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 13, 2026

LARCHMONT SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 6,581,816
Investments	3,726,751
Accounts receivable	4,276,583
Prepaid expenses	226,484
Total current assets	<u>14,811,634</u>
Noncurrent assets	
Right-of-use asset	4,094,170
Deposits	73,145
Capital assets, net	9,319,853
Total noncurrent assets	<u>13,487,168</u>
Total Assets	<u>\$ 28,298,802</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 2,745,271
Deferred revenue	4,541,659
Operating lease liability, current portion	881,935
Bonds payable, current portion	160,000
Total current liabilities	<u>8,328,865</u>
Noncurrent liabilities	
Operating lease liability, less current portion	3,327,622
Bonds payable, less current portion	10,627,595
Total noncurrent liabilities	<u>13,955,217</u>
Total liabilities	<u>22,284,082</u>
Net assets	
Without donor restrictions	6,014,720
Total net assets	<u>6,014,720</u>
Total Liabilities and Net Assets	<u>\$ 28,298,802</u>

The notes to the consolidated financial statements are an integral part of this statement.

LARCHMONT SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 13,417,934	\$ -	\$ 13,417,934
Federal revenues	1,398,001	-	1,398,001
Other state revenues	5,185,842	-	5,185,842
Total federal and state support and revenues	20,001,777	-	20,001,777
Local support and revenues			
Payments in lieu of property taxes	7,165,243	-	7,165,243
Grants and donations	2,260,090	-	2,260,090
Afterschool childcare fees	406,659	-	406,659
Investment income, net	174,783	-	174,783
Other local revenues	409,913	-	409,913
Total local support and revenues	10,416,688	-	10,416,688
Donor restrictions satisfied	73,168	(73,168)	-
Total Support and Revenues	30,491,633	(73,168)	30,418,465
EXPENSES			
Program services	24,745,745	-	24,745,745
Management and general	5,343,309	-	5,343,309
Total Expenses	30,089,054	-	30,089,054
CHANGE IN NET ASSETS	402,579	(73,168)	329,411
Net Assets - Beginning	5,612,141	73,168	5,685,309
Net Assets - Ending	\$ 6,014,720	\$ -	\$ 6,014,720

The notes to the consolidated financial statements are an integral part of this statement.

LARCHMONT SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 11,907,370	\$ -	\$ 11,907,370
Non-certificated salaries	2,739,878	1,925,066	4,664,944
Pension plan contributions	2,202,471	-	2,202,471
Payroll taxes	359,607	133,697	493,304
Other employee benefits	1,929,184	271,086	2,200,270
Total personnel expenses	19,138,510	2,329,849	21,468,359
Non-personnel expenses			
Books and supplies	1,259,462	260,053	1,519,515
Insurance	-	330,307	330,307
Facilities	2,078,603	267,215	2,345,818
Professional services	1,318,640	1,196,440	2,515,080
Interest expense	-	541,490	541,490
Depreciation	428,112	47,568	475,680
Fees to authorizing agency	397,258	205,824	603,082
Other operating expenses	125,160	164,563	289,723
Total non-personnel expenses	5,607,235	3,013,460	8,620,695
Total Expenses	\$ 24,745,745	\$ 5,343,309	\$ 30,089,054

The notes to the consolidated financial statements are an integral part of this statement.

LARCHMONT SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 329,411
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Noncash items	
Depreciation	475,680
Unrealized gain on investments	(30,614)
Interest expense - amortization of premium and debt issuance costs	(2,260)
Lease expense - amortization of right-of-use asset	48,429
(Increase) decrease in operating assets	
Accounts receivable	930,514
Prepaid expenses	305,949
Deposits	(3,376)
Increase (decrease) in operating liabilities	
Accounts payable	119,161
Deferred revenue	349,166
Net cash provided by (used in) operating activities	<u>2,522,060</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(1,093,794)
Purchase of capital assets	(359,956)
Net cash provided by (used in) investing activities	<u>(1,453,750)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on bonds payable	(155,000)
Net cash provided by (used in) financing activities	<u>(155,000)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 913,310

Cash and cash equivalents - Beginning 5,668,506

Cash and cash equivalents - Ending \$ 6,581,816

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ 543,750</u>

The notes to the consolidated financial statements are an integral part of this statement.

LARCHMONT SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Larchmont Schools was formed as a nonprofit public benefit corporation on May 20, 2004 for the purpose of operating as a California public school located in Los Angeles County. The charter school operated by the Larchmont Schools, Larchmont Charter School (the “Charter”), is numbered by the State Board of Education as California Charter No. 0717. The mission of Larchmont Charter School is to provide a socio-economically, culturally and racially diverse community with an exceptional public education. During the year ended June 30, 2025, Larchmont Charter School served over 1,765 students in grades TK to 12.

Larchmont Schools is authorized to operate as a charter school through Los Angeles Unified School District (the “authorizing agency”). In October 2019, the Board of Directors of Los Angeles Unified School District approved a charter petition renewal for a five-year term beginning July 1, 2020 and expiring on June 30, 2025. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2028. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

Reference to the “Organization” within the notes to the financial statements is inclusive of Larchmont Schools and its subsidiaries noted below:

In May 2018, articles of incorporation were filed to establish the LCS Support Corporation for the purposes of exclusively providing support to Larchmont Schools. As such, the LCS Support Corporation is deemed a disregarded entity and its financial statements are consolidated with Larchmont Schools. The specific purpose is to operate and maintain an educational institution; to facilitate the development of charter schools; to lease, own, manage and maintain charter school facilities; to provide charter school facilities and operational and other support to charter schools; to assist philanthropist and foundations in accelerating the growth of high quality charter schools; and to provide and otherwise obtain or assist in obtaining charter school financing.

In July 2018, articles of organization were filed to establish a limited liability corporation under Larchmont LFP LLC, whereby Larchmont Schools was the sole statutory member of the LLC. In 2019, Larchmont Schools transferred its membership interests in the LLC to LCS Support Corporation. The LLC is deemed a disregarded entity under LCS Support Corporation and its financial statements are consolidated with Larchmont Schools. The specific purpose of the LLC is to operate as a property title holding company dedicated to nonprofit purposes.

B. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Larchmont Schools, LCS Support Corporation, and Larchmont LFP LLC, which comprise the Organization as a whole. Intercompany accounts and transactions have been eliminated in consolidation.

C. 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 expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

D. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Larchmont Schools reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial Statement Presentation (continued)

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, the Organization also accounts for its financial transactions for the Charter in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Organization's financial statement presentation.

E. 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.

F. Revenue Recognition

Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

G. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Contributions (continued)

Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

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.

H. In Lieu of Property Tax Revenue

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 Larchmont Schools. Revenues are recognized by the Organization when earned.

I. Functional Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the consolidated statement of activities and detailed in the consolidated statement of functional expenses. Accordingly, certain costs and expenses have been allocated between program and supporting services based on management's estimates. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

The consolidated financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and management and general based on management's estimates. The expenses that are allocated include books and supplies, facilities, professional services, depreciation, fees to authorizing agency, other operating expenses, which are allocated on management's estimates, as well as salaries and wages, benefits, payroll taxes, which are allocated based on time and effort.

J. Cash and Cash Equivalents

Larchmont Schools considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

K. Investments

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. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Receivables and Allowances

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, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

M. Capital Assets

Larchmont Schools has adopted a policy to capitalize asset purchases over \$1,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

N. 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 statement of financial position and revenue is recognized.

O. Lease Arrangements

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

P. 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). 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. 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.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Income Taxes

Larchmont Schools and LCS Support Corporation are 509(a)(1) publicly supported nonprofit organizations that are exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The entities are exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, Larchmont Schools is not required to register with the California Attorney General as a charity. LCS Support Corporation is registered as a charity with the California AG and submits annual registration filings. Larchmont LFP LLC is a disregarded entity for federal income tax purposes and is exempt from state franchise or income tax under Section 23701(h) of the California Revenue and Taxation Code.

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 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2025, consists of the following:

Cash in banks, interest bearing	\$ 4,766,595
Cash with fiscal agent	1,067,356
Cash in banks, non-interest bearing	745,018
Cash on hand or awaiting deposit	2,847
Total Cash and Cash Equivalents	<u>\$ 6,581,816</u>

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. Larchmont Schools' policy for custodial credit risk for deposits includes use of a sweep account for the majority of its cash held in banks. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2025, \$266,296 of the Larchmont Schools' bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

Cash with Fiscal Agent

The Organization maintains \$1,067,356 of its cash with Wilmington Trust in money market investment funds. The cash with fiscal agent is specific to the bonded debt issuance noted at Note 9 and is restricted for debt service obligations. The amount represents the remaining balance of proceeds received which are limited in use for the payment of costs as specified under the bonded debt's official statement. Cash with fiscal agents is carried at amortized cost on behalf of the Organization. These types of investments do not qualify as securities as defined in FASB ASB 820, *Investments – Debt and Equity Securities*, thus the fair value disclosures required by ASC 820 are not provided.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 3 – INVESTMENTS

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1P, the Organization's investments as of June 30, 2025. Investments as of June 30, 2025 are presented on the statement of financial position at the market value noted below.

	Market Value	Fair Value Classification			At Cost
		Level 1	Level 2	Level 3	
Fixed income securities	\$ 3,726,057	\$ -	\$ 3,726,057	\$ -	\$ 3,689,675
Bank deposits*	694	-	-	-	694
Total Investments	\$ 3,726,751	\$ -	\$ 3,726,057	\$ -	\$ 3,690,369

*Bank deposits held in investment accounts are not subject to the fair value hierarchy.

Additionally, investment return for the year ended June 30, 2025, was as follows:

Interest and dividends	\$ 144,169
Unrealized gain/(loss)	30,614
Net Investment Income	\$ 174,783

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025, consists of the following:

Local control funding sources, state aid	\$ 2,293,145
Federal sources	442,337
Other state sources	842,394
In lieu property tax payments	511,040
Other local sources	187,667
Total Accounts Receivable	\$ 4,276,583

NOTE 5 – CAPITAL ASSETS

A summary of activity by entity related to capital assets during the year ended June 30, 2025 consists of the following:

Larchmont Charter School	July 1, 2024	Additions	Disposals	June 30, 2025
Property and equipment				
Building improvements	\$ 2,232,892	\$ 370,868	\$ -	\$ 2,603,760
Furniture and equipment	890,602	9,844	-	900,446
Construction in progress	20,756	-	20,756	-
Total property and equipment	3,144,250	380,712	20,756	3,504,206
Less accumulated depreciation	(1,479,319)	(276,038)	-	(1,755,357)
Capital Assets, net	\$ 1,664,931	\$ 104,674	\$ 20,756	\$ 1,748,849

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS (continued)

LCS Support Corporation	July 1, 2024	Additions	Disposals	June 30, 2025
Property and equipment				
Land	\$ 1,590,507	\$ -	\$ -	\$ 1,590,507
Buildings	7,361,244	-	-	7,361,244
Total property and equipment	8,951,751	-	-	8,951,751
Less accumulated depreciation	(1,181,105)	(199,642)	-	(1,380,747)
Capital Assets, net	\$ 7,770,646	\$ (199,642)	\$ -	\$ 7,571,004
Consolidated Capital Assets, net	\$ 9,435,577	\$ (94,968)	\$ 20,756	\$ 9,319,853

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2025, consists of the following:

Salaries and benefits	\$ 1,066,131
Vendor payables	855,934
Due to grantor government	823,206
Total Accounts Payable	\$ 2,745,271

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2025, consists of the following:

Federal sources	\$ 100,639
State sources	4,441,020
Total Deferred Revenue	\$ 4,541,659

NOTE 8 – OPERATING LEASES

The Organization leases certain real property for the operations of the Charter and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2055. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options reasonably certain to be exercised.

Supplemental cash flow information for the fiscal year ended June 30, 2025 is as follows:

Cash paid for amounts included in the measurement of lease liabilities or cash flows from operating leases:	\$851,967
Right-of-use assets held in exchange for lease liabilities for operating leases:	\$4,094,170

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

Weighted-average remaining lease term for operating leases:	5.27 years
Weighted-average discount rate on operating leases:	3.15%

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 8 – OPERATING LEASES (continued)

As of June 30, 2025, future minimum lease payments under the noncancelable operating leases with terms greater than one year are as follows:

Fiscal Year Ending June 30,	Lease Payments
2026	\$ 881,935
2027	825,530
2028	812,214
2029	836,580
2030	861,677
Thereafter	350,093
Total lease payments	4,568,029
NPV adjustment	(358,472)
Total	\$ 4,209,557

NOTE 9 – BONDS PAYABLE

In August 2018, Larchmont LFP LLC entered into a loan agreement with the California School Finance Authority (CSFA) for the issuance of \$11,305,000 Charter School Revenue Bonds, Series A and \$330,000 taxable Charter School Revenue Bonds, Series B. The funds were used to acquire, construct, renovate, furnish, and equip the school facilities for the Charter's Lafayette Park Campus located at 2801 West 6th Street in Los Angeles, California.

A summary of activity related to bonds payable during the year ended June 30, 2025 consists of the following:

	July 1, 2024	Draws	Payments	June 30, 2025
Charter lease revenue bonds	\$ 10,875,000	\$ -	\$ 155,000	\$ 10,720,000
Premium	468,753	-	15,161	453,592
Unamortized issuance costs	(398,898)	-	(12,901)	(385,997)
Total Bonds Payable	\$ 10,944,855	\$ -	\$ 157,260	\$ 10,787,595

Future minimum payments associated with debt service obligations on the bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 160,000	\$ 536,000	\$ 696,000
2027	170,000	528,000	698,000
2028	180,000	519,500	699,500
2029	185,000	510,500	695,500
2030	195,000	501,250	696,250
Thereafter	9,830,000	7,607,750	17,437,750
Premium	453,592	(453,592)	-
Costs of issuance	(385,997)	385,997	-
Total	\$ 10,787,595	\$ 10,135,405	\$ 20,923,000

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 9 – BONDS PAYABLE (continued)

The Series 2018A & B Bonds were sold at a premium of \$557,195 and had issuance costs of approximately \$536,400. Interest is payable monthly and commenced in October 2018. In accordance with ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are to be presented in the balance sheet as a direct deduction from the carrying value of the associated liability. Additionally, the amortization of debt issuance costs is required to be reported as interest expense. The net interest expense related to the amortization of premium and debt issuance costs amounted to \$2,260 for the fiscal year ending June 30, 2025.

NOTE 10 – NET ASSETS

Net Assets with Donor Restrictions

As of June 30, 2025, the Organization did not hold any net assets with donor restrictions. During the year ended June 30, 2025, \$73,168 was released from donor restrictions.

Net Assets without Donor Restrictions

Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization. At June 30, 2025, the Organization's net assets without donor restrictions consists of an undesignated balance of \$6,014,720.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others, or are held aside by the governing board for specific contingency reserves. Cash with fiscal agent is held for debt service obligations and is not considered available for general operations. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 6,581,816
Investments	3,726,751
Accounts receivable	4,276,583
Contractual or donor-imposed restrictions	
Cash restricted for debt service obligations	<u>(1,067,356)</u>
Financial Assets available to meet cash needs	
 for expenditures within one year	<u>\$ 13,517,794</u>

NOTE 12 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Larchmont Schools 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. The Organization did not receive any donated items during the year ended June 30, 2025.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 13 – 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 for the Charter. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Organization also offers social security and an alternative plan for any employee who does not qualify for CalSTRS.

California State Teachers' Retirement System (CalSTRS)

Plan Description

Larchmont Schools 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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2024-25 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2024-25 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	\$ 2,202,471	100%
2023-24	\$ 2,202,610	100%
2022-23	\$ 1,924,280	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 Larchmont Schools is estimated at \$1,097,911. The on-behalf payment amount is computed as the proportionate share of total 2023-24 State on-behalf contributions.

Alternative Plan

As established by federal law, all public sector employees who are not members of their employer's existing retirement plan (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Organization offers both social security and a 403(b) employee funded plan. All employees are eligible to participate in the plans. A participant of the 403(b) plan may make an election to defer compensation and have it contributed to this plan.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Governmental Funds

Larchmont Schools 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.

Multiemployer 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. The Organization does not currently intend to withdraw from CalSTRS. Refer to Note 13 for additional information on employee retirement plans.

Pending or Threatened Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization as of June 30, 2025.

Charter School Authorization

As mentioned in Note 1A, Larchmont Charter School is approved to operate as a public charter school through authorization by the Los Angeles Unified School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

Charter Petition

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code (EC) whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to June 30, 2027. Additionally, on July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended EC 47607.4. The EC was amended to add "all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year." As a result, the charter petition end date is extended to June 30, 2028.

Fees to Authorizer

The Organization makes payments to the authorizing agency, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$205,824 and total expenses for special education amounted to \$397,258 for the fiscal year ending June 30, 2025.

Facility Use Agreement

The Organization holds a single year co-location facilities use agreement with Los Angeles Unified School District for the use of school site property located at 6611 Selma Avenue in Los Angeles, California. The terms of the agreement are renewed annually and include facility usage fees to be paid on the first of every month. Total facility usage fees paid by Larchmont Schools to the authorizing agency during the fiscal year ended June 30, 2025 was \$582,644. The Organization has continued to utilize the school site for Charter operations and has committed to the 2025-26 pro rata share charge of \$660,246.

LARCHMONT SCHOOLS
NOTES TO FINANCIAL CONSOLIDATED STATEMENTS, continued
JUNE 30, 2025

NOTE 15 – INTERAGENCY ACTIVITY

As mentioned in Note 1A, Larchmont Schools and its subsidiary entities are considered financially interrelated under generally accepted accounting principles because of the statutory relationship. As such, interagency transactions and balances are eliminated in the consolidated financial statements of the Organization to better reflect the true activities of the corporation. Transactions during the fiscal year that were eliminated included lease payments recorded as a lease expense to the Charter and rental income to the LLCs. Additional information concerning the leased property is noted below.

In August 2018, Larchmont Schools entered into a lease agreement with Larchmont LFP LLC for use of facilities at the Lafayette Park Campus site. The agreement provides for varying monthly payments beginning September 20, 2018 and ending May 20, 2055. Future minimum lease payments under the agreement are directly associated with the Series A and Series B principal and interest payments as disclosed in Note 9.

Total revenues to the LLC from the Charter amounted to \$697,324 during the fiscal year. As part of the lease agreement, the Charter holds a right-of-use asset of \$13,562,139 and an operating lease liability of \$13,685,977 and the difference of \$123,838 is presented as a lease receivable for the LLC. These transactions and balances have been presented as eliminations on the consolidating statement of financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Larchmont Schools has evaluated subsequent events for the period from June 30, 2025 through January 13, 2026, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

LARCHMONT SCHOOLS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Charter No. 0717			
	Larchmont Charter	LCS Support Corporation	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,514,460	\$ 1,067,356	\$ -	\$ 6,581,816
Investments	3,726,751	-	-	3,726,751
Accounts receivable	4,276,814	-	(231)	4,276,583
Lease receivable	-	123,838	(123,838)	-
Prepaid expenses	284,876	-	(58,392)	226,484
Total current assets	13,802,901	1,191,194	(182,461)	14,811,634
Noncurrent assets				
Right-of-use asset	17,656,309	-	(13,562,139)	4,094,170
Deposits	73,145	-	-	73,145
Capital assets, net	1,748,849	7,571,004	-	9,319,853
Total noncurrent assets	19,478,303	7,571,004	(13,562,139)	13,487,168
Total Assets	\$ 33,281,204	\$ 8,762,198	\$ (13,744,600)	\$ 28,298,802
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 2,745,271	\$ -	\$ -	\$ 2,745,271
Deferred revenue	4,541,659	58,392	(58,392)	4,541,659
Interagency payables	-	231	(231)	-
Operating lease liability, current portion	1,162,971	-	(281,036)	881,935
Bonds payable, current portion	-	160,000	-	160,000
Total current liabilities	8,449,901	218,623	(339,659)	8,328,865
Noncurrent liabilities				
Operating lease liability, less current portion	16,732,563	-	(13,404,941)	3,327,622
Bonds payable, less current portion	-	10,627,595	-	10,627,595
Total noncurrent liabilities	16,732,563	10,627,595	(13,404,941)	13,955,217
Total liabilities	25,182,464	10,846,218	(13,744,600)	22,284,082
Net assets				
Without donor restrictions	8,098,740	(2,084,020)	-	6,014,720
Total net assets	8,098,740	(2,084,020)	-	6,014,720
Total Liabilities and Net Assets	\$ 33,281,204	\$ 8,762,198	\$ (13,744,600)	\$ 28,298,802

LARCHMONT SCHOOLS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Larchmont Charter (Charter No. 0717)			LCS Support Corporation	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total			
SUPPORT AND REVENUES						
Federal and state support and revenues						
Local control funding formula, state aid	\$ 13,417,934	\$ -	\$ 13,417,934	\$ -	\$ -	\$ 13,417,934
Federal revenues	1,398,001	-	1,398,001	-	-	1,398,001
Other state revenues	5,185,842	-	5,185,842	-	-	5,185,842
Total federal and state support and revenues	20,001,777	-	20,001,777	-	-	20,001,777
Local support and revenues						
Payments in lieu of property taxes	7,165,243	-	7,165,243	-	-	7,165,243
Grants and donations	2,260,090	-	2,260,090	-	-	2,260,090
Afterschool childcare fees	406,659	-	406,659	-	-	406,659
Rental income	-	-	-	697,324	(697,324)	-
Investment income, net	124,407	-	124,407	50,376	-	174,783
Other local revenues	409,913	-	409,913	-	-	409,913
Total local support and revenues	10,366,312	-	10,366,312	747,700	(697,324)	10,416,688
Donor restrictions satisfied	73,168	(73,168)	-	-	-	-
Total Support and Revenues	30,441,257	(73,168)	30,368,089	747,700	(697,324)	30,418,465
EXPENSES						
Program services	25,182,389	-	25,182,389	179,678	(616,322)	24,745,745
Management and general	4,856,994	-	4,856,994	567,317	(81,002)	5,343,309
Total Expenses	30,039,383	-	30,039,383	746,995	(697,324)	30,089,054
CHANGE IN NET ASSETS	401,874	(73,168)	328,706	705	-	329,411
Net Assets - Beginning	7,696,866	73,168	7,770,034	(2,084,725)	-	5,685,309
Net Assets - Ending	\$ 8,098,740	\$ -	\$ 8,098,740	\$ (2,084,020)	\$ -	\$ 6,014,720

LARCHMONT SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Organization has not elected to use the de minimis indirect cost rate of up to 15 percent.

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 225,718
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	39,265
Title III, English Learner Student Program	84.365	14346	18,290
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	18,051
<i>COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:</i>			
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	109,784
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	134,013
Subtotal Education Stabilization Fund Discretionary Grants			243,797
<i>Passed through Los Angeles Unified School District:</i>			
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	431,824
Total U. S. Department of Education			976,945
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	11,581
School Breakfast Program - Needy	10.553	13526	56,167
National School Lunch Program	10.555	13391	353,308
Subtotal Child Nutrition Cluster			421,056
Total U. S. Department of Agriculture			421,056
Total Federal Expenditures			\$ 1,398,001

LARCHMONT SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025

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.

	Second Period Report	Annual Report
	<u>Classroom-Based</u>	
Grade Span		
Regular		
Kindergarten* through third	446.06	444.44
Fourth through sixth	409.54	403.63
Seventh through eighth	257.49	257.88
Ninth through twelfth	522.17	519.54
Special education		
Kindergarten* through third	0.10	0.25
Fourth through sixth	0.99	0.97
Seventh through eighth	-	-
Ninth through twelfth	2.08	2.09
Total Average Daily Attendance - Classroom-Based	<u>1,638.43</u>	<u>1,628.80</u>
	<u>Nonclassroom-Based</u>	
Grade Span		
Regular		
Kindergarten* through third	11.74	11.17
Fourth through sixth	4.45	9.39
Seventh through eighth	11.31	10.82
Ninth through twelfth	8.91	10.01
Total Average Daily Attendance - Nonclassroom-Based	<u>36.41</u>	<u>41.39</u>
Total Average Daily Attendance	<u>1,674.84</u>	<u>1,670.19</u>

*Includes Transitional Kindergarten (TK)

LARCHMONT SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2025

This schedule presents information on the amount of instructional time offered per grade level by the charter school and whether the charter school complied with the provisions of *Education Code Section 47612.5*.

Grade Level	Minutes Requirement	2024-25 Instructional Minutes	2024-25 Number of Days	Status
Kindergarten*	36,000	57,105	176	Complied
Grade 1	50,400	50,525	176	Complied
Grade 2	50,400	50,525	176	Complied
Grade 3	50,400	52,935	176	Complied
Grade 4	54,000	54,250	176	Complied
Grade 5	54,000	58,445	176	Complied
Grade 6	54,000	59,130	176	Complied
Grade 7	54,000	59,300	176	Complied
Grade 8	54,000	59,300	176	Complied
Grade 9	64,800	64,806	176	Complied
Grade 10	64,800	64,806	176	Complied
Grade 11	64,800	64,806	176	Complied
Grade 12	64,800	64,806	176	Complied

*Includes Transitional Kindergarten (TK)

LARCHMONT SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2025

This schedule provides the information necessary to reconcile fund balance/net position reported on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

There were no adjustments to reconcile net position reported for the Charter Schools Enterprise Fund on the Unaudited Actuals to net assets per the audited financial statements for the year end ended June 30, 2025.

OTHER INFORMATION

LARCHMONT SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2025

This schedule provides information about the local education agency (LEA or charter school), including the charter school's authorizing agency, grades served, members of the governing body, and members of the administration.

Larchmont Schools, located in Los Angeles County, was formed as a nonprofit public benefit corporation on May 20, 2004. The charter school operated by the nonprofit, Larchmont Charter School, is numbered by the State Board of Education as Charter No. 0717. The Charter is authorized by the Los Angeles Unified School District. The current charter petition has an end date of June 30, 2028. During 2024-25, the Charter served approximately 1,767 students in grades TK to 12.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Ali Baird	Chair	June 3, 2027
Frances Hoge	Vice Chair	May 7, 2026
Nora Tillmanss Shear	Secretary	December 12, 2026
Jeff Lester	Treasurer	June 3, 2027
Collette Williams Alleyne	Member	February 4, 2027
Charity Bailey	Member	February 4, 2027
Ben Howell	Member	February 6, 2026
Steven Kim	Member	February 6, 2026
Mario Perez	Member	February 6, 2026
Angelica McAdoo	Member	September 2, 2027
Luciralia Ibarra	Member	October 7, 2027
Arri Shelton-Edwards	Member	December 9, 2027

ADMINISTRATION

Amy Held
Executive Director

Myra Salinas
Deputy Executive Director

OTHER INDEPENDENT AUDITORS' REPORTS

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

To the Board of Directors of
Larchmont Schools
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Larchmont Schools (the "Organization") as of and for the year ended June 30, 2025, and the related notes to the consolidated financial statements and have issued our report thereon dated January 13, 2026.

Report on Internal Control 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 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.

Christy White, Inc.

San Diego, California
January 13, 2026

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

To the Board of Directors of
Larchmont Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program**Opinion on Each Major Federal Program**

We have audited Larchmont Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Larchmont Schools' major federal programs for the year ended June 30, 2025. Larchmont Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Larchmont Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's 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 Larchmont Schools' compliance based on our audit.

Auditor's Responsibilities for the Audit of Compliance (continued)

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, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Larchmont Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Christy White, Inc.

San Diego, California
January 13, 2026

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

To the Board of Directors of
Larchmont Schools
Los Angeles, California

Report on State Compliance**Opinion on State Compliance**

We have audited Larchmont Schools' compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Larchmont Schools' state program requirements for the fiscal year ended June 30, 2025. Reference to Larchmont Schools within this letter is inclusive of Larchmont Charter School (Charter No. 0717).

In our opinion, Larchmont Schools complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2025, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Larchmont Schools and to meet certain 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 opinion on state compliance. Our audit does not provide a legal determination of Larchmont Schools' 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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Larchmont Schools' state programs.

Auditor's Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Larchmont Schools' compliance based on our audit.

Auditor's Responsibilities for the Audit for State Compliance (continued)

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, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Larchmont Schools' compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, 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 Larchmont Schools' compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Larchmont Schools' 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Larchmont Schools' internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Larchmont Schools' compliance with the state laws and regulations to the following items:

Description	Procedures Performed
School Districts, County Offices of Education and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

“Not applicable” is used in the table above to indicate that the charter school either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 13, 2026

FINDINGS AND QUESTIONED COSTS SECTION

LARCHMONT SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>AL Number(s)</u> <u>Name of Federal Program or Cluster</u>	
<u>84.027</u> <u>Special Education: IDEA</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

LARCHMONT SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2025

All audit year findings, if any, are assigned an appropriate finding code as follows:

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

PART II – FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2025.

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2025.

PART IV – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2025.

**LARCHMONT SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

This section presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2024.

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APPENDIX C

FORMS OF PRINCIPAL BOND DOCUMENTS

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INDENTURE OF TRUST

by and between

CALIFORNIA SCHOOL FINANCE AUTHORITY,
as Authority

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

Securing:

\$11,305,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
Series 2018A

and

\$330,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
(Taxable) Series 2018B

Dated as of August 1, 2018

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EXHIBIT E FORM OF INVESTOR LETTER

INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of August 1, 2018, by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California (the “Authority”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association organized and existing under and by virtue of the laws of the United States of America, and being qualified to accept and administer the trusts hereby created (the “Trustee”), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses hereto are defined in Article I hereof);

WITNESSETH:

WHEREAS, the Authority is a public instrumentality of the State of California, created by 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 of California) (the “Act”) and is authorized to issue bonds and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing of a project (as defined in the Act) pursuant to the Act in conjunction with schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”); and

WHEREAS, the Authority is authorized pursuant to the Act to enter into this Indenture; and

WHEREAS, Larchmont LFP LLC, a California limited liability company (the “Borrower”) whose sole member is Larchmont Schools, a California nonprofit public benefit corporation (the “Lessee”) and an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has applied for the financial assistance of the Authority in the financing of the acquisition, construction, renovation and equipping of facilities (including the Facilities) to be owned or leased by the Borrower; and

WHEREAS, the Facilities will be leased by the Borrower to Lessee, which operates a school under the Charter School Law, pursuant to the Lease; and

WHEREAS, the Facilities will be used and operated by the Lessee in the operation of the School; and

WHEREAS, under the Lease, the Lessee is obligated to make rental payments from legally available Gross Revenues to the Borrower for the lease of the Facilities; and

WHEREAS, the Authority has authorized the issuance of its Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A, in an aggregate principal amount of \$11,305,000, and its Charter School Revenue Bonds (Larchmont Charter School Project) (Taxable), Series 2018B, in an aggregate principal amount of \$330,000; and

WHEREAS, the Authority has duly entered into the Loan Agreement, dated as of August 1, 2018, with the Borrower specifying the terms and conditions of a loan by the Authority to the Borrower of the proceeds of the Series 2018 Bonds (the "Loan") to provide for the financing of the Project and the payment to the Authority of amounts sufficient for the payment of the principal and Redemption Price of and interest on the Bonds and certain related expenses; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal and Redemption Price thereof and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal and Redemption Price of and interest on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants, agreements, obligations, and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority has executed and delivered this Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Authority in and to (a) the Revenues, including, without limitation, all Loan Repayments and other amounts receivable by or on behalf of the Authority under the Loan Agreement in respect of repayment of the Loan and all moneys and investments in the funds and accounts established pursuant to this Indenture, excepting only moneys on deposit in the Rebate Fund; (b) the Loan Agreement, except for the Retained Authority Rights; (c) the Deed of Trust, and (d) the Lease.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof:

(a) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture;

(b) for the enforcement of the payment of the principal and Redemption Price of and interest on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture; and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture;

(d) in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided further that:

(i) if the principal of the Bonds and the interest due or to become due thereon, together with any premium required by redemption of any of the Bonds prior to maturity shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article X hereof; and

(ii) if there shall have been paid (or provided for in accordance with Article X hereof) to the Authority, the Trustee, and any paying agent all sums of money due or to become due to them in accordance with the terms and provisions hereof and of the Loan Agreement;

this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 10.02 hereof with respect to the survival of certain provisions hereof, otherwise, this Indenture shall be and remain in full force and effect;

It is further declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that all Revenues assigned hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture and the Authority has agreed and covenanted, and agrees and covenants with the Trustee and with each and every Holder of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS; INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Accountant” means any independent certified public accountant firm selected by the Borrower.

“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 Bonds” means all revenue bonds of the Authority, other than the Series 2018 Bonds, authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II of this Indenture.

“Additional Indebtedness” means any Indebtedness (including all Additional Bonds) incurred subsequent to the execution and delivery of this Indenture.

“Additional Payments” means the payments so designated and required to be made by the Borrower pursuant to Section 4.02 of the Loan Agreement.

“Additional Rent” means Additional Rent as defined in the Lease.

“Administration Fund” means the fund by that name established pursuant to Section 5.13 hereof.

“Administrative Fees and Expenses” means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee in connection with the Bonds, including Additional Payments.

“Affiliate” means a Person organized under the laws of the United States of America or a state thereof which is directly or indirectly controlled by the Borrower or the Lessee, as appropriate. For purposes of this definition, control means the power to direct the management and policies of a Person (a) through the ownership of at least a majority of its voting securities, (b) through the right to designate or elect at least a majority of the members of its governing body, or (c) by contract or otherwise.

“Aggregate Debt Service” means, as of any date of calculation and with respect to any period and any Indebtedness, the sum of amounts of Debt Service existing as of such date of calculation.

“Agreement” or *“Loan Agreement”* means that certain Loan Agreement, by and between the Authority and the Borrower, dated as of August 1, 2018, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of this Indenture.

“Annual Debt Service” means the principal and interest payment requirements with respect to all Long-Term Indebtedness of the Borrower or the Lessee, as the case may be, outstanding for any succeeding Bond Year.

“Approved Investor” means (i) a “Qualified Institutional Buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended) or (ii) an “Accredited Investor” (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended).

“Authority” means the California School Finance Authority, a public instrumentality of the State established by the Act, and its successors and assigns.

“Authority Additional Payments” means those Additional Payments required to be made by the Borrower directly to the Authority pursuant to Section 4.02 of the Loan Agreement.

“Authorized Denominations” means (a) in the case of the Series 2018 Bonds, \$250,000 or any integral multiple of \$5,000 in excess thereof; provided, however, that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$25,000 or any integral multiple of \$5,000 in excess thereof; and (b) in the case of Additional Bonds, the amount specified in the Supplemental Indenture authorizing the issuance thereof.

“Authorized Representative” means (a) with respect to the Borrower, the Executive Director, Treasurer, or Director of Operations of the Manager of the Borrower, or any other person designated as an Authorized Representative of the Borrower by a statement of the Borrower signed by the Executive Director, Treasurer, or Director of Operations of the Manager of the Borrower and filed with the Trustee; (b) with respect to the Lessee, the Executive Director, Treasurer, or Director of Operations of the Lessee or any other person designated as an Authorized Representative of the Lessee by a statement of the Lessee; and (c) with respect to the Authority, the Authorized Signatory of the Authority.

“Authorized Signatory of the Authority” means the Executive Director of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“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 Base Rent as defined in the Lease.

“Base Payment Obligations” means (a) that portion of the total lease payment obligation under any Lease by Lessee of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “Base Rent” plus (b) the repayment obligations for Lessee under any Long-Term Indebtedness, including, but not limited to, any School Loan Agreement for the financing of Lessee’s improvement or equipping of any Facilities or proposed Facilities, or portion of such Facilities, characterized therein as “School Loan Repayments.”

“Beneficial Owner” means any Person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries).

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to the Series 2018 Bonds which are held by the Depository under a Book-Entry System.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys, selected by the Borrower with the consent of the Authority, experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

“Bond Purchase Agreement” means, as to the Series 2018 Bonds, the Bond Purchase Agreement, dated August 17, 2018, by and 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 Resolution” means (a) when used with reference to the Series 2018 Bonds, the resolution of the Authority providing for their issuance and approving the Loan Agreement, this Indenture and the Bond Purchase Agreement and related matters; and (b) when used with reference to an issue of Additional Bonds, the resolution of the Authority providing for the issuance of the Additional Bonds and approving any amendment or supplement to the Loan Agreement, any Supplemental Indenture and related matters.

“Bond Year” means the period of 12 consecutive months ending on June 1 in any year in which Bonds are Outstanding, except that the first Bond Year shall commence on the date the Series 2018 Bonds are issued and end on June 1, 2019.

“Bonds” means the Series 2018 Bonds and all Additional Bonds of any Series authorized by and at any time Outstanding pursuant to this Indenture.

“Book-Entry Form” or *“Book-Entry System”* means, with respect to the Series 2018 Bonds, a form or system, as applicable, under which (a) the Beneficial Ownership Interests may be transferred only through a book-entry-only system; and (b) physical Series 2018 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Series 2018 Bond certificates “immobilized” in the custody of the Depository.

“Book Value” means, when used in connection with Property of a Person, the value of such Property, net of accumulated depreciation, as it is carried on the books of such Person and in conformity with generally accepted accounting principles.

“Borrower” means Larchmont LFP LLC, a California limited liability company, whose sole member is initially Larchmont Schools, a California limited liability company and an entity described in Section 501(c)(3) of the Internal Revenue Code, duly organized and existing under the laws of the State, or any entity which is the surviving, resulting or transferee entity in any consolidation, merger or transfer of assets permitted under the Loan Agreement.

“Borrower Documents” means the Loan Agreement, the Tax Regulatory Agreement, the Bond Purchase Agreement, and the Borrower Resolution.

“Business Day” means any day which is not one of the following: (a) a Saturday, Sunday or legal holiday as set forth by the Federal Reserve Bank of San Francisco; (b) any other day on which banks in Los Angeles, California, New York, New York or any city where the Principal Corporate Trust Office is located are authorized or required to be closed by the appropriate

regulatory authorities; or (c) a day on which the New York Stock Exchange is authorized or required to be closed.

“Certificate,” “Statement,” “Order,” “Request” or “Requisition” of the Authority, the Lessee or the Borrower means, respectively, a written certificate, statement, order, request or requisition signed in the name of the Authority by an Authorized Signatory of the Authority, in the name of the Lessee by an Authorized Representative of the Lessee, or in the name of the Borrower by an Authorized Representative of the Borrower. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02 hereof, each Certificate shall include the statements provided for in Section 1.02 hereof.

“Charter School Law” means the Charter Schools Act of 1992, constituting Part 26.8 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, with respect to the Series 2018 Bonds, the date of delivery of and payment for the Series 2018 Bonds, being August 29, 2018, and with respect to any Additional Bonds, the date of delivery and payment for such Additional Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder or any successor thereto. Reference to any particular Code Section shall, in the event of such successor Code, be deemed to be a reference to the successor to such Code section.

“Completion Date” means the date of completion of the Project as that date shall be certified as provided in Section 5.08 hereof, and such date shall be on or before August 28, 2021.

“Consultant” means a firm (and not an individual) which (a) is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Borrower, the Lessee or any Affiliate of either, and (b) is a firm having the skill and experience necessary to render the particular report required by the provision of this Indenture or the Loan Agreement in which such requirement appears.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement entered into among the Trustee, as dissemination agent, the Borrower and the Lessee pursuant to Section 5.03 of the Loan Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority, the Borrower or the Lessee and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees for title insurance policies, initial fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, if any, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of any Series of Bonds.

“*Costs of Issuance Fund*” means the fund by that name established pursuant to Section 5.09(a) hereof.

“*Debt Service*” 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 Borrower during such period, taking into account, at the option of the Borrower, 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 shall 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 Borrower), if the debt service coverage ratio (determined in a manner as nearly as practicable to the determination of the Debt Service hereunder) 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, shall 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 shall 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 shall 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 Borrower could reasonably be expected to borrow, not to exceed thirty-five (35) 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 Debt Service) 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 Debt Service is being calculated, the amount of interest deemed payable during such period on such Variable Rate Indebtedness shall 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 Debt Service (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 shall 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 shall be excluded from the determination of Debt Service 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 the Borrower, interest on such Long-Term Indebtedness shall 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 shall any calculation made pursuant to this clause result in an amount less than zero being included in the determination of Debt Service 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 Debt Service is being calculated, the amount of interest deemed payable during such period on such Long-Term Indebtedness shall 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 Debt Service (or, if such Long-Term Indebtedness was not Outstanding during such eighteen month period, the average rate which would have been in effect).

"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 for such Fiscal Year.

“Deed of Trust” means that certain Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of August 1, 2018, executed by the Borrower, as trustor, in favor of Fidelity National Title Insurance Company, as trustee thereunder, for the benefit of the Trustee, as trustee for the Holders of the Bonds, and for the benefit of the holders from time to time of Parity Debt, as may be supplemented or modified from time to time in accordance with the terms thereof, and any deed of trust that may be delivered in connection with the issuance of any Additional Bonds.

“Depository” means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in Section 2.02(a)(iv)(H) hereof and the provisions of the applicable Supplemental Indenture with respect to Additional Bonds, which agrees to follow the procedures required to be followed by such depository in connection with such Series of Additional Bonds.

“Determination of Taxability” means, with respect to a Tax-Exempt Bond, (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which has the effect of requiring interest on a Tax-Exempt Bond to be included in the gross income of the Owner for federal income tax purposes or (ii) the receipt by the Trustee of a written opinion of nationally recognized bond counsel selected by the Borrower to the effect that interest on a Tax-Exempt Bond must be included in the gross income of the Owner for federal income tax purposes. A Determination of Taxability will not result from the inclusion of interest on any Tax-Exempt Bond in the computation of the alternative minimum tax imposed by Section 55 of the Code, the branch profits tax on foreign corporations imposed by Section 884 of the Code or the tax imposed on the net passive income of certain S corporations under Section 1375 of the Code.

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

“Electronic Means” means telecopy, facsimile transmissions, e-mail transmissions or other similar electronic means of communication providing evidence of transmission.

“Eliminated Expenses” means any Operating Expenses that the Borrower certifies will be eliminated as a result of the issuance or incurrence of any Indebtedness.

“Environmental Lien” means a lien in favor of any Governmental Borrower for (a) any liability under federal or state environmental laws or regulations; or (b) damages arising from, or costs incurred by such Governmental Borrower in response to, a Release or threatened Release of a Hazardous Substances into the environment.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“Event of Default” means any of the events specified in Section 7.01 hereof.

“Expense Account” means the account by that name in the Revenue Fund established pursuant to Section 5.12 herein.

“Facilities” means, collectively, the land as described in Exhibit A of the Deed of Trust, included as part of the “Mortgaged Property” as defined in the Deed of Trust, and the buildings, structures, fixtures, equipment, and other real and tangible personal property thereon from time to time.

“Facilities Consultant” means an independent consulting firm selected by the Borrower that specializes in managing and maintaining facilities.

“Facilities Consultant Report” means a report by a Facilities Consultant prepared pursuant to Section 6.01 of the Loan Agreement.

“Favorable Opinion of Bond Counsel” means, with respect to any action the occurrence of which requires such an opinion, an opinion of Bond Counsel to the effect that such action is permitted under this Indenture and will not, in and of itself, cause interest on the Tax-Exempt Bonds to be included in gross income for purposes of federal income taxation.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other 12-month period hereafter selected and designated as the official fiscal year period of the Lessee or the Borrower, as applicable.

“Fitch” means Fitch, Inc., its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the function of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower by notice to the Authority and the Trustee.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code.

“Governmental Borrower” means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Governmental Unit” has the meaning set forth in Section 150 of the Code.

“Gross Revenues” means all revenues, income, receipts and money received by or on behalf of the Borrower from all lawfully available sources, including (a) gross revenues derived from the operation and possession of the Borrower’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 Loan Repayments; (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 the Borrower; and (d) rentals received from the lease of space; 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; and (6) insurance proceeds.

“*Guarantee*” means any obligation of the Lessee or the Borrower payable from Gross School Revenues or Gross Revenues, respectively, guaranteeing in any manner, whether directly or indirectly, any obligation of any Person which would, if such Person were the Lessee or the Borrower, constitute Long-Term 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 Facilities or to persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 *et seq.*; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 *et seq.*; the Hazardous Materials Transportation Act, 49 USC §§ 1801 *et seq.*; the Federal Water Pollution Control Act, 33 USC §§ 1251 *et seq.*; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 *et seq.*; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 *et seq.*; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 *et seq.*; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 *et seq.*, the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Mortgaged Property or the owners and/or occupants of property adjacent to or surrounding the Mortgaged Property, or any other person coming upon the Mortgaged Property or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“*Holder*” or “*Bondholder*” or “*Owner*” means, whenever used herein with respect to a Bond, the Person in whose name such Bond is registered in the books maintained by the Trustee.

“*Income Available For Debt Service*” means, unless the context provides otherwise, with respect to the Borrower as to any period of time, the Gross Revenues less expenses of the Borrower relating to the operation and management of the Facilities, and less rent paid pursuant to any ground leases; provided that no determination thereof shall 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 Debt Service;

(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 capital lease obligations (as determined pursuant to GAAP in effect on Closing Date), incurred or assumed by the Borrower or Lessee, as applicable, including Guaranties, Long-Term Indebtedness, Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"Independent" when used with respect to any Person means such a Person who (i) is independent in fact, (ii) does not have a direct financial interest or any material indirect financial interest in the Lessee or the Borrower, and (iii) is not connected with the Lessee or the Borrower as an officer, employee, promoter or member of the governing body thereof.

"Independent Consultant" means a Person which (1) does not have any direct financial interest or any material indirect financial interest in the Borrower or the Lessee or an Affiliate of either of them, and (2) is not connected with the Borrower, the Lessee or an Affiliate of either of them as an officer, employee, promoter, 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.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to Section 5.09(b) hereof.

"Insurance Consultant" means a Person (which may be an insurance broker or agent of the Borrower) which (1) does not have any direct financial interest or any material indirect financial interest in the Borrower or the Lessee or an Affiliate of either of them, and (2) is not connected with the Borrower, the Lessee or an Affiliate of either of them as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions, and designated by the Borrower, 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(a) of the Education Code (or any successor provision) and the Intercept Notice, of amounts specified in the Intercept Notice and payable directly to the Trustee.

“Intercept Notice” means any notice from the School to the State Controller, pursuant to Section 17199.4(a) of the Education Code (or any successor provision), specifying a transfer schedule for the payment directly to the Trustee of one or more of the following: (i) principal of the Bonds, (ii) interest on the Bonds and (iii) other costs necessary or incidental to financing pursuant to the Act relating to the Bonds, including Additional Payments, in substantially the form set forth in the Lease, 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 Section 5.02 herein.

“Interest Payment Date” means June 1 and December 1 of each year commencing December 1, 2018.

“Investment Grade Notice” means any official notice released by any Rating Agency that the Bonds have been given an Investment Grade Rating.

“Investment Grade Rating” means a rating by S&P or Fitch of “BBB-” or higher, or by Moody’s of “Baa3” or higher.

“Investment Securities” means any of the following which at the time are legal investments under the laws of the State for moneys held hereunder and then proposed to be invested:

(a) Government Obligations: bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) direct and general obligations of any state of the United States of America or any municipality or political subdivision of such state, or obligations of any corporation, if such obligations are in one of the two highest Rating Categories by any Rating Agency;

(c) negotiable or nonnegotiable certificates of deposit, demand deposits, time deposits, deposit accounts, or other similar banking arrangements, issued by any nationally or state-chartered bank (including the Trustee) or trust company or any savings and loan association, if either (i) the long-term obligations of such bank or trust company are rated in one of the two highest Rating Categories by any Rating Agency; or (ii) the deposits are continuously secured as to principal, but only to the extent not insured by the Federal Deposit Insurance Corporation, or similar corporation chartered by the United States of America, (A) by lodging with a bank or trust company, as collateral security, obligations described in clause (a) or (b) above or, with the approval of the Lessee, other marketable securities eligible as security for the deposit of trust funds under applicable regulations of the Comptroller of the Currency of the United States of America or

applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (B) if the furnishing of security as provided in clause (A) of this paragraph is not permitted by applicable law, in such manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for the deposit of trust funds;

(d) repurchase agreements with respect to obligations listed in clause (a) or (b) above if entered into with a nationally or state-chartered bank (including the Trustee), trust company or a broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository satisfactory to the Lessee; provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at current market value, calculated no less frequently than monthly, of not less than the repurchase price; (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee; and (iii) such obligations are free and clear of any adverse third-party claims;

(e) commercial paper rated in the highest Rating Category by any Rating Agency;

(f) money market mutual funds invested solely in obligations listed in clause (a), (b), (c) or (d) above, including funds for which the Trustee or an affiliate of the Trustee acts as an investment provider or provides other services;

(g) investment agreements continuously secured by the obligations listed in clause (a), (b) or (c) above, or (i) below, with any nationally or state-chartered bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation if (i) such obligations are delivered to the Trustee or supported by a safekeeping receipt issued by a depository satisfactory to the Lessee; provided that such investment agreements must provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than monthly, of not less than the amount deposited thereunder; (ii) a first priority perfected security interest in the obligations which are securing such agreement has been granted to the Trustee; (iii) such agreement has been granted to the Trustee; and (iv) such obligations are free and clear of any adverse third-party claims;

(h) investment agreements with any nationally or state-chartered bank, financial institution, insurance company, trust company, or any other publicly traded corporation which has long-term debt obligations rated in one of the two highest Rating Categories by any Rating Agency;

(i) certificates or receipts issued by any nationally or state-chartered bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation,

organized and existing under the laws of the United States of America or any state thereof, the outstanding unsecured long-term debt of which is rated in either of the two highest Rating Categories by any Rating Agency, or, upon the discontinuance of either rating service or both of such rating services, any other nationally recognized rating service, in the capacity of custodian, which certificates or receipts evidence ownership of a portion of the principal of or interest on Government Obligations held (which may be in book-entry form) by such bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended); and

(j) tax-exempt obligations (as defined in Section 150(a)(6) of the Code and which are not “investment property” as defined in Section 148(b)(2) of the Code) rated in one of the two highest Rating Categories by any Rating Agency; provided that “Investment Securities” shall not include a financial instrument, commonly known as a “derivative,” whose performance is derived, at least in part, from the performances of any underlying asset, including, without limitation, futures, options on securities, options on futures, forward contracts, swap agreements, structured notes and participations in pools of mortgages or other assets.

“*Irrevocable Deposit*” means the irrevocable deposit in trust with any trustee or escrow agent authorized to act in such capacity of cash in an amount or securities defined in subsection (a) of the definition of Investment Securities herein, the principal of and interest on which will be an amount, and under the terms sufficient to pay all or a portion of the principal of and/or premium, if any, and interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Trustee or any other trustee authorized to act in such capacity.

“*Lease*” or “*Leases*” means the Lease Agreement, dated as of August 1, 2018, by and between the Borrower and the Lessee, as may be amended from time to time, and any leases which may be entered into with respect to any Facilities financed with proceeds of Additional Bonds.

“*Lessee*” means, initially, Larchmont Schools, a California nonprofit public benefit corporation and a 501(c)(3) Organization, which operates the School pursuant to the Charter School Law, and any other lessee of the Facilities while the Bonds are Outstanding.

“*Letter of Representations*” means, collectively, the Blanket Issuer Letter of Representations filed by the Authority with the Depository and the Operational Arrangements Letter of Representations filed by the Trustee with the Depository.

“*Lien*” means any mortgage or pledge of, security interest in or lien or encumbrance on the Mortgaged Property or the Gross Revenues.

“*Loan*” means the loan by the Authority to the Borrower of the proceeds received from the sale of the Bonds.

“*Loan Default Event*” means any of the events specified in Section 8.01 of the Loan Agreement.

“Loan Repayments” means the payments so designated and required to be made by the Borrower pursuant to Section 4.01 of the Loan Agreement.

“Long-Term Indebtedness” means Indebtedness having an original maturity greater than one year or renewable at the option of the Borrower or Lessee 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.

“Management Consultant” means a firm of professional management consultants, a municipal advisor or a school management organization, knowledgeable in the operation of public or private schools and having a favorable reputation for skill and experience in the field of public or private school management consultation, which term may include any Person formally serving as financial advisor to the Lessee or the Borrower, and reasonably acceptable to the Lessee.

“Mandatory Sinking Account Payment” means the amount so designated which is established pursuant to: (a) Section 4.03(b) and (c) hereof with respect to the Series 2018 Bonds, and (b) Section 2.02(a)(iv)(C) hereof with respect to Term Bonds included in any other Series of Bonds.

“Maximum Annual Debt Service” means as of any date of calculation, the highest principal and interest payment requirements with respect to all Long-Term Indebtedness of the Borrower or the Lessee, as the case may be, outstanding for any succeeding Bond Year, excluding the Bond Year in which the final maturity date of the Bonds occurs.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower by notice to the Authority and the Trustee.

“Mortgaged Property” has the meaning set forth in the Deed of Trust, which includes, without limitation, the Facilities.

“Net Operating School Revenue” means the sum of all Net Operating School Revenue (as such term is defined in the Lease or School Loan Agreement) as that computation would be applied to the operations of an existing or proposed school operating at existing or proposed facilities.

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less expenses (including attorneys’ fees incurred in the collection of such gross proceeds).

“Officer’s Certificate” means a certificate signed by the Authorized Representative of the Borrower.

“Operating Expenses” means all reasonable and necessary current expenses of the Lessee related solely to and arising solely from the operations of the School as a public charter school and provision of educational services related to the Facilities, both paid or accrued, and as included in the annual budget of the School, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, (d) professional services, and (e) any payments made under the Lease which constitute Additional Rent and Expenses; provided however, there shall be excluded from Operating Expenses (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses or other amounts paid into and from the Repair and Replacement Fund and the Reserve Account, (iv) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenues, and (v) payments of Debt Service, including Base Rent payments and any similar rental or other payments made for the lease-purchase or financing of capital improvements.

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Authority) selected by the Authority. If and to the extent required by the provisions of Section 1.02 hereof, each Opinion of Counsel shall include the statements provided for in Section 1.02 hereof.

“Optional Redemption Account” means the account by that name in the Redemption Fund established pursuant to Section 5.06 herein.

“Outstanding” means, when used as of any particular time with reference to Bonds (subject to the provisions of Section 11.10 hereof), all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except:

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02 hereof, including Bonds (or portions of Bonds) referred to in Section 11.11 hereof;
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; and
- (d) with respect to any voting or consents of rights, Bonds held by the Borrower or the Lessee.

“Parity Debt” means the obligations of the Borrower or the Lessee related to Additional Bonds and secured equally and ratably with the obligations of the Borrower under the Loan Agreement by a lien on and security interest in the Revenues and assignment of the Leases.

“Participating Party” is defined in Section 17173(i) of the Act.

“Participating Underwriter” means any broker, dealer or municipal securities dealer acting as an underwriter in a primary offering of municipal securities subject to Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

“Payment Obligations Coverage Ratio” means the ratio determined by dividing Net Operating School Revenue for such period by the Base Payment Obligations.

“Permitted Liens” means:

(a) Liens arising by reason of good faith deposits by the Borrower or the Lessee, as applicable, in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, 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;

(b) 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 the Borrower or the Lessee, as applicable, to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pension or profit sharing plans or other social security benefits, or to share in the privileges or benefits required for companies participating in such arrangements;

(c) any judgment lien against the Borrower or the Lessee, as applicable, so long as such judgment is being contested in good faith and execution thereon is stayed;

(d) (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, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; (iii) easements, rights of way, servitudes, restrictions, oil, gas or other mineral reservation and other minor 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; and (iv) the rights of the Authority or the Trustee, as applicable, under the Indenture, the Loan Agreement and the Deed of Trust, and (v) landlords’ liens;

(e) any Lien which is existing on the date of delivery of the Series 2018 Bonds, as identified in the title policy delivered to the Trustee pursuant to Section 5.14 of the Agreement, and incorporated into this Indenture by this reference, and set forth in Exhibit B attached hereto; 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 the Borrower not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified (i) otherwise qualifies as a Permitted Lien under this Indenture, or (ii) 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 Debt Service) on such Indebtedness is not increased as a result of the refinancing of such Indebtedness;

(f) Liens on Property received by the Borrower or the Lessee, as applicable, through gifts, grants or bequests, only to the extent that the fair market value of such property is equal to or exceeds the amount of indebtedness secured by such Lien;

(g) Liens related to leases which are considered operating leases under generally accepted accounting principles;

(h) any Lien arising by reason of any escrow established to pay debt service with respect to the Bonds;

(i) any Lien securing the obligations of the Borrower under the Loan Agreement and with respect to Parity Debt on a parity basis, including the Lien of the Deed of Trust;

(j) any Lien securing Subordinate Indebtedness, which Lien shall be subordinate to the Lien described in clause (i) above;

(k) any Lien that constitutes a purchase money security interest or the interests of a lessor under a lease required to be capitalized under Generally Accepted Accounting Principles; or

(l) any lien or other matter consented to by the Trustee.

“*Person*” or words importing persons means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“*Principal Account*” means the account by that name in the Revenue Fund established pursuant to Section 5.02 herein.

“*Principal Corporate Trust Office*” means the principal corporate trust office of the Trustee, which at the date of the execution of this Indenture is located at Wilmington Trust, National Association, 650 Town Center Drive, Suite 600, Costa Mesa, California 92626; provided that for purposes of exchange, transfer, cancellation, payment, redemption and surrender of Bonds, such term shall include additional offices as may be designated by the Trustee.

“*Principal Payment Date*” means the principal and Mandatory Sinking Account Payment dates for the Bonds, which dates occur on June 1 of each year commencing June 1, 2019.

“Project” has the meaning ascribed to such term in Exhibit A of the Loan Agreement.

“Project Costs” all costs incurred by or with the approval of the Borrower or the Lessee at any time prior to or after the issuance of the Bonds for or in connection with the Project and shall include, but not be limited to, any sums required to reimburse the Borrower or the Lessee for advances and payments made by it at any time prior to or after the issuance of the Bonds for capital expenditures related to the Project, or for any other cost incurred or work done by or with the approval of the Borrower or the Lessee which is properly chargeable to the Project, sums required to refinance existing indebtedness of the Borrower or the Lessee incurred in connection with the Project and sums required to pay interest on the Bonds as set forth in Section 5.08 hereof.

“Project Fund” means the fund by that name established pursuant to Section 5.08 hereof.

“Property” means any and all rights, titles and interests in and to any and all property of the Borrower or the Lessee whether real or personal, tangible or intangible and wherever situated whether currently owned or acquired in the future.

“Property, Plant and Equipment” means all Property which is property, plant and equipment under generally accepted accounting principles.

“Rating Agency” means Fitch, Moody’s or S&P.

“Rating Category” means one of the general rating categories of any Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Rebate Fund” means the fund by that name established pursuant to Section 5.07 hereof.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day of the month 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 Section 5.06 hereof.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

“Refunding Bonds” means all revenue bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II of this Indenture, proceeds of which are to be used exclusively to refund all or any portion of Outstanding Bonds or pay Costs of Issuance of such bonds.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing or dispersing into the indoor or outdoor environment or into or out of the property, including, but not limited to, the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or the

property and the abandonment or discard of barrels, containers, and other open or closed receptacles containing any Hazardous Substances.

“Related Person” has the meaning set forth in Section 144(a)(3) of the Code.

“Remedial Action” means actions related to (a) cleaning up, removing, treating or in any other way addressing Hazardous Substances in the indoor or outdoor environment; (b) preventing or minimizing the Release or threat of Release of Hazardous Substances so that Hazardous Substances do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; and (c) collecting environmental data or performing pre-remedial studies and investigations and performing operations and maintenance and post-remedial monitoring and care.

“Rent” means Rent as defined in the Lease.

“Repair and Replacement Fund” means the fund by that name established pursuant to Section 5.10 herein.

“Repair and Replacement Fund Requirement” means an amount equal to \$50,000; provided, however, that the Repair and Replacement Fund Requirement shall initially be \$0 as of the Closing Date and shall increase by \$1,390 on the first Business Day of each month commencing October 1, 2018 until such Repair and Replacement Fund Requirement equals \$50,000; and provided, however, that the Repair and Replacement Fund Requirement shall be adjusted to reflect the amount recommended by the Facilities Consultant as provided in Section 6.01 of the Loan Agreement..

“Reputable Insurance Company” means an insurance company rated at least “A1” by A.M. Best.

“Reserve Account” means the account by that name in the Revenue Fund established pursuant to Section 5.02 herein.

“Reserve Account Requirement” means, (a) for the Series 2018 Bonds, an amount equal to \$701,250 and, (b) for any Series of Additional Bonds, an amount, determined at the time of issuance of such Additional Bonds, not to exceed the least of (1) 10% of the original principal amount of such Additional Bonds, (2) 125% of the average annual debt service payment on such Additional Bonds, (3) 100% of the maximum annual debt service payable on such Additional Bonds, or (4) an amount which, when added to the existing Reserve Account Requirement for each Series of Outstanding Bonds, will not cause the total Reserve Account Requirement to exceed the maximum annual debt service payable on the Outstanding Bonds and the Additional Bonds; provided the Reserve Account Requirement for any Series of Additional Bonds may be revised to a lesser amount in accordance with requirements of Regulations specifying the maximum amount in a reserve fund permitted to be invested without regard to investment yield.

“Retained Authority 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 hereunder or under the Loan Agreement and the obligation of the Borrower to make deposits pursuant to the Tax Regulatory Agreement.

“Revenue Fund” means the fund by that name established pursuant to Section 5.01 hereof.

“Revenues” means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement, including, without limiting the generality of the foregoing, payments of Base Rent and Additional Rent to the Trustee as collateral assignee, Loan Repayments and Additional Payments (including both timely and delinquent payments and any late charges, and whether paid from any source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, but not including any Administrative Fees and Expenses or any moneys required to be deposited in the Rebate Fund.

“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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

“School” and *“Schools”* means Larchmont Charter School, a California charter school, and any other charter school operated by Lessee at the Facilities.

“School Loan Agreement” means any loan agreement pursuant to which Lessee borrows money from the Borrower for the benefit of Facilities at which a School is located.

“School Loan Repayments” shall mean any repayment obligations pursuant to a School Loan Agreement.

“Serial Bonds” means Bonds for which no Mandatory Sinking Account Payments are provided.

“Series” means, when used with reference to the Bonds, all of the Bonds authenticated and delivered on original issuance and identified pursuant to this 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 this Indenture, regardless of variations in maturity, interest rate, sinking fund installments or other provisions.

“Series 2018 Bonds” means the Series 2018A Bonds and the Series 2018B Bonds.

“Series 2018A Bonds” means the California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A, authorized by, and at any time Outstanding pursuant to, this Indenture.

“Series 2018B Bonds” means the California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), (Taxable) Series 2018B, authorized by, and at any time Outstanding pursuant to, this Indenture.

“Short-Term Indebtedness” means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of Borrower or Lessee for a term greater than one year from the date of original incurrence or issuance 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 Fiscal Year.

“Sinking Account” means each subaccount in the Principal Account so designated and established pursuant to Section 5.04 hereof.

“Special Record Date” means the date established by the Trustee pursuant to Section 2.05 hereof as the record date for the payment of defaulted interest on the Bonds.

“Special Redemption Account” means the account by that name in the Redemption Fund established pursuant to Section 5.06 hereof.

“Sponsoring Entity” means the Los Angeles Unified School District or any other chartering entity authorized under the Charter School Law to grant a charter, including to the Lessee for its operation of the School or any subsequent tenant under the Lease with respect to the Facilities.

“State” means the State of California.

“State Controller” means the Controller of the State.

“State Treasurer” means the Treasurer of the State.

“Subordinate Indebtedness” means Indebtedness that is subordinate as to payment and security to all Bonds and Parity Debt.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement as to arbitrage with respect to the Tax-Exempt Bonds executed and delivered by the Authority, the Borrower and the Lessee as originally executed on the Closing Date and as the same may be amended and supplemented from time to time in accordance with the terms thereof.

“Taxable Bonds” means the Series 2018B Bonds and those Bonds the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is not excludable from gross income of the Beneficial Owners thereof for federal income tax purposes.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Series 2018A Bonds, that such interest is excluded from gross income for federal income tax purposes (other than in the case of a Holder of any Bond who is a substantial user of the Project or a related person within the meaning of Section 147(a) of the Code), whether or not such interest is includable as an item of tax preference or otherwise

includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax-Exempt Bonds” means the Series 2018A Bonds and those Bonds the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is Tax-Exempt.

“Tax-Exempt Financed Facilities” means real and personal property comprising a part of the Project and financed with proceeds of the Tax-Exempt Bonds.

“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.

“Treasury Regulations” means the regulations promulgated under the Code and set forth in Title 26 of the Code of Federal Regulations.

“Trustee” means Wilmington Trust, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01 hereof.

“Underwriter” means (a) with respect to the Series 2018 Bonds, Stifel, Nicolaus & Company, Incorporated; and (b) with respect to any Additional Bonds, the underwriter of such Additional Bonds.

“Unrelated Trade or Business” has the meaning set forth in Section 513(a) of the Code.

“Unrestricted Bond Rating Notice” means any official notice released by any Rating Agency that the Bonds have been given a rating, as applicable, by S&P or Fitch of “A-” or higher, or by Moody’s of “A3” or higher.

“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.

Section 1.02. Content of Certificates and Opinion of Counsel. Every certificate or Opinion of Counsel provided for in this Indenture with respect to compliance with any provision hereof shall include: (a) a statement that the Person making or giving such certificate or Opinion of Counsel has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or Opinion of Counsel is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or Opinion of Counsel is based, and that such assumptions in the opinion of such Person are reasonable; and (e) a statement as to whether or not, in the opinion of such Person, such provision has been satisfied.

Any such certificate or opinion made or given by an officer of the Authority, the Lessee or the Borrower may be based, insofar as it relates to legal, accounting or educational matters, upon a certificate or opinion of or representation by counsel, an Accountant or a Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Accountant or a Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority, the Lessee or the Borrower, as the case may be) upon a certificate or opinion of or representation by an officer of the Authority, the Lessee or the Borrower, unless such counsel, Accountant or Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, the Lessee or the Borrower or the same counsel or Accountant or Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel, Accountants or Consultants may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.04. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, this Indenture shall be deemed to be and shall constitute a contract between the Authority and the Holders from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal and Redemption Price of and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

AUTHORIZATION, ISSUANCE, GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01. Authorization of Bonds. This Indenture provides for the authorization of Bonds of the Authority to be designated as its “California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project).” The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as may hereafter be provided herein or as may be limited by law. The Bonds may be issued in one or more Series, and the designation thereof, in addition to the name “California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project),” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Section 2.02. General Provisions for Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series shall be executed by the Authority for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its Order, but only upon the receipt by the Trustee of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

(i) with respect to the Series 2018 Bonds, an executed copy of this Indenture as originally executed, an executed copy of the Loan Agreement as originally executed, an executed copy of the Tax Regulatory Agreement, an executed copy of the Deed of Trust as originally executed, an executed copy of the Lease as originally executed, and a copy of the title policies required to be delivered hereunder;

(ii) an opinion of Bond Counsel to the effect that (A) the Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority; (B) this Indenture creates a valid pledge of the Revenues and the funds and accounts created hereunder (except the Rebate Fund) to secure the payment of the principal of (or Redemption Price of) and interest on the Bonds subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture; (C) the Bonds of such Series constitute the valid and binding limited obligations of the Authority; (D) the delivery of the Bonds of such Series will not cause the interest on any of the Tax-Exempt Bonds to be included in gross income for federal income tax purposes, and (E) in the case of Bonds other than the Series 2018 Bonds, that the Bonds are issued in accordance with the Indenture;

(iii) an Order as to the delivery of such Bonds, signed by an Authorized Signatory of the Authority;

(iv) except in the case of the Series 2018 Bonds, an executed copy of the Supplemental Indenture authorizing such Bonds, certified by an Authorized Signatory of the Authority to be in full force and effect, which shall, among other provisions, specify:

(A) the authorized principal amount of the Bonds of such Series and the Series designation of such Bonds;

(B) the purpose for which such Series of Bonds is being issued, which shall be solely for the purposes (1) specified in Section 2.03 or Section 2.04 hereof, (2) of payment of all costs incidental to or connected with such Series of Bonds, (3) of making deposits into the Reserve Account to equal the Reserve Account Requirement, and/or (4) of making any deposits into the funds and accounts required by the provision of the Supplemental Indenture authorizing such Series of Additional Bonds;

(C) the date, and the maturity date or dates, of the Bonds of such Series; provided that (i) each maturity date or Mandatory Sinking Account Payment date shall fall upon June 1, and (ii) serial maturities for Serial Bonds or Mandatory Sinking Account Payments for Term Bonds, or any combination thereof, shall be established to provide for the retirement of such Bonds of such Series on or before their respective maturity dates;

(D) the interest rate or rates on the Bonds of such Series, and the Interest Payment Dates therefor; provided that the Interest Payment Dates shall be on June 1 and December 1 in each year;

(E) the Authorized Denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;

(F) the place or places of payment of the principal of (or Redemption Price of) and interest on the Bonds of such Series;

(G) the Redemption Price or prices, if any, and, subject to Article IV hereof, the redemption terms for the Bonds of such Series;

(H) whether the Bonds of such Series are to be registered in the name of a Depository, or its nominee, and any provisions appropriate or necessary with respect to the arrangements made with the Depository for such Bonds;

(I) the application of the proceeds of the sale of such Bonds including the amount, if any, to be deposited in the funds and accounts established hereunder;

(J) the forms of the Bonds of such Series and of the Trustee's certificate of authentication thereon;

(K) provisions relating to compliance with the continuing disclosure provisions of SEC Rule 15c2-12, if applicable; and

(L) such other provisions as are necessary and appropriate and not inconsistent herewith;

(v) the amount, if any, necessary for deposit in the Reserve Account so that the amount in such account shall equal the Reserve Account Requirement calculated immediately after the authentication and delivery of such Series of Bonds;

(vi) except in the case of the Series 2018 Bonds, a certificate of an Authorized Signatory of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture and applicable to the Authority; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of such Refunding Bonds in accordance with the Supplemental Indenture authorizing their issuance, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture and applicable to the Authority;

(vii) except in the case of the Series 2018 Bonds, a certificate of an Authorized Representative of the Borrower stating that the Borrower is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Loan Agreement and applicable to the Borrower; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of such Refunding Bonds in accordance with the Supplemental Indenture authorizing their issuance, the Borrower shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Loan Agreement and applicable to the Borrower;

(viii) except in the case of the Series 2018 Bonds, an executed copy of the Loan Agreement amended so as to increase the Loan Repayments by such amounts and at such times at least sufficient to pay the principal of (or Redemption Price of) and interest on such Additional Bonds as the same become due, certified by an Authorized Representative of the Borrower to be in full force and effect;

(ix) except in the case of the Series 2018 Bonds, a copy of the written request from the Borrower to the Authority for issuance of the Additional Bonds;

(x) a copy of the applicable Bond Resolution, certified by an Authorized Signatory of the Authority; and

(xi) such further documents, moneys and securities as are required by the provisions of Section 2.03 or Section 2.04 hereof or any Supplemental Indenture entered into pursuant to Article IX hereto.

(b) All the Serial Bonds of each Series and all the Term Bonds of each Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters, Holders and interest rate. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to this Indenture.

Section 2.03. Additional Bonds. At the request of the Borrower or the Lessee, the Authority may (but shall not be required to) issue Additional Bonds pursuant to the Act, from time to time for any purpose permitted by the Act provided that:

(a) Any Additional Bonds shall constitute Parity Debt with the Series 2018 Bonds and any Additional Bonds theretofore or thereafter issued and Outstanding as to the assignment to the Trustee of the Authority's right, title and interest in the Revenues and the Loan Agreement, and the Borrower's right, title and interest in any Revenues comprised of undisbursed Bond proceeds on deposit in the Project Fund to provide for payment of Debt Service on the Bonds; provided, that nothing herein shall prevent payment of Debt Service on any Series of Additional Bonds from (a) being otherwise secured and protected from sources or by property or instruments not applicable to the Series 2018 Bonds and any one or more series of Additional Bonds, or (b) not being secured or protected from sources or by property or instruments applicable to the Series 2018 Bonds or one or more series of Additional Bonds.

(b) In addition to the items set forth in Section 2.02 hereof, the Trustee shall have received evidence that the conditions for the incurrence of Additional Indebtedness set forth in Section 5.05 of the Loan Agreement and in the Lease as required by Section 5 of Exhibit C of the Loan Agreement have been met.

Section 2.04. Refunding Bonds.

(a) At the request of the Borrower or the Lessee, the Authority may (but shall not be required to) issue Refunding Bonds pursuant to the Act. In accordance with Section 2.02 hereof and the additional requirements of this Section 2.04, one or more Series of Refunding Bonds may be issued, authenticated and delivered to refund all or any portion of the Outstanding Bonds of one or more Series including any portion of any maturity within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding, including providing amounts for the costs incidental to or connected with any such financing and the making of any deposits into the Reserve Account and any of the funds and accounts required by the provisions of the Supplemental Indenture authorizing such Series of Refunding Bonds.

(b) Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon:

(i) satisfaction of the provisions of Section 10.02 hereof with respect to the refunded Bonds;

(ii) receipt by the Trustee of the documents required by Section 2.02 hereof; and

(iii) receipt by the Trustee of a Certificate of an Authorized Representative of the Borrower to the effect that the requirements of Section 5.05 of the Loan Agreement are satisfied in connection with the issuance of such Refunding Bonds.

Section 2.05. Medium of Payment; Form and Date; Letters and Numbers.

(a) The Bonds shall be payable, with respect to interest and principal (or Redemption Price), in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The interest so payable with respect to any Bond on any Interest Payment Date will be paid to the person in whose name the Bond is registered as of the Record Date for such Interest Payment Date, except as provided below. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Record Date and shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given by first-class mail to the Holders not fewer than 15 days prior to such Special Record Date.

Interest on the Bonds shall be payable on each Interest Payment Date by the Trustee by check mailed on the date on which due to the Holders of Bonds at the close of business on the Record Date with respect to such Interest Payment Date at the registered addresses of Holders as shall appear on the registration books of the Trustee. Any Holder of Bonds in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date next preceding any Interest Payment Date, shall have provided the Trustee with written wire transfer instructions to a bank account located in the United States, shall be paid the interest payable on such Bonds in accordance with the wire transfer instructions provided by the Holder of such Bonds.

Payments of principal and Redemption Price of and interest on the Bonds shall be made to DTC, by wire transfer in immediately available funds to the account specified by DTC without the necessity of the presentation and surrender of the Bonds. Without notice to or the consent of the Holder, the Trustee, with the consent of the Authority and DTC, may agree in writing to make payments of principal and Redemption Price of and interest in a manner different from that set out herein. In such event, the Trustee shall make payments with respect to the Bonds in the manner determined in the preceding sentence.

(b) The Bonds of each Series shall be issued in the form of fully registered Bonds without coupons.

(c) Each Bond shall be lettered and numbered as provided in Section 3.04 hereof, with respect to the Series 2018 Bonds, or the Supplemental Indenture authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(d) The Bonds of each Series shall be dated the date specified in the Supplemental Indenture authorizing such Series of Bonds or, with respect to the Series 2018 Bonds, as provided in Article III of this Indenture. The Bonds of each Series shall bear interest from their dated date.

(e) Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, the interest payable on Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 2.06. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

Section 2.07. Execution and Authentication.

(a) The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chairperson. The Bonds shall then be delivered to the Trustee for registration and authentication by it. In case any of the officers who shall have signed any of the Bonds shall cease to be such officer or officers before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Also, any Bond may be signed on behalf of the Authority by such persons as on the actual date of the execution of such Bond shall be the proper officers although on the nominal date of such Bond any such person shall not have been such officer.

(b) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Indenture with respect to the Series 2018 Bonds or the Supplemental Indenture authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Indenture and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Holder thereof is entitled to the benefits of this Indenture.

Section 2.08. Interchangeability of Bonds. Bonds, upon surrender thereof at the Principal Corporate Trust Office of the Trustee, together with a written instrument of transfer

satisfactory to the Trustee and duly executed by the Holder or his attorney duly authorized in writing, may, at the option of the Holder thereof, and upon payment by such Holder of any charges which the Trustee may make as provided in Section 2.10 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, terms, and maturity of any other Authorized Denominations.

Section 2.09. Transfer and Exchange of Bonds.

(a) Bonds shall be transferable only upon the bond register which shall be kept for such purpose by the Trustee at its Principal Corporate Trust Office, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Authority shall execute and the Trustee shall authenticate and deliver and the Trustee shall register in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series, terms and maturity as the surrendered Bond.

(b) The Authority and the Trustee may deem and treat the Holder in whose name any Bond shall be registered upon the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of (or Redemption Price of) and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

(c) The Trustee shall not be required to transfer or exchange any Bond during the period from the fifteenth day of the month next preceding any Interest Payment Date of such Bond through such Interest Payment Date nor to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption has been given as herein provided nor during the period of 15 days next preceding the giving of such notice of redemption.

(d) Notwithstanding any other provision hereof, the Series 2018 Bonds may not be registered in the name of, or transferred to, any person except an Approved Investor, unless the Authority and the Trustee have received an Unrestricted Rating Notice, in which case transfers shall not be restricted to Approved Investors. Only (i) Beneficial Owners or (ii) the person(s) in whose name(s) the Series 2018 Bonds are registered hereunder shall be treated as Holders and shall have the rights of Holders hereunder. Unless the Authority has received an Investment Grade Notice, each initial Beneficial Owner shall provide to the Authority and the Trustee an executed investor letter, substantially in the form attached hereto as Exhibit E.

Section 2.10. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be

delivered to the Trustee and cancelled by the Trustee. Unless this Indenture provides that such transfer or exchange shall be made without charge to the Holder, for every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid and any other cost incurred by the Authority or the Trustee with respect to such exchange or transfer and as a condition to such exchange or transfer.

Section 2.11. Bonds Mutilated, Destroyed, Stolen or Lost. If any Bond becomes mutilated or is lost, stolen or destroyed, the Authority may execute and the Trustee shall authenticate and deliver a new Bond of like Series, date of issue, maturity date, principal amount and interest rate per annum as the Bond so mutilated, lost, stolen or destroyed; provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Trustee; (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee; (iii) all other reasonable requirements of the Authority and the Trustee are complied with; and (iv) expenses in connection with such transaction are paid by the Holder. Any Bond surrendered for exchange shall be cancelled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the Authority or the Trustee for the benefit of the Holders of the Bonds.

Section 2.12. Temporary Bonds.

(a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 2.07 hereof, and upon the Order of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to exchangeability for Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in Authorized Denominations, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable in the same manner as interest is payable on the definitive Bonds in lieu of which such temporary Bonds were issued. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive registered Bonds of the same aggregate principal amount, Series, maturity and date of issue as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

(b) Temporary Bonds authorized in more than one denomination, upon surrender thereof at the Principal Corporate Trust Office of the Trustee, may at the option

of the Holder thereof, and upon payment by such Holder of any charges which may be made as provided in Section 2.10 hereof, be exchanged for an equal aggregate principal amount of temporary Bonds of the same Series and maturity, and containing the same terms, of any of the Authorized Denominations as shall be requested by such Holder.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 2.13. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, and all Bonds surrendered for transfer or exchange, shall be delivered to the Trustee when such payment, redemption or surrender is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction by the signature of one of its authorized officers describing the Bonds so destroyed, and such certificate shall be filed with the Authority if it so requests.

Section 2.14. Bond Register. The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times, upon reasonable notice, be open to inspection by any Bondholder or his agent duly authorized in writing, the Authority, the Lessee or the Borrower; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

The person in whose name any Bond shall be registered shall be deemed the owner thereof for all purposes thereof, and payment of or on account of the interest and principal (or Redemption Price) represented by such Bond shall be made only to or upon the order in writing of such Holder, which payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.15. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that all acts, conditions and things required by the same are issued pursuant to the constitution and laws of the State to exist, to have happened and to have been performed precedent to and in the issuance thereof shall be conclusive evidence of the validity of the Bonds and the validity of the obligations which they represent and of compliance with the provisions of law in their issuance.

Section 2.16. Special Covenants as to Book-Entry-Only System for the Bonds.

(a) Except as otherwise provided in paragraphs (b) and (c) of this Section 2.16, all of the Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Letter of Representations. Payment of the interest on any Bond registered in the name of Cede & Co. shall be made

on each Interest Payment Date for such Bonds to the account, in the manner and at the address indicated in or pursuant to the Letter of Representations.

(b) The Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the Bonds of such maturity. Upon initial issuance, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.14 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Letter of Representations. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of (or Redemption Price of) and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Holders of the Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.16, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal of (or Redemption Price of) or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders of Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as Holder of Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Letter of Representations, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with paragraph (f) of this Section 2.16.

(c) In the event that the Authority determines that it is in the best interests of the Beneficial Owners of the Bonds that they be able to obtain bond certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Bonds will be transferable in accordance with clause (f) of this Section 2.16. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with paragraph (f) of this Section 2.16. Whenever DTC requests the Authority and the Trustee to do so, the

Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with paragraph (f) of this Section 2.16, and thereafter, all references in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all the Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of (or Redemption Price of) and interest on each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations.

(e) The Trustee is hereby authorized and requested to execute and deliver the Letter of Representations and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of the Bonds is authorized under paragraph (b) or (c) of this Section 2.16, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, which, with respect to the Series 2018 Bonds, shall be an Approved Investor, unless the Authority and the Trustee have received an Unrestricted Bond Rating Notice, in which case transfers shall not be restricted to Approved Investors, all in accordance with the applicable provisions of Section 2.09 hereof. In the event that Bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as Holder of all the Bonds, another securities depository as Holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Section 2.09 hereof shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of (or Redemption Price of) and interest on the Bonds.

ARTICLE III

THE SERIES 2018 BONDS

Section 3.01. Term of Series 2018 Bonds.

(a) Pursuant to the provisions of this Indenture, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized and shall be designated "California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A." The Series 2018A Bonds are to be issued in the aggregate principal amount of \$11,305,000 in Authorized Denominations.

Pursuant to the provisions of this Indenture, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized and shall be designated "California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), (Taxable) Series 2018B." The Series 2018B Bonds are to be issued in the aggregate principal amount of \$330,000 in Authorized Denominations.

(b) The Series 2018 Bonds shall be registered in accordance with the provisions set forth in Section 2.16 hereof. The Series 2018 Bonds shall be dated the date of their delivery, and shall bear interest from their date of delivery. Interest on the Series 2018 Bonds shall be payable on December 1, 2018, and on each Interest Payment Date thereafter at the applicable interest rate per annum set forth herein, calculated on the basis of a 360-day year of twelve 30-day months until maturity (except as the provisions set forth herein with respect to redemption prior to maturity may become applicable thereto).

(c) The Series 2018A Bonds shall mature on June 1 in the years and in the principal amounts, and shall bear interest, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate
2028	\$1,095,000	5.000%
2033	\$1,025,000	5.000%
2043	\$3,000,000	5.000%
2055	\$6,185,000	5.000%

(d) The Series 2018B Bonds shall mature on June 1 in the years and in the principal amounts, and shall bear interest, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate
2021	\$330,000	5.000%

Section 3.02. Redemption. The Series 2018 Bonds are subject to redemption as set forth in Article IV hereof.

Section 3.03. Application of Proceeds of Bonds and Certain Other Moneys.

(a) The Underwriter shall wire the proceeds from the sale of the Series 2018 Bonds in the amount of \$3,007,744.32 (consisting of the par amount of the Series 2018A Bonds of \$11,305,000.00, plus the par amount of the Series 2018B Bonds of \$330,000.00, plus an original issue premium of \$557,194.90, less an underwriter's discount of \$232,700, less an amount of \$8,951,750.58 wired directly to Fidelity National Title Insurance Company, as escrow agent, for the purchase of the Facilities and certain costs of issuance), to the Trustee, who shall forthwith deposit such funds as follows:

(i) The Trustee shall deposit in the Reserve Account the sum of \$701,250.00 (of which amount \$681,360.66 shall be from proceeds of the Series 2018A Bonds and \$19,889.34 shall be from proceeds of the Series 2018B Bonds).

(ii) The Trustee shall deposit in the Costs of Issuance Fund the sum of \$285,655.07 (consisting of total costs of issuance of \$303,669.57, of which amount \$128,793.77 shall be from proceeds of the Series 2018A Bonds and \$174,875.80 shall be from proceeds of the Series 2018B Bonds, net of \$18,014.50 paid directly to Fidelity National Title Insurance Company for title and escrow fees and charges)

(iii) The Trustee shall deposit in the Project Fund the sum of \$2,020,839.25 (consisting of total project funds of \$10,954,575.33, of which amount \$10,954,575.33 shall be from proceeds of the Series 2018A Bonds and \$0 shall be from proceeds of the Series 2018B Bonds, net of \$8,933,736.08 paid directly to Fidelity National Title Insurance Company for the purchase of the Facilities).

The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such deposits and transfers.

Section 3.04. Denominations; Form; Medium of Payment; Numbers. The Series 2018 Bonds shall be issued as fully registered bonds in Authorized Denominations thereof. The Series 2018 Bonds shall be substantially in the form set forth in Exhibit A attached hereto, with such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Series 2018A Bonds shall be lettered “RA” and numbered consecutively commencing with RA-1. The Series 2018B Bonds shall be lettered “RB” and numbered consecutively commencing with RB-1.

Section 3.05. Place of Payment. The principal of (or Redemption Price of) the Series 2018 Bonds shall be payable at the Principal Corporate Trust Office of the Trustee. The principal of (or Redemption Price of) all Series 2018 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee as permitted by this Indenture.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to Article II (or with respect to the Series 2018 Bonds pursuant to Article III) of this Indenture or a Supplemental Indenture shall be redeemable, upon giving notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified, with respect to the Series 2018 Bonds, in Article III of this Indenture, or with respect to any other Series of Bonds, in the Supplemental Indenture authorizing such Series.

Section 4.02. Redemption at the Direction of the Borrower.

(a) The Series 2018A Bonds maturing on or after June 1, 2028 are subject to redemption prior to their stated maturity on or after June 1, 2027, at the option of the Borrower, from any source of available funds, as a whole or in part on any date specified by the Borrower in a notice given to the Trustee (with a copy to the Authority) at least 60 days prior to such redemption date (in such amounts and of such Mandatory Sinking Account Payments as may be specified by the Borrower, or if the Borrower fails to specify such amounts and such Mandatory Sinking Account Payments, in inverse order of Mandatory Sinking Account Payments), at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

(b) The Series 2018B Bonds shall not be subject to optional redemption.

(c) The Series 2018 Bonds are subject to redemption in part prior to their respective stated maturities, at the option of the Borrower, from amounts transferred from the Project Fund following the Completion Date, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

(d) In the case of any redemption of any Bonds at the direction of the Borrower, the Borrower shall give written notice to the Trustee (with a copy to the Authority) of its direction so to redeem, and of the date fixed for redemption, the Series and the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities, principal amounts, and Mandatory Sinking Account Payments shall be determined by the Borrower and indicated in such notice, subject to any limitations with respect thereto contained in this Indenture). Such notice shall be given at least 60 days prior to the date fixed for redemption or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 4.05 hereof, there shall be paid on or prior to the date fixed for redemption to the Trustee an amount which, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem on the date fixed for redemption at the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, all of the Bonds to be redeemed.

(e) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the Redemption Date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.03. Redemption Other Than at the Borrower's Direction.

(a) The Series 2018 Bonds are subject to extraordinary redemption in whole or in part at any time at a redemption price equal to the principal amount of the Series

2018 Bonds to be redeemed plus accrued interest thereon to the redemption date upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed, in whole or in part, to such extent that, as expressed in a consulting architect's certificate filed with the Trustee, (A) the Facilities cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Lessee is thereby prevented from carrying on its normal operations at the Facilities for a period of six consecutive months or (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement.

(ii) Title to or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in such agreement or unreasonable burdens or excessive liabilities shall have been imposed on the Borrower or the Lessee in respect to the Facilities. Redemption as described in this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or of a condemnation award may be used for a partial redemption of Series 2018 Bonds pursuant to subsections (i) or (ii) above.

(b) Subject to the terms and conditions set forth in this Section, the Series 2018A Term Bonds maturing on June 1, 2028 shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2018A Term Bond Maturing
June 1, 2028**

**Mandatory Sinking
Account Payment Dates
(June 1)**

**Mandatory Sinking
Account Payments**

2021	\$10,000
2022	135,000
2023	140,000
2024	145,000
2025	155,000
2026	160,000
2027	170,000
2028*	180,000

* Maturity

Subject to the terms and conditions set forth in this Section, the Series 2018A Term Bonds maturing on June 1, 2033 shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2018A Term Bond Maturing
June 1, 2033**

**Mandatory Sinking
Account Payment Dates
(June 1)**

**Mandatory Sinking
Account Payments**

2029	\$185,000
2030	195,000
2031	205,000
2032	215,000
2033*	225,000

* Maturity

Subject to the terms and conditions set forth in this Section, the Series 2018A Term Bonds maturing on June 1, 2043 shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2018A Term Bond Maturing
June 1, 2043**

**Mandatory Sinking
Account Payment Dates
(June 1)**

**Mandatory Sinking
Account Payments**

2034	\$240,000

2035	250,000
2036	265,000
2037	275,000
2038	290,000
2039	305,000
2040	320,000
2041	335,000
2042	350,000
2043*	370,000

* Maturity

Subject to the terms and conditions set forth in this Section, the Series 2018A Term Bonds maturing on June 1, 2055 shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2018A Term Bond Maturing
June 1, 2055**

Mandatory Sinking Account Payment Dates (June 1)	Mandatory Sinking Account Payments
2044	\$390,000
2045	410,000
2046	430,000
2047	450,000
2048	470,000
2049	495,000
2050	520,000
2051	545,000
2052	575,000
2053	605,000
2054	630,000
2055*	665,000

* Maturity

(c) Subject to the terms and conditions set forth in this Section, the Series 2018B Term Bonds maturing on June 1, 2021 shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**2018B TERM BOND MATURING
JUNE 1, 2021**

Mandatory Sinking Account Payment Dates (June 1)	Mandatory Sinking Account Payments
2019	\$90,000
2020	120,000
2021*	120,000

* Maturity

(d) The Series 2018A Bonds are subject to mandatory redemption as a whole and not in part at the principal amount thereof, plus accrued interest thereon to the date of redemption, upon the occurrence of a Determination of Taxability related to such Series 2018A Bonds. The redemption date shall be the earliest practicable date selected by the Trustee, after consultation with the Lessee, but in no event later than six (6) months following the finalization of the Determination of Taxability.

(e) Whenever by the terms of this Indenture the Trustee is required or authorized to redeem Bonds other than at the direction of the Borrower, and this Indenture does not expressly set forth the Series of Bonds or the principal amount of Bonds of each maturity of such Series to be redeemed, the Borrower may select the Series of Bonds, the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts shall be determined by the Borrower, subject to any limitations with respect thereto contained in this Indenture) and if the Borrower does not notify the Trustee of such Series, maturities and principal amounts, to be redeemed on or before the 60th day preceding the date fixed for redemption, the Trustee shall, in inverse order of maturity by lot, select the Series, maturities and principal amounts of Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the date fixed for redemption, in accordance with the terms of this Article IV.

Section 4.04. Selection of Bonds to Be Redeemed. If less than all of the Bonds of like maturity of any Series shall be called for redemption, except as otherwise provided in Sections 4.02 and 4.03 hereof, and any arrangements with a Depository with respect to Bonds registered in the name of a Depository or its nominee, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond of a Series of a denomination greater than the minimum Authorized Denomination for the Bonds of such Series to be redeemed shall be redeemed in part only in Authorized Denominations and that, in selecting portions of Bonds of a Series for redemption, the Trustee shall treat each Bond of such Series as representing that number of Bonds of the minimum Authorized Denomination for such Series which is obtained by dividing the principal amount of such Bond to be redeemed in part by the minimum Authorized Denomination for such Series.

Section 4.05. Notice of Redemption.

(a) When the Trustee shall receive notice from the Borrower of its direction to redeem Bonds pursuant to Section 4.02 hereof, and when redemption of Bonds is authorized or required pursuant to Section 4.03 hereof, the Trustee shall give notice, at the expense of the Borrower, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such redemption shall be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state any conditions that must be met prior to the redemption of the Bonds to be redeemed and that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Bonds to be redeemed in part only, in each case together with interest accrued but unpaid on the principal amount of the Bonds to be redeemed to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee may state that the redemption is conditioned upon receiving from the Borrower, prior to the redemption date, sufficient moneys to redeem such Bonds and that if such money is not so received, no Bonds shall be redeemed. The Trustee shall mail a copy of such notice by first-class mail, postage prepaid, or any Electronic Means not more than 60 days nor less than 30 days before the date fixed for redemption, to the Holders of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the bond register, but receipt of such notice shall not be a condition precedent to such redemption and failure of any Holder of a Bond to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the redemption of Bonds. If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the Redemption Date, and such notice shall be of no effect unless such moneys are so deposited.

(b) In addition to the notice of redemption required pursuant to clause (a) of this Section, if any of the Bonds are to be redeemed, then, upon the written request of an Authorized Representative of the Borrower received at least 40 days before the date fixed for redemption, the Trustee shall also give redemption notice at least 30 days before the date fixed for redemption, by (i) registered or certified mail, return receipt requested, postage prepaid; (ii) Electronic Means; or (iii) overnight delivery service, to The Depository Trust Company.

Failure to give the notices described in this Section, or any defects therein, shall not in any manner affect the proceedings for redemption of any Bonds. Neither the Authority nor the Trustee shall have any responsibility for any defect in the CUSIP number that appears on any Bonds or in any redemption notice with respect thereto, and

any such redemption notice shall contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Authority nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 4.06. Payment of Redeemed Bonds.

(a) Notice having been given in the manner provided in Section 4.05 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption so designated at the Redemption Price, plus, if applicable, interest accrued and unpaid to the date fixed for redemption, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus, if applicable, interest accrued and unpaid to the date fixed for redemption. If there shall be called for redemption less than all of the full principal amount of a Bond, the Authority shall execute and the Trustee shall authenticate and the Trustee shall deliver, upon the surrender of such Bond, without charge to the Holder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds of like Series, terms, and maturity in any of the Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, and, if applicable, interest accrued but unpaid on the principal amount of the Bonds to be redeemed to the date fixed for redemption, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(b) If the date fixed for redemption for any Bond shall be a date other than an Interest Payment Date for such Bond, accrued interest payable on the redemption of such Bond shall be paid to the Holder of such Bond as of the date fixed for redemption.

ARTICLE V

REVENUES

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of (or Redemption Price of) and interest on the Bonds in accordance with their terms and the provisions of this Indenture, all of the Revenues (to the extent of the Authority's interest therein) and the right to receive the Revenues (to the extent of the Authority's interest therein) and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Indenture, excepting only moneys on deposit in the Rebate Fund, and all proceeds thereon or therefrom and any and all other property, rights and interests of every

kind or description that from time to time hereafter is granted, conveyed, pledged, transferred, assigned or delivered as additional security hereunder, in each case. Said pledge shall constitute a first lien on and security interest in such assets and shall attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

(b) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues (to the extent of the Authority's interest therein) and other assets pledged in paragraph (a) of this Section (to the extent of the Authority's interest therein) and all of the right, title and interest of the Authority in the Loan Agreement (except for the Retained Authority Rights). Such assignment to the Trustee is solely to the Trustee in its capacity as Trustee and is subject to the provisions of this Indenture. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and, subject to the provisions of this Indenture, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce all of the rights of the Authority and all of the obligations of the Borrower under the Loan Agreement, to enforce all of the rights and obligations of the Borrower under the Lease and assigned to the Trustee under the Deed of Trust and to enforce the Deed of Trust.

(c) All Loan Repayments pursuant to Section 4.01 of the Loan Agreement and, except as set forth in Section 5.12 hereof, all Additional Payments pursuant to Section 4.02 of the Loan Agreement and all other Revenues, shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust, except as otherwise provided in Sections 5.07 and 5.12 hereof and except that all moneys received by the Trustee and required by the Loan Agreement to be deposited in the Redemption Fund shall be promptly deposited in the Redemption Fund, which the Trustee shall establish, maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(d) If the Trustee has not received the amounts required to make the transfers and deposits required by Section 5.02 of this Indenture on or before the twenty-fifth day of each month, unless such deficiency has been cured prior to such notification, the Trustee shall notify the Authority, the Borrower and the Lessee of such deficiency by no later than the fifteenth day of the following month and the Borrower shall forthwith pay the amount of any such deficiency to the Trustee by no later than two Business Days after notice thereof to the Borrower and the Lessee. If by the tenth day preceding any Interest Payment Date or Principal Payment Date, the Trustee has not received Revenues sufficient to make the transfers required by Section 5.02 hereof, the Trustee shall immediately notify the Authority, the Borrower and the Lessee of such insufficiency by Electronic Means.

(e) Neither the Borrower nor the Lessee shall have any rights, title or interest hereunder in or to the Revenue Fund or any amount received by the Trustee and required hereby to be deposited in the Revenue Fund.

(f) Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority under the Loan Agreement that are assigned hereunder to the Trustee.

(g) The Trustee shall take all actions necessary for the 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.

Section 5.02. Allocation of Revenues. On or before the twenty-fifth day of each month, commencing on or before October 25, 2018, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund) and funds, 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 Revenues 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:

FIRST, to the Interest Account, for the deposits occurring during the months of December through May, one-sixth of the aggregate amount of interest becoming due and payable on the immediately succeeding June 1 on all Bonds then Outstanding and all Parity Debt, and for the deposits occurring during the months of June through November, one-sixth of the aggregate amount of interest becoming due and payable on the immediately succeeding December 1 on all Bonds then Outstanding and all Parity Debt, together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month, in each case until the balance in said account (including any earnings then on deposit) is equal to said aggregate amount of interest; provided that from the date of delivery of the Bonds or the date of incurrence of Parity Debt until two months prior to the first Interest Payment Date with respect to the Bonds or such Parity Debt, transfers to the Interest Account shall be sufficient on a monthly pro rata basis to pay the interest becoming due and payable on the initial Interest Payment Date;

SECOND, to the Principal Account one-twelfth of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus one-twelfth of the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds plus one-twelfth of the aggregate amount of principal becoming due and payable on Parity Debt, together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month, in each case during the next ensuing 13 months, 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 or the date of incurrence of Parity Debt until the first Principal Payment Date with respect to the Bonds or such Parity Debt (if less than 13 months), transfers to the Principal Account shall be

sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said Principal Payment Date;

THIRD, to the Reserve Account, (i) one-twelfth of the aggregate amount of each prior withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), together with an amount necessary to cure any insufficiency in the monthly deposit from a prior month; provided that no withdrawal from the Reserve Account shall be made for the purpose of making up a deficiency in the Interest Account or Principal Account with respect to payments on Parity Debt not secured by the Reserve Account pursuant to Section 5.05(c) hereof; and, provided further that no deposit need be made into the Reserve Account if the balance in said account is at least equal to the Reserve Account Requirement; and (ii) in the event the balance in the Reserve Account shall be less than the Reserve Account Requirement due to valuation of the Investment Securities deposited therein in accordance with Section 5.05(b) hereof, 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);

FOURTH, to the Rebate Fund, such amounts as are required to be deposited therein by Section 5.07 of this Indenture; provided, however, that no amounts received by the Trustee pursuant to the Intercept Notice shall be deposited into the Rebate Fund;

FIFTH, to the Repair and Replacement Fund from and after October 1, 2018 \$1,390, 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 shall be less than the Repair and Replacement Fund Requirement due to valuation of the amounts deposited therein in accordance with Section 5.10 hereof, 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);

SIXTH, to the Expense Account, such amounts as are required to pay the reasonable fees, charges and expenses of (i) the Trustee for services rendered under this Indenture, due on its next annual fee cycle and all amounts referred to in Section 8.03(f) hereof; (ii) the rebate consultant for services rendered in computing the Rebate Requirement; (iii) such accountants, consultants, attorneys and other experts as may be engaged by the Authority, the Trustee or the Borrower to prepare audited financial statements, reports, opinions or such other services required under this Indenture, the Loan Agreement, the Lease or the Deed of Trust; and (iv) the surveillance fees of the Rating Agency then maintaining a rating on the Bonds; and

SEVENTH, to the Administration Fund, an amount equal to one-twelfth of the annual Administrative Fees and Expenses.

All moneys remaining in the Revenue Fund after the foregoing monthly transfers shall be transferred by the Trustee to the Borrower.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds and interest with respect to Parity Debt, in each case, as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account.

(a) All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal or Mandatory Sinking Account Payments of the Bonds and principal with respect to Parity Debt when due and payable, as provided herein with respect to Bonds, and in the instrument relating to the incurrence of Parity Debt with respect to Parity Debt.

(b) The Trustee shall 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 established) for each Term Bond. On or before June 1 in each year, commencing June 1, 2019, the Trustee shall transfer the amount deposited in the Principal Account on that date pursuant to Section 5.02 hereof 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 shall transfer the amount deposited in the Principal Account pursuant to Section 5.02 hereof 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 Article IV hereof; provided that, at any time prior to giving such notice of such redemption, the Trustee shall 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 Lessee may direct, in writing, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Bonds. If, during the 12-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 or the Lessee 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 shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this paragraph shall be delivered to the Trustee and cancelled. Any amounts remaining in the Sinking Account when all of the Bonds are

no longer Outstanding shall be withdrawn by the Trustee and transferred to the Revenue Fund. All Bonds purchased from the Sinking Account or deposited by the Borrower or the Lessee with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as the Lessee directs.

Section 5.05. Application of Reserve Account.

(a) All amounts in the Reserve Account shall 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.

(b) Amounts on deposit in the Reserve Account shall be valued by the Trustee at their fair market value, plus accrued interest to such valuation date, each July 1, commencing on July 1, 2019, and the Trustee shall notify the Borrower and the Lessee of the results of such valuation in the event of a deficiency. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is less than the Reserve Account Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by Section 5.02 hereof. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is greater than the Reserve Account Requirement, the excess shall be withdrawn from the Reserve Account and transferred to the Revenue Fund.

(c) Notwithstanding the foregoing, the Reserve Account may also secure Parity Debt provided that the Reserve Account is funded in an amount equal to the Reserve Account Requirement assuming that the term "Bonds" in the definition of Reserve Account Requirement includes the Bonds and such Parity Debt.

Section 5.06. Application of Redemption Fund. The Trustee shall establish and maintain when required, a fund separate from any other fund established and maintained hereunder designated as the Redemption Fund. Within the Redemption Fund, the Trustee shall maintain a separate Optional Redemption Account and a separate Special Redemption Account. The Trustee shall accept all moneys deposited for redemption and shall deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV hereof, at the next succeeding date of redemption for which notice has been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon written direction of the Borrower, apply such amounts to the purchase of 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. All Bonds purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments designated in a Certificate of the Borrower (or if the Borrower fails to deliver such a Certificate to the Trustee, in inverse order of their payment dates).

Section 5.07. Rebate Fund.

(a) The Trustee shall establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with written instructions of the Borrower given pursuant to the terms and conditions of the Tax Regulatory Agreement. Subject to the transfer provisions provided in paragraph (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Regulatory Agreement), for payment to the federal government of the United States of America; provided, however, amounts received by the Trustee pursuant to the Intercept Notice shall not be deposited into the Rebate Fund. Neither the Authority, the Borrower, the Lessee nor the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 6.06 hereof and by the Tax Regulatory Agreement. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Borrower including supplying all necessary information in the manner provided in the Tax Regulatory Agreement, and shall have no liability or responsibility to enforce compliance by the Borrower, the Lessee or the Authority with the terms of the Tax Regulatory Agreement or any other tax covenants contained herein. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Borrower or the Lessee with such Rebate Requirements. The Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Borrower.

(b) Upon the Borrower's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the Borrower or the Lessee, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Borrower in accordance with the Tax Regulatory Agreement. The Trustee shall supply to the Borrower, the Lessee and/or the Authority all necessary information in the manner provided in the Tax Regulatory Agreement to the extent such information is reasonably available to the Trustee.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts

created under this Indenture or from other moneys provided to it by the Borrower or the Lessee.

(d) At the written direction of the Borrower, the Trustee shall invest all amounts held in the Rebate Fund in Investment Securities, subject to the restrictions set forth in the Tax Regulatory Agreement. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Borrower's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Borrower so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Borrower's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Borrower, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States or redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X hereof, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section, Section 6.06 hereof and the Tax Regulatory Agreement shall survive the defeasance or payment in full of the Bonds.

Section 5.08. Establishment and Application of Project Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund shall be used and withdrawn by the Trustee to pay the Project Costs. No moneys in the Project Fund shall be used to pay Costs of Issuance or Operating Expenses.

(b) Before any payment from the Project Fund shall be made, the Borrower shall file or cause to be filed with the Trustee a Requisition, in substantially the form attached hereto as Exhibit C, together with the invoice or statement evidencing the cost incurred. Upon receipt of a Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Project Fund. The Trustee may conclusively rely upon such Requisition and shall have no responsibility or duty to investigate any of the matters set forth therein. The Trustee shall 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. The Completion Date of the Project shall be evidenced to the Trustee by the furnishing of a Certificate required by Section 5.15 of the Loan Agreement (the "Completion Certificate"). Any moneys (including investment proceeds) remaining in the Project Fund on the

Completion Date shall on such date be deposited by the Trustee, at the direction of the Borrower, (i) to the Redemption Fund for the redemption of Bonds pursuant to Section 4.02(c) hereof, (ii) to the Interest Account for payment of interest on the Bonds, or (iii) to the Borrower, upon delivery to the 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. Upon such transfer, the Project Fund shall be closed.

Section 5.09. Establishment and Application of Costs of Issuance Fund and Insurance and Condemnation Proceeds Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Bonds upon a Requisition executed by the Borrower in substantially the form attached hereto as Exhibit D 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 cost incurred. On the 180th day following the initial issuance of each Series of the Bonds, or upon the earlier Request of the Borrower, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Project Fund.

(b) As and when needed, the Trustee shall 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 Section 6.06 of the Loan Agreement.

(c) Before any payment from the Insurance and Condemnation Proceeds Fund shall be made, the Borrower shall file or cause to be filed with the Trustee a Requisition of the Borrower stating: (i) the item number of such payment; (ii) the name of the Person to whom each such payment is due, which may be the Borrower in the case of reimbursement for costs of such repair or replacement theretofore paid by the Borrower; (iii) the respective amounts to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been incurred by the Borrower 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 (vi) that there has not been filed with or served upon the Borrower 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 Requisition, 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.

Upon receipt of a Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Insurance and Condemnation Proceeds Fund. The Trustee may conclusively rely upon such Requisition and shall have

no responsibility or duty to investigate any of the matters set forth therein. The Trustee shall 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, other than materialmen's or mechanics' liens accruing by mere operation of law, unless adequate security for the payment of such obligation has been posted.

(d) When the repair or replacement of damaged, destroyed or taken property shall have been completed and the Trustee shall have received a Certificate of the Borrower 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), subject to Section 6.06 of the Loan Agreement, the Trustee shall transfer any remaining balance in the Insurance and Condemnation Proceeds Fund, less the amount of any such retention, to the Special Redemption Account of the Redemption Fund or, at the election of the Borrower, to the Revenue Fund. Upon the disbursement of all moneys in the Insurance and Condemnation Proceeds Fund, such fund shall thereafter be closed until such time as such fund is again required to be established pursuant to paragraph (b) of this Section.

Section 5.10. Establishment and Application of Repair and Replacement Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund" pursuant to the provisions of Section 4.02(f) of the Loan Agreement.

(b) Amounts held in the Repair and Replacement Fund shall be applied by the Trustee upon receipt of a Requisition from an Authorized Representative of the Borrower for costs of operating and maintaining the Facilities, including without limitation, performing capital maintenance. In the event that the Repair and Replacement Fund is funded with the proceeds of the Series 2018 Bonds, amounts held in the Repair and Replacement Fund shall be subject to certain limitations set forth in the Tax Regulatory Agreement for the Series 2018 Bonds.

(c) Amounts on deposit in the Repair and Replacement Fund shall be valued by the Trustee at their fair market value each June 1 and December 1, beginning June 1, 2021, and the Bond Trustee shall 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 Section 5.02 hereof. 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 shall be withdrawn from the Repair and Replacement Fund and transferred to the Revenue Fund.

(d) 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 this Indenture shall 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.

Section 5.11. Investment of Moneys in Funds and Accounts. Except as set forth in Section 5.07(d) hereof, all moneys in any of the funds and accounts established pursuant to this Indenture shall be invested and reinvested by the Trustee, upon the written direction of an Authorized Representative of the Borrower, solely in Investment Securities. The Trustee shall be entitled to rely upon any investment direction provided to it hereunder as a certification to the Trustee that such investment constitutes an Investment Security. In the absence of written investment directions from an Authorized Representative of the Borrower, the Trustee shall invest solely in Investment Securities set forth in clause (f) of the definition thereof. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.06 hereof, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Borrower.

Moneys in all funds and accounts (other than the Reserve Account) shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Moneys in the Reserve Account shall be invested in Investment Securities with a maturity of or ability to withdraw in full not to exceed five years from the date of investment. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement. Investment Securities that are registrable securities shall be registered in the name of the Trustee or its nominee.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited when received in such fund. All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Indenture (other than the Rebate Fund and the Reserve Account) shall be deposited when received (a) prior to the completion of the Project, in the Project Fund; and (b) thereafter, in the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account (other than the Reserve Account), all Investment Securities credited to such fund or account shall be valued at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or market value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price).

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only; provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment and shall be paid its customary fee therefor. The Trustee may sell or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03 hereof, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section.

By execution of the Loan Agreement, the Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive broker confirmations of security transactions as they occur. Borrower specifically waives such notification to the extent permitted by law and acknowledges that the Borrower will receive periodic cash transaction statements, which will detail all investment transactions. Unless contrary to written investment directions previously submitted to the Trustee, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Borrower, unless the Borrower notifies the Trustee in writing to the contrary within 30 days after the date of such statement

Section 5.12. Establishment and Application of Expense Account. The Trustee shall establish, maintain and hold in trust a separate account designated as the "Expense Account." The Trustee shall transfer the Authority Additional Payments to or at the direction of the Authority when due, to the extent of amounts received from the Borrower therefor.

All amounts in the Expense Account shall be used and withdrawn by the Trustee solely for the purpose of paying the fees and expenses set forth in Section 5.02 SIXTH hereof when due upon receipt of a Requisition from an Authorized Representative of the Borrower, except for fees and expenses payable to the Trustee and the Authority that may be withdrawn from the Expense Account by the Trustee when due without a Requisition therefor.

Section 5.13. Establishment and Application of Administration Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Administration Fund." The Trustee shall deposit in the Administration Fund such amounts required to be deposited in the Administration Fund hereunder or under the Loan Agreement. The Trustee shall disburse amounts in the Administration Fund necessary for payment of Administrative Fees and Expenses when due.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually cause to be paid the principal of (or Redemption Price of) and interest to become due in respect of all the Bonds, in

strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The Authority shall 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 claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this 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 shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue obligations for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture, and will assist the Trustee in contesting any such pledge, lien, charge, or other encumbrance which may be created. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to the Act to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited obligations of the Authority, and the Authority and Trustee shall at all times, to the extent permitted by law and subject to the provisions of this Indenture, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Holder of the Bonds under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.05. Accounting Records and Financial Statements.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Bonds, the Revenues and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the Borrower, the Lessee and any Bondholder, or his agent or representative duly authorized in writing, upon reasonable notice at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the Authority (only upon its request) and to each Bondholder who shall have filed his name and address with the Trustee for

such purpose (i) a copy of the most recent audited financial statements furnished to the Trustee, as dissemination agent, pursuant to the Continuing Disclosure Agreement; and (ii) within 30 days after the end of each month, a statement (which need not be audited) covering receipts, disbursements, allocation and application of Revenues and any other moneys (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Indenture for such month; provided, however, that the Trustee shall not be obligated to report as to any fund or account that (A) has a balance of zero, and (B) has had no activity since the last reporting date. The Trustee shall also furnish a copy of its monthly statement to the Borrower and the Lessee.

Section 6.06. Tax Covenants. The Authority shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Regulatory Agreement. This covenant shall survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 6.07. Collection of Amounts due Under Loan Agreement and Deed of Trust; Amendment of Loan Agreement and Deed of Trust.

(a) The Trustee shall promptly collect all amounts due from the Borrower pursuant to the Loan Agreement and the Lease, and subject to the provisions of this Indenture shall exercise all rights under the Deed of Trust, and all rights under the Loan Agreement and the Lease assigned to the Trustee hereunder or under the Deed of Trust and shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of such rights and all of the obligations of the Borrower and the Lessee.

(b) Except with respect to amendments to the Loan Agreement required by Article II of this Indenture and in connection with the issuance of Additional Bonds, the Authority shall not amend, modify or terminate any of the terms of the Loan Agreement or the Deed of Trust, or consent to any such amendment, modification or termination, without the written consent of the Trustee. The Trustee shall give such written consent only (i) (A) if such amendment, modification or termination will not materially and adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds (which determination may be based on an Opinion of Counsel upon which the Trustee may rely); or (B) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding, to such amendment, modification or termination; and (ii) if the Trustee shall have received a Favorable Opinion of Bond Counsel with respect to such amendment, modification or termination; provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

Section 6.08. Intercept Covenants. The Trustee shall, on each Interest Payment Date, each Principal Payment Date, or on any date which a transfer from the State Controller to the Trustee is scheduled pursuant to the Intercept Notice, notify the Authority and the Borrower of any shortfall in amounts received by the Trustee from the State Controller compared to the amounts set forth in the Intercept Notice for such date. If, subsequent to any shortfall for which the Trustee has sent notice pursuant to the preceding sentence, the Trustee shall receive payment of amounts sufficient to cure such shortfall, the Trustee shall, within ten (10) Business Days thereof, notify the Authority and the Borrower of the receipt of such payment. The Bond Trustee shall not be required to take any action in connection with the foregoing except as specifically set forth in this Section 6.08.

Section 6.09. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Bondholder, the Authority will make, execute and deliver any and all such further indentures, instruments and assurances and promptly do or cause to be done all such other and further things as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Bondholders of the rights and benefits provided in this Indenture and more fully vest in the Trustee and the Bondholders all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them hereby or by the Loan Agreement or the Lease.

Section 6.10. Covenant To Enter Into Agreement or Contract To Provide Ongoing Disclosure. The Borrower has covenanted and agreed with the Authority in Section 5.03 of the Loan Agreement to enter into an agreement or contract, constituting an undertaking to provide ongoing disclosure for the benefit of the Bondholders and Beneficial Owners of the Series 2018 Bonds as required by Paragraph (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c2-12) (the "Disclosure Requirements"), but only to the extent the Series 2018 Bonds are at any time not exempt from the Disclosure Requirements. Section 5.03 of the Loan Agreement shall be enforceable by any Bondholder, Participating Underwriter or Beneficial Owner. However, neither the Authority nor the Trustee shall have any duty to enforce Section 5.03 of the Loan Agreement. The Authority shall have no liability to the Bondholders, Participating Underwriters, Beneficial Owners or any other person with respect to the actions by the Borrower relating to the Disclosure Requirements. Notwithstanding any other provision of this Indenture, failure of the Borrower to comply with Section 5.03 of the Loan Agreement shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2018 Bonds, to the extent indemnified to its satisfaction from any liability or expense, shall, or any Beneficial Owner may, take such action 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 Section 5.03 of the Loan Agreement.

Section 6.11. Notification to Authority Regarding Amount of Bonds Outstanding. On or before July 15 of each year, the Trustee shall notify the Authority, via Electronic Means or by mail, of the aggregate principal amount of Outstanding Bonds by Series as of June 30 of such year or that no Bonds remain Outstanding.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 7.01. Events of Default. Any one or more of the following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of (or Redemption Price of) any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the Authority in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority, the Lessee and the Borrower by the Trustee, or to the Authority, the Borrower, the Lessee and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; or

(d) a Loan Default Event.

Section 7.02. Acceleration of Maturities. If an Event of Default occurs and is continuing, the Trustee may, upon notice in writing to the Authority, the Lessee and the Borrower, (a) declare the principal of the Bonds, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding; and (b) exercise any and all rights and remedies of the Trustee provided for in the Loan Agreement and the Deed of Trust.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority, the Lessee or the Borrower shall deposit with the Trustee a sum sufficient to pay all the principal of (or Redemption Price of) and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rates borne by the respective Bonds, and the reasonable fees, charges and expenses of the Trustee, including those of its attorneys and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee, by written notice to the Authority, the Lessee and the Borrower, shall rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than the Retained Authority Rights) under this 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.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Section 11.11 hereof and other than moneys required to be deposited in the Rebate Fund) shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture; and

(b) to the payment of the principal of (or Redemption Price of) and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.02 hereof), as follows:

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

FIRST, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND, to the payment to the persons entitled thereto of the unpaid principal (including Mandatory Sinking Account Payments) or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate

borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 7.04. Trustee to Represent Bondholders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds 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 Bonds, this Indenture, the Loan Agreement, the Deed of Trust, or applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus, or other proceedings as it shall 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 herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the provisions of the Bonds, this Indenture, the Loan Agreement, the Deed of Trust, or applicable provisions of any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture (including Section 6.02 hereof).

Section 7.05. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnifying the Trustee to its satisfaction therefor, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder; provided that (a) such direction shall not be otherwise than in accordance with law and the provisions of this Indenture; (b) the Trustee shall have the right to decline to follow any such direction if such direction, in the opinion of the Trustee, would be unjustly prejudicial to Bondholders not parties to such direction, it being understood that (subject to Section 8.01 hereof) the Trustee shall have no duty to ascertain whether or not such action or forbearance may be unduly prejudicial to such Bondholders; and (c) such direction shall not involve the Trustee in personal liability.

Section 7.06. Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Loan Agreement, the Deed of Trust, or applicable provisions of any law with respect to such Bond, unless (a) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Holder or said Holders shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture, the Loan Agreement, the Deed of Trust, or applicable provisions of any law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.02 hereof).

Section 7.07. Absolute Obligation of Authority. Nothing in Section 7.06 hereof or in any other provision of this Indenture except Section 11.02 hereof, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of (or Redemption Price of) and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, and not otherwise, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Authority, the Trustee, and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee, and the Bondholders shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Authority hereby appoints Wilmington Trust, National Association as Trustee. The 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 this Indenture, and, except to the extent required by law, no implied covenants or obligations shall be read into this Indenture against the Trustee. The 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 this 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.

(b) The Authority may, and upon joint written request of the Borrower and the Lessee shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by 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 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 Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the Borrower, a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the Borrower, and by giving the Bondholders notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint, with the written consent of the Borrower, a successor Trustee by an instrument in writing.

(d) The Trustee shall not be relieved of its duties hereunder until its successor Trustee has accepted its appointment and assumed the duties of Trustee hereunder. Any removal or resignation of the Trustee and appointment of a successor Trustee shall

become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this clause, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder to the Bondholders at the addresses shown on the registration books maintained by the Trustee.

(e) Any successor 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 Trustee shall cease to be eligible in accordance with the provisions of this paragraph (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under paragraph (e) of Section 8.01 hereof, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the legality, validity or sufficiency of this Indenture, the Loan Agreement, the Deed of Trust, or any other document related hereto, 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 Trustee or its powers. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, default or willful misconduct; provided, that this shall not be construed to limit the effect of paragraph (f) hereof. The 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.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount (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 Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture unless such Bondholders shall have offered to the Trustee security or indemnity acceptable to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture unless it shall be proved that the Trustee was negligent.

(f) Pursuant to Section 4.02 of the Loan Agreement, the Borrower is obligated:

(i) to pay the Trustee from time to time compensation for all services rendered by it hereunder in accordance with the agreement between the Borrower and the Trustee;

(ii) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this 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 Trustee's negligence or bad faith; and

(iii) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence, default, willful misconduct or bad faith on the Trustee's part, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, 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 hereunder, under the Loan Agreement, the Deed of Trust or any other document related hereto.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(h) Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Deed of Trust, or other documents relating to the issuance of the Bonds, relating to the conduct, or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(i) Subject to the other provisions of this Section and the provisions of Sections 8.01 and 8.04 hereof, the 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 Trustee, in its discretion and at its expense, may make such further investigation or inquiry into such facts or matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, the Authority shall assure that the Trustee shall be entitled to examine the books, records and premises of the Borrower and the Lessee, personally or by agent or attorney.

(j) The 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.

(k) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default in Section 7.01(a) and 7.01(b) hereunder, under the Loan Agreement, the Deed of Trust, or any other document related to the Bonds unless an officer in the Principal Corporate Trust Office of the Trustee has actual notice thereof or the 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 this Indenture to be delivered to the Trustee, must, in order to be effective, be

delivered at the address of the Trustee provided for in Section 11.08 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Event of Default except as aforesaid.

Section 8.04. Right of Trustee To Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, 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 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 hereunder in good faith and in accordance therewith.

With the exception of persons in whose names Bonds are registered on the books maintained by the Trustee for such purpose, the 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 this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this 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 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.

Section 8.06. Performance of Duties. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys or agents and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder and shall be absolutely protected in relying thereon. The Trustee shall not be responsible for the misconduct of such persons selected by it with reasonable care.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may

enter into only with the written consent of the Borrower, and the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee (the procedure for which is described below). No such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment, or reduce the rate of interest thereon, or change the method of determining the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected; or (ii) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture (except as expressly permitted by this Indenture, as in the issuance of Additional Bonds), or deprive the Holders of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Holders of all Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this paragraph (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) If at any time the Borrower shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee shall mail by first-class mail notice of the proposed execution of such Supplemental Indenture to the Holders of the Bonds at their addresses as the same shall last appear upon the registration records. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Holders. If, within 60 days following the mailing of such notice, the Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(c) Notwithstanding anything to the contrary herein, this Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bondholders, but only with the written consent of the Borrower, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority; provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority, the Borrower, or the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(iv) to provide any additional procedures, covenants or agreements to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, including the amendment of any Tax Regulatory Agreement;

(v) to provide for the issuance of Additional Bonds; or

(vi) to make any other changes which will not materially adversely affect the interests of the Holders of the Bonds.

(d) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by paragraph (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Trustee and the Authority shall be entitled to receive, and shall be fully protected in relying conclusively upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized by and in compliance with this Indenture, and shall have no liability to Holders in executing any Supplemental Indenture in reliance on such Opinion of Counsel.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Principal Corporate Trust Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared by the Trustee at the expense of the Borrower, executed by the Authority and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him; provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The Bonds of any Series may be paid in any of the following ways:

(a) by paying or causing to be paid the principal of (or Redemption Price of) and interest on all Bonds of such Series Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, moneys or securities in the necessary amount (as provided in Section 10.03 hereof) to pay when due or redeem all Bonds of such Series then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all Bonds of such Series then Outstanding.

If Bonds of all Series then Outstanding are paid and all other sums payable hereunder are paid, 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 this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture (except as otherwise provided in Sections 5.07 and 6.06 of the Indenture and Sections 5.11 and 9.07(b) of the Agreement) shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the request of the Borrower, the Trustee shall cause an accounting

for such period or periods as may be requested by the Borrower and shall execute and deliver to the Borrower all such instruments as may be necessary to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to this Indenture that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; provided that in all events moneys in the Rebate Fund shall be subject to the provisions of Section 5.07 hereof.

Section 10.02. 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 (as provided in Section 10.03 hereof) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond); provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV hereof provided or the Trustee shall have been instructed by the Borrower to give such notice in accordance with this Indenture, then all liability in respect of such Bond shall cease, terminate become void and be completely discharged and satisfied, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond, and such payments shall be payable under such Bond, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04 hereof.

The Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Borrower may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture (other than the Rebate Fund) and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV hereof provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities described in clause (a) of the definition thereof in Section 1.01 hereof (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due (without any income from the reinvestment thereof) will provide money sufficient to pay the principal of (or Redemption Price of) and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due;

provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV hereof provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, that, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Borrower) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bond; and provided further, in each case, that the Trustee shall have received a certificate from a firm of certified public accountants certifying as to the sufficiency of the deposit made pursuant to clause (a) or (b) above.

Section 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for the period which is one year less than the statutory escheat period after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or the period which is one year less than the statutory escheat period after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Borrower free from the trusts created by this Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Authority and the Trustee with respect to claims of Holders of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall 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.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of (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 shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.02. Liability of Authority Limited to Payments. Principal of and interest on the Bonds is payable solely from Loan Repayments. Neither the State nor the Authority shall be obligated to pay the Bonds or the interest thereon except from certain Loan Repayments set forth herein, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Bonds. 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 whatever therefor or to make any appropriation for their payment. The Authority shall not be treated or deemed as having incurred any liability hereunder or by reason of or in connection with this Indenture, the Loan Agreement or any of the transactions contemplated by any thereof except to the extent payable from certain Loan Repayments set forth herein or other amounts available therefor under and pursuant to this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of this Indenture any funds of the Authority which may be made available to it for such purposes.

Section 11.03. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.04. Limitation of Rights to Parties, Borrower, Lessee and Bondholders.

Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Borrower, the Lessee and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Borrower, the Lessee and the Holders of the Bonds.

Section 11.05. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.06. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require), and deliver a certificate of such destruction to the Authority.

Section 11.07. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.08. Notices. All notices to Bondholders shall be given by Electronic Means unless otherwise provided herein and, if by a telecommunications device not capable of producing a written notice, confirmed in writing as soon as practicable. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Corporate Trust Office of the Trustee or at such other address as may have been filed in writing by the Trustee with the Authority. Any notice to or demand upon the Authority, the Underwriter or the Borrower shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by Electronic Means or by being deposited, postage prepaid, in a U.S. Postal Service letter box, addressed, as the case may be, as follows (or to such other addresses as may have been filed in writing by the Authority, the Lessee or the Borrower with the Trustee):

to the Authority:	California School Finance Authority State Treasurer's Office 300 S. Spring Street, Suite 8500 Los Angeles, California 90013 Attention: Executive Director
to the Borrower:	Larchmont LFP LLC c/o Larchmont Schools 444 N. Larchmont Boulevard, Suite 207 Los Angeles, California 90004 Attention: Executive Director
to the Lessee:	Larchmont Schools 444 N. Larchmont Boulevard, Suite 207 Los Angeles, California 90004 Attention: Executive Director
to the Trustee:	Wilmington Trust, National Association 650 Town Center Drive, Suite 600 Costa Mesa, California 92626
to the Underwriter:	Stifel, Nicolaus & Company, Incorporated 505 S. Figueroa Street, Suite 1800 Los Angeles, California 90071 Attention: John Kim

Notwithstanding the foregoing provisions of this Section 11.08, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of any notice, unless and until the Trustee actually receives such notice.

Section 11.09. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this 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,

shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

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 to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall 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 Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.10. 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 this Indenture, Bonds which are owned or held by or for the account of the Authority, the Borrower, the Lessee or any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the Borrower, the Lessee or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, but only to the extent the Trustee has actual knowledge of such ownership. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the 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, the Borrower, the Lessee or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.11. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest and principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof.

Section 11.12. Funds and Accounts. The Trustee may establish such funds and accounts as it deems necessary or appropriate to fulfill its obligations under this Indenture. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary

standards of the industry, to the extent practicable, and with due regard for the requirements of Section 6.06 hereof and for the protection of the security of the Bonds and the rights of every holder thereof. Notwithstanding any other provision of this Indenture, the Trustee shall only be required to open any funds or accounts when it receives, or is notified that it will receive, funds or moneys to be deposited and maintained in such funds or accounts.

Section 11.13. Business Days. If any date specified herein shall not be a Business Day, any action required on such date may be made on the next succeeding Business Day with the same effect as if made on such date.

Section 11.14. Governing Law, Venue. This Indenture and the Bonds shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This Indenture and the Bonds shall be enforceable in the State, and any action arising out of this Indenture shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California unless the Authority waives this requirement.

Section 11.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the CALIFORNIA SCHOOL FINANCE AUTHORITY has caused this Indenture to be signed in its name by the Deputy Treasurer for the Chairman and its Executive Director, and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By Vincent P. Brown
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

By _____
Executive Director

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

IN WITNESS WHEREOF, the CALIFORNIA SCHOOL FINANCE AUTHORITY has caused this Indenture to be signed in its name by the Deputy Treasurer for the Chairman and its Executive Director, and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

By  _____
Executive Director

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

IN WITNESS WHEREOF, the CALIFORNIA SCHOOL FINANCE AUTHORITY has caused this Indenture to be signed in its name by the Deputy Treasurer for the Chairman and its Executive Director, and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its duly authorized officer, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

By _____
Executive Director

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By 
Authorized Officer

EXHIBIT A

FORM OF BONDS

THIS BOND IS SUBJECT TO TRANSFER RESTRICTIONS AS SET FORTH IN THE INDENTURE (DEFINED HEREIN). BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS AN APPROVED INVESTOR AS DEFINED IN THE INDENTURE. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, OR BENEFICIAL OWNERSHIP CAN ONLY BE HELD BY AN APPROVED INVESTOR. THE TRANSFER RESTRICTIONS HEREOF MAY BE REMOVED ONLY PURSUANT TO CERTAIN PROVISIONS OF THE INDENTURE. IN THE EVENT SUCH RESTRICTIONS ARE REMOVED, THE TRUSTEE SHALL PROVIDE NOTICE THEREOF AS SET FORTH IN THE INDENTURE.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CALIFORNIA SCHOOL FINANCE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA 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 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 MAKE FUNDS AVAILABLE TO THE SCHOOL IN ANY AMOUNT OR AT ANY TIME.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR

OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

NUMBER	AMOUNT
R[A][B]-[]	\$()

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(LARCHMONT CHARTER SCHOOL PROJECT)
[(TAXABLE)] SERIES 2018[A][B]

Interest Rate	Maturity Date	Dated Date	CUSIP Number
()%	June 1, 20()	August 29, 2018	()

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: () DOLLARS]

CALIFORNIA SCHOOL FINANCE AUTHORITY, a public instrumentality of the State of California (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder stated above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal amount stated above in lawful money of the United States of America; and to pay interest thereon (but only from said Revenues and other assets pledged therefor) in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the rate per annum stated above, payable on June 1 and December 1 of each year, commencing December 1, 2018. The principal (or redemption price) hereof is payable upon surrender at the Principal Corporate Trust Office of Wilmington Trust, National Association, as trustee (together with any successor trustee, herein called the "Trustee"). Interest hereon is payable by check mailed by first-class mail on each interest payment date (except with respect to defaulted interest) to the person whose name appears on the bond registration books of the Trustee as the registered holder hereof as of the close of business on the fifteenth calendar day of the month preceding such interest payment date, whether or not such day is a Business Day (the "Record Date") at the address appearing on the bond registration books maintained by the Trustee, or by wire transfer to an account within the United States to any registered holder of at least \$1,000,000 in principal amount of Bonds if such registered holder has submitted a written request for such wire transfer or by deposit to the Trustee at least one Business Day prior to the Record Date. Interest shall be calculated on a 360-day year basis of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Authority designated as "California School Finance Authority Charter School Revenue Bonds (Larchmont Charter

School Project), [(Taxable)] Series 2018[A][B]” (herein called the “Series 2018[A][B] Bonds” or this “Bond”), in the original aggregate principal amount of \$[11,305,000][330,000] and issued pursuant to an Indenture of Trust, dated as of August 1, 2018, by and between the Authority and the Trustee (the “Indenture”). Concurrently with the issuance of the Series 2018[A][B] Bonds, the Authority has issued its revenue bonds, secured on a parity basis with the Series 2018[A][B] Bonds pursuant to the Indenture, designated as “California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), [(Taxable)] Series 2018[B][A]” (the “Series 2018[B][A] Bonds”, and together with the Series 2018[A][B] Bonds, the “Series 2018 Bonds”), in the original aggregate principal amount of \$[11,305,000][330,000]. The Series 2018 Bonds have been authorized and issued pursuant to the laws of the State, including particularly the Act. The Series 2018 Bonds are issued for the purpose of making a loan to Larchmont LFP LLC, a California limited liability company whose sole member is an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (herein called the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2018 (herein called the “Loan Agreement”), by and between the Authority and the Borrower, for the purposes and on the terms and conditions set forth therein.

Reference is hereby made to the Indenture (a copy of which is on file at said Principal Corporate Trust Office of the Trustee) and all indentures supplemental thereto and, to the Loan Agreement (a copy of which is on file at said Principal Corporate Trust Office of the Trustee) for a description of the rights thereunder of the registered Holders of the Series 2018 Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture and Loan Agreement the registered holder of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Series 2018 Bonds and the interest thereon are payable from Revenues and, from certain funds and accounts established and maintained under the Indenture, and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (including proceeds of the sale of the Series 2018 Bonds but excluding amounts held in the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Series 2018 Bonds are further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement and in the Deed of Trust (to the extent and as more particularly described in the Indenture).

The Series 2018 Bonds may only be transferred to, and Beneficial Ownership Interests only held by (i) a “Qualified Institutional Buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended) or (ii) an “Accredited Investor” (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended). The transfer restrictions hereof may be removed only pursuant to certain provisions of the Indenture. In the event such restrictions are removed, the Trustee shall provide notice thereof as set forth in the Indenture.

The Series 2018 Bonds are subject to redemption prior to their stated maturity, at the times and redemption prices, upon the notice and subject to the terms and conditions set forth in the Indenture. If this Bond is called for redemption and payment is duly provided therefor as

specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default shall occur, the principal of all Series 2018 Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the Holders of not less than a majority in aggregate principal amount of the Series 2018 Bonds then outstanding or by the Trustee.

The Series 2018 Bonds are issuable only as fully registered Series 2018 Bonds in denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof; provided, however, that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$25,000 or any integral multiple of \$5,000 in excess thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Series 2018 Bonds may be exchanged, at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Series 2018 Bonds of authorized denominations of the same series, terms and maturity.

This Bond is transferable by the registered holder hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a Series 2018 Bond or Series 2018 Bonds, of authorized denomination or denominations, of the same series, terms and maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

The Authority and the Trustee may treat the registered holder hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the registered Holders of the Series 2018 Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, subject to the conditions and upon the terms provided in the Indenture.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the constitution and laws of the State of California, and is not in excess of the amount of Series 2018 Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the California School Finance Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair, as of the Dated Date recited above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Chair

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Social Security or Federal Taxpayer Identification Number)

(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member of or a participant in a "signature guarantee program" (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B
PERMITTED LIENS

[To Be Provided]

EXHIBIT C
FORM OF REQUISITION FROM PROJECT FUND

The undersigned authorized representative of the Larchmont LFP LLC (the "Borrower") hereby requests Wilmington Trust, National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of August 1, 2018, by and between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown in Schedule I and attached invoices for the purposes indicated therein from the Project Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) obligations in amounts stated in this Requisition have been incurred by the Borrower or Larchmont Schools (the "Lessee"), as applicable, and are presently due and payable and each item is a proper charge against the Project Fund and has not been previously paid from the Project Fund; and (b) there has not been filed with or served upon the Borrower and the Lessee 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 this Requisition, that 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.

Dated: _____

LARCHMONT LFP LLC

By _____
Authorized Representative

SCHEDULE I
(PROJECT FUND REQUISITION)

<u>Item no.</u>	<u>Name/Address</u>	<u>Amount</u>	<u>Purpose</u>

EXHIBIT D

FORM OF REQUISITION FROM COSTS OF ISSUANCE FUND

The undersigned authorized representative of the Larchmont LFP LLC (the "Borrower") hereby requests Wilmington Trust, National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of August 1, 2018, between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown in Schedule I and attached invoices for the purposes indicated from the Costs of Issuance Fund established and maintained under the Indenture.

The Borrower hereby certifies that obligations in amounts stated in this Requisition have been incurred by the Borrower or Larchmont Schools, as applicable, and are presently due and payable and each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from the Costs of Issuance Fund.

Dated: _____

LARCHMONT LFP LLC

By _____
Authorized Representative

SCHEDULE I
(COSTS OF ISSUANCE FUND REQUISITION)

<u>Item no.</u>	<u>Name/Address</u>	<u>Amount</u>	<u>Purpose</u>

EXHIBIT E

FORM OF INVESTOR LETTER

[Included in Limited Offering Memorandum for the Bonds]

FIRST SUPPLEMENTAL INDENTURE

Dated as of April 1, 2026

between

CALIFORNIA SCHOOL FINANCE AUTHORITY,
as Authority

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

Supplement to an
Indenture of Trust
dated as of August 1, 2018

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FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this “First Supplemental Indenture”), dated as of April 1, 2026, made and entered into by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California, or its successors and assigns (the “Authority”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, supplementing the Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture” and together with this First Supplemental Indenture, the “Indenture”), by and between the Authority and the Trustee;

W I T N E S S E T H:

WHEREAS, the Authority is a public instrumentality of the State of California, created by 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 of California) (the “Act”) and is authorized to issue bonds and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing of a project (as defined in the Act) pursuant to the Act in conjunction with schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”); and

WHEREAS, the Authority is authorized pursuant to the Act to enter into this First Supplemental Indenture; and

WHEREAS, the Authority has previously issued its Charter School Revenue Bonds (Larchmont Charter School Project) Series 2018A in the aggregate principal amount of \$11,305,000 and its Charter School Revenue Bonds (Larchmont Charter School Project) (Taxable) Series 2018B in the aggregate principal amount of \$330,000 pursuant to the “Original Indenture and loaned the proceeds thereof to Larchmont LFP LLC, a California limited liability company (the “Borrower”) pursuant to that certain Loan Agreement, dated as of August 1, 2018 (as amended by the Amendment to Loan Agreement, dated as of May 1, 2020, the “Original Loan Agreement”), between the Authority and the Borrower, to undertake the Project, as defined in the Original Loan Agreement (the “Series 2018 Project”); and

WHEREAS, the Borrower now wishes to undertake the Series 2026 Project, as defined below; and

WHEREAS, the Authority has determined to issue its Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026 (the “Series 2026 Bonds”) in the aggregate principal amount of \$[PAR] pursuant to the Indenture; and

WHEREAS, the Series 2026 Bonds will be Additional Bonds under and as defined in the Indenture; and

WHEREAS, the Authority will loan the proceeds of the Series 2026 Bonds to the Borrower pursuant to the Original Loan Agreement, as amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026, between the Authority and the Borrower (collectively, the “Loan Agreement”), for the purposes of (a) financing, refinancing and/or reimbursing the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of charter school educational facilities known as Larchmont Charter School, serving approximately 672 students in grades 4-8, located at 6325, 6331, 6363 Santa Monica Boulevard and 1115, 1123, 1125 Lillian Way, Los Angeles, CA 90038-1698 (the “Series 2026 Facilities”); (b) paying certain expenses incurred in connection with the issuance of the Series 2026 Bonds; (c) paying capitalized interest on the Series 2026 Bonds; and (d) funding a debt service reserve fund and/or related working capital with respect to the Series 2026 Bonds (collectively, the “Series 2026 Project”); and

WHEREAS, the Borrower will lease the Series 2026 Facilities to the Lessee pursuant to one or more lease agreements; and

WHEREAS, all things necessary (i) to make the Series 2026 Bonds, when authenticated by the Trustee and issued as in the Indenture provided, the valid, binding and legal obligations of the Authority, and (ii) to constitute this First Supplemental Indenture a valid, binding and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

ARTICLE I

SUPPLEMENTAL INDENTURE; DEFINITIONS

Section 1.01. Supplemental Indenture. This First Supplemental Indenture is supplemental to, and is executed in accordance with and pursuant to Article IX of the Original Indenture.

Section 1.02. Definitions. Unless the context clearly requires otherwise and except as otherwise defined in this Section 1.02 or Section 1.03 hereof, all terms used herein shall have the meanings set forth in Article I of the Original Indenture. As used in this First Supplemental Indenture, the following terms shall have the meanings specified below:

“Bond Reserve Subaccount” means the Bond Reserve Subaccount of the Reserve Account established by the Trustee pursuant to Section 5.05 of the Original Indenture, as supplemented by this First Supplemental Indenture.

“Capitalized Interest Subaccount” means the subaccount by that name in the Interest Account established pursuant to Section 4.01 hereof.

“First Supplemental Indenture” means this First Supplemental Indenture, dated as of April 1, 2026, by and between the Authority and the Trustee.

“Grant-Funded Reserve Eligible Securities” means:

- (a) obligations issued or guaranteed by the United States government;
- (b) obligations of agencies or instrumentalities of the United States, including government-sponsored enterprises;
- (c) 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;
- (d) 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;
- (e) 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 Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered; (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds; and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;
- (f) 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 Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered; (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds; and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; and
- (g) such other investment securities as the Secretary of the U.S. Department of Education 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 Trustee pursuant to Section 5.05 of the Original Indenture, as supplemented by this First Supplemental Indenture.

“Original Indenture” means the Indenture of Trust, dated as of August 1, 2018, by and between the Authority and the Trustee, as originally executed.

“Original Loan Agreement” means that certain Loan Agreement, dated as of August 1, 2018, as amended and supplemented by the Amendment to Loan Agreement, dated as of May 1, 2020, each by and between the Authority and the Borrower.

“Second Amendment to Loan Agreement” means the Second Amendment to Loan Agreement, dated as of April 1, 2026, by and between the Authority and the Borrower.

“Series 2018 Deed of Trust” means that certain Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of August 1, 2018, executed by the Borrower, as trustor, in favor of Fidelity National Title Insurance Company, as trustee thereunder, for the benefit of the Trustee, as trustee for the Holders of the Bonds, and for the benefit of the holders from time to time of Parity Debt, as may be supplemented or modified from time to time in accordance with the terms thereof.

“Series 2018 Facilities” means, collectively, the land as described in Exhibit A of the Series 2018 Deed of Trust, included as part of the “Mortgaged Property” as defined in the Series 2018 Deed of Trust, and the buildings, structures, fixtures, equipment, and other real and tangible personal property thereon from time to time.

“Series 2018 Project” has the meaning set forth in the Recitals of this First Supplemental Indenture.

“Series 2026 Bonds” means the California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2026, authorized by, and at any time Outstanding pursuant to, the Indenture.

“Series 2026 Costs of Issuance Account of the Costs of Issuance Fund” means the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund established by the Trustee pursuant to Section 4.01 of this First Supplemental Indenture.

“Series 2026 Deed of Trust” means that certain Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of April 1, 2026, executed by the Borrower, as trustor, in favor of Chicago Title Company, as trustee thereunder, for the benefit of the Trustee, as trustee for the Holders of the Bonds, and for the benefit of the holders from time to time of Parity Debt, as may be supplemented or modified from time to time in accordance with the terms thereof.

“Series 2026 Facilities” means, collectively, the land as described in Exhibit A of the Series 2026 Deed of Trust, included as part of the “Mortgaged Property” as defined in the Series 2026 Deed of Trust, and the buildings, structures, fixtures, equipment, and other real and tangible personal property thereon from time to time.

“Series 2026 Lease Amendment” means the Second Amendment to Lease Agreement, dated as of April 1, 2026, by and between the Borrower and the Lessee, with respect to the Series 2026 Facilities.

“Series 2026 Project” has the meaning set forth in the Recitals of this First Supplemental Indenture.

“Series 2026 Project Account of the Project Fund” means the Series 2026 Project Account of the Project Fund established by the Trustee pursuant to Section 4.01 of this First Supplemental Indenture.

Section 1.03. Amended and Restated Definitions. The following definitions contained in Article I of the Original Indenture are hereby amended and restated to read as follows:

“Additional Bonds” means all revenue bonds of the Authority, other than the Series 2018 Bonds, authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II of this Indenture, including, without limitation, the Series 2026 Bonds.

“Agreement” or “Loan Agreement” means the Original Loan Agreement, as amended and supplemented by the Second Amendment to Loan Agreement, and as it may from time to time be further supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

“Authority Issuance Fee” means, with respect to the Series 2018 Bonds, \$15,000, and, with respect to the Series 2026 Bonds, \$[_____].

“Authorized Denominations” means (a) in the case of each of the Series 2018 Bonds and the Series 2026 Bonds, \$250,000 or any integral multiple of \$5,000 in excess thereof; provided, however, a Series 2018 Bond or a Series 2026 Bond held by a Beneficial Owner that has become held in a denomination of less than \$250,000 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 Section 2.09(d) of the Original Indenture (with respect to the Series 2018 Bonds) or Section 2.05 of this First Supplemental Indenture (with respect to the Series 2026 Bonds); and provided further that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$25,000 or any integral multiple of \$5,000 in excess thereof, and that upon the receipt by the Trustee of an Unrestricted Bond Rating Notice, such denominations shall be reduced to \$5,000 or any multiple thereof; and (b) in the case of Additional Bonds, the amount specified in the Supplemental Indenture authorizing the issuance thereof.

“Beneficial Ownership Interest” means the beneficial right to receive payments and notices with respect to the Series 2018 Bonds and the Series 2026 Bonds which are held by the Depository under a Book-Entry System.

“Bond Purchase Agreement” means (a) as to the Series 2018 Bonds, the Bond Purchase Agreement, dated August 17, 2018, by and 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; and (b) as to the Series 2026 Bonds, the Bond Purchase Agreement, dated [_____, 2026], by and 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.

“Book-Entry Form” or “Book-Entry System” means (a) with respect to the Series 2018 Bonds, a form or system, as applicable, under which (i) the Beneficial Ownership Interests may be transferred only through a book-entry-only system; and (ii) physical Series 2018 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Series 2018 Bond certificates “immobilized” in the custody of the Depository; and (b) with respect to the Series 2026 Bonds, a form or system, as applicable, under which (i) the Beneficial Ownership Interests may be transferred only through a book-entry-only system; and (ii) physical Series 2026 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Series 2026 Bond certificates “immobilized” in the custody of the Depository.

“Closing Date” means (a) with respect to the Series 2018 Bonds, the date of delivery of and payment for the Series 2018 Bonds, being August 29, 2018, (b) with respect to the Series 2026 Bonds, the date of delivery of and payment for the Series 2026 Bonds, being April [__,] 2026, and (c) with respect to any Additional Bonds, the date of delivery and payment for such Additional Bonds.

“Completion Date” means (a) the date of completion of the Series 2018 Project as that date shall be certified as provided in Section 5.08 of the Original Indenture, and such date shall be on or before August 28, 2021; and (b) the date of completion of the Series 2026 Project as that date shall be certified as provided in Section 5.08 of the Original Indenture, and such date shall be on or before April 1, 2029.

“Continuing Disclosure Agreement” means (a) with respect to the Series 2018 Bonds, the Continuing Disclosure Agreement entered into among the Dissemination Agent, the Borrower and the Lessee pursuant to Section 5.03 of the Loan Agreement, and (b) with respect to the Series 2026 Bonds, the Continuing Disclosure Agreement entered into among the Dissemination Agent, the Borrower and the Lessee pursuant to Section 9 of the Second Amendment to Loan Agreement.

“Deed of Trust” means, collectively, the Series 2018 Deed of Trust, the Series 2026 Deed of Trust, and any deed of trust that may be delivered in connection with the issuance of any Additional Bonds.

“Facilities” means, collectively, the Series 2018 Facilities and the Series 2026 Facilities.

“Indenture” means the Original Indenture, as supplemented by the First Supplemental Indenture, and as it may from time to time be supplemented, modified or amended by any other Supplemental Indenture.

“Lease” or “Leases” or “Lease Agreement” means (a) the Lease Agreement, dated as of August 1, 2018, by and between the Borrower and the Lessee, as amended by that certain Amendment to Lease, dated as of May 1, 2020 and by the Series 2026 Lease Amendment, and as

may be further amended from time to time, and (b) any other leases which may be entered into with respect to any Facilities financed with proceeds of Additional Bonds.

“Mandatory Sinking Account Payment” means the amount so designated which is established pursuant to: (a) Section 4.03(b) and (c) of the Original Indenture with respect to the Series 2018 Bonds, (b) Section 3.02(b) and (c) hereof with respect to the Series 2026 Bonds, and (c) Section 2.02(a)(iv)(C) hereof with respect to Term Bonds included in any other Series of Bonds.

“Offering Document” means (a) with respect to the Series 2018 Bonds, the Limited Offering Memorandum dated August 17, 2018, prepared in connection with the marketing and sale of Series 2018 Bonds, (b) with respect to the Series 2026 Bonds, the Limited Offering Memorandum dated [____], 2026, prepared in connection with the marketing and sale of Series 2026 Bonds, and (c) with respect to any series of Additional Bonds, the official statement or limited offering memorandum prepared in connection with the marketing and sale of such series of Additional Bonds.

“Project” means the Series 2018 Project or the Series 2026 Project, as applicable.

“Repair and Replacement Fund Requirement” means the total amount of (a) so long as any Series 2018 Bonds are Outstanding, an amount equal to \$50,000 (the “Series 2018 Repair and Replacement Fund Requirement”); and (b) so long as any Series 2026 Bonds are Outstanding, an amount equal to \$100,000 (the “Series 2026 Repair and Replacement Fund Requirement”) (for a total amount of \$150,000, so long as both the Series 2018 Bonds and the Series 2026 Bonds are Outstanding); provided, however, that the Series 2026 Repair and Replacement Fund Requirement shall initially be \$0 as of the Closing Date and shall increase by \$2,778 on the first Business Day of each month commencing August 1, 2026 until such Repair and Replacement Fund Requirement equals \$100,000; and provided, further, that the Repair and Replacement Fund Requirement shall be adjusted to reflect the amount recommended by the Facilities Consultant as provided in Section 6.01 of the Original Loan Agreement.

“Reserve Account Requirement” means, (a) for the Series 2018 Bonds, so long as any Series 2018 Bonds are Outstanding, an amount equal to \$701,250, (b) for the Series 2026 Bonds, so long as any Series 2026 Bonds are Outstanding, an amount equal to \$[_____] (for a total amount of \$[_____] , so long as both the Series 2018 Bonds and the Series 2026 Bonds are Outstanding), and (c) for any Series of Additional Bonds, an amount, determined at the time of issuance of such Additional Bonds, not to exceed the least of (1) 10% of the original principal amount of such Additional Bonds, (2) 125% of the average annual debt service payment on such Additional Bonds, (3) 100% of the maximum annual debt service payable on such Additional Bonds, or (4) an amount which, when added to the existing Reserve Account Requirement for each Series of Outstanding Bonds, will not cause the total Reserve Account Requirement to exceed the maximum annual debt service payable on the Outstanding Bonds and the Additional Bonds; provided the Reserve Account Requirement for any Series of Additional Bonds may be revised to a lesser amount in accordance with requirements of Regulations specifying the maximum amount in a reserve fund permitted to be invested without regard to investment yield.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Series 2018A Bonds and the Series 2026 Bonds, that such interest is excluded from gross income for federal income tax purposes (other than in the case of a Holder of any Bond who is a substantial user of the Project or a related person within the meaning of Section 147(a) of the Code), whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax-Exempt Bonds” means the Series 2018A Bonds, the Series 2026 Bonds and those other Bonds the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is Tax-Exempt.

“Underwriter” means (a) with respect to the Series 2018 Bonds and the Series 2026 Bonds, Stifel, Nicolaus & Company, Incorporated, and (b) with respect to any Additional Bonds, the underwriter of such Additional Bonds.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF SERIES 2026 BONDS

Section 2.01. Terms of Series 2026 Bonds.

(a) Pursuant to the provisions of the Indenture, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized and shall be designated “California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2026.” The Series 2026 Bonds are to be issued in the aggregate principal amount of \$[PAR] in Authorized Denominations.

(b) The Series 2026 Bonds shall be registered in accordance with the provisions set forth in Section 2.16 of the Original Indenture, as amended. The Series 2026 Bonds shall be dated the date of their delivery, and shall bear interest from their date of delivery. Interest on the Series 2026 Bonds shall be payable on June 1, 2026, and on each Interest Payment Date thereafter at the applicable interest rate per annum set forth herein, calculated on the basis of a 360-day year of twelve 30-day months until maturity (except as the provisions set forth herein with respect to redemption prior to maturity may become applicable thereto).

(c) The Series 2026 Bonds shall mature on June 1 in the years and in the principal amounts, and shall bear interest, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate
[]	\$[]	[]%
[]	[]	[]
[]	[]	[]

Section 2.02. Application of Proceeds of Bonds and Certain Other Moneys.

(a) The Underwriter shall wire the proceeds from the sale of the Series 2026 Bonds in the amount of \$[] (consisting of the par amount of the Series 2026 Bonds of \$[PAR].00, [plus/minus] an original issue [premium/discount] on the Series 2026 Bonds of \$[], less an underwriter's discount on the Series 2026 Bonds of \$[], [less the amount of \$[] wired directly to [Title Company] for the purchase of the Series 2026 Facilities and payment of certain costs of issuance), to the Trustee, who shall forthwith deposit such funds as follows:

(i) The Trustee shall deposit in the Series 2026 Project Account of the Project Fund the sum of \$[].

(ii) The Trustee shall deposit in the Reserve Account the sum of \$[].

(iii) The Trustee shall deposit in the Series 2026 Account of the Costs of Issuance Fund the sum of \$[].

The Trustee may, in its discretion, establish temporary funds or accounts in its books or records to facilitate such deposits and transfers.

(b) The Authority shall wire to the Trustee the amount of \$[], which shall be deposited by the Trustee into the Grant-Funded Reserve Subaccount of the Reserve Account. Any funds received by the Trustee from the Authority in excess of \$[] shall be returned by the Trustee to the Authority on the Closing Date.

(c) The Borrower shall wire to the Trustee an equity contribution in the amount of \$[], which shall be deposited by the Trustee as follows:

(i) [\$[]] shall be deposited into the Project Fund.]

(ii) [\$[]] shall be deposited into the Costs of Issuance Fund.]

(iii) [\$[]] shall be deposited into the Capitalized Interest Subaccount to pay interest on the Series 2026 Bonds through [].]

Section 2.03. Denominations; Form; Medium of Payment; Numbers. The Series 2026 Bonds shall be issued as fully registered bonds in Authorized Denominations thereof. The Series 2026 Bonds shall be substantially in the form set forth in Exhibit A attached hereto, with

such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Series 2026 Bonds shall be lettered “RA” and numbered consecutively commencing with RA-1.

Section 2.04. Place of Payment. The principal of (or Redemption Price of) the Series 2026 Bonds shall be payable at the Principal Corporate Trust Office of the Trustee. The principal of (or Redemption Price of) all Series 2026 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee as permitted by the Indenture.

Section 2.05. Approved Investors. Notwithstanding any other provision of the Indenture, the Series 2026 Bonds may not be registered in the name of, or transferred to, any person except an Approved Investor, unless the Authority and the Trustee have received an Unrestricted Rating Notice, in which case transfers shall not be restricted to Approved Investors. Only (i) Beneficial Owners or (ii) the person(s) in whose name(s) the Series 2026 Bonds are registered under the Indenture shall be treated as Holders and shall have the rights of Holders under the Indenture. Unless the Authority has received an Investment Grade Notice, each initial Beneficial Owner shall provide to the Authority and the Trustee an executed investor letter, substantially in the form attached hereto as Exhibit D.

ARTICLE III

REDEMPTION OF SERIES 2026 BONDS PRIOR TO MATURITY

Section 3.01. Redemption at the Direction of the Borrower.

The Series 2026 Bonds are subject to redemption prior to their stated maturity on or after June 1, 20[___], at the option of the Borrower, from any source of available funds, as a whole or in part on any date specified by the Borrower in a written notice given to the Trustee (with a copy to the Authority) at least 60 days prior to such redemption date (in such amounts and of such Mandatory Sinking Account Payments as may be specified by the Borrower, or if the Borrower fails to specify such amounts and such Mandatory Sinking Account Payments, in inverse order of Mandatory Sinking Account Payments), at the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

Section 3.02. Redemption Other Than at the Borrower’s Direction.

(a) The Series 2026 Bonds are subject to extraordinary redemption in whole or in part at any time at a redemption price equal to the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest thereon to the redemption date, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, upon the occurrence of any of the following events:

(i) The Series 2026 Facilities shall have been damaged or destroyed, in whole or in part, to such extent that, as expressed in a consulting architect’s certificate filed with the Trustee, (A) the Series 2026 Facilities cannot reasonably

be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Lessee is thereby prevented from carrying on its normal operations at the Series 2026 Facilities for a period of six consecutive months or (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement.

(ii) Title to or the temporary use of, all or any substantial part of the Series 2026 Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in such agreement or unreasonable burdens or excessive liabilities shall have been imposed on the Borrower or the Lessee in respect to the Series 2026 Facilities. Redemption as described in this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or of a condemnation award may be used for a partial redemption of Series 2026 Bonds pursuant to subsections (i) or (ii) above.

(b) Subject to the terms and conditions set forth in this Section, the Series 2026 Term Bonds maturing on June 1, 20[] shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

Series 2026 Term Bond Maturing June 1, 20[]	
Mandatory Sinking Account Payment Dates (June 1)	Mandatory Sinking Account Payments
	\$

*

* Maturity

Subject to the terms and conditions set forth in this Section, the Series 2026 Term Bonds maturing on June 1, 20[] shall be redeemed (or paid at maturity, as the case may

be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2026 Term Bond Maturing
June 1, 20[]**

**Mandatory Sinking
Account Payment Dates
(June 1)**

**Mandatory Sinking
Account Payments**

\$

*

* Maturity

Subject to the terms and conditions set forth in this Section, the Series 2026 Term Bonds maturing on June 1, 20[] shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

**Series 2026 Term Bond Maturing
June 1, 20[]**

**Mandatory Sinking
Account Payment Dates
(June 1)**

**Mandatory Sinking
Account Payments**

\$

*

* Maturity

(c) The Series 2026 Bonds are subject to mandatory redemption as a whole and not in part at the principal amount thereof, plus accrued interest thereon to the date of redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, upon the occurrence of a Determination of Taxability related to such Series 2026 Bonds. The redemption date shall be the earliest practicable date selected by the Trustee, after consultation with the Lessee, but in no event later than six (6) months following the finalization of the Determination of Taxability.

(d) The Series 2026 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 Series 2026 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 plus 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, on the earliest date for which notice of redemption can reasonably be given in accordance with the Indenture.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. Creation of Series 2026 Accounts. In connection with the issuance of the Series 2026 Bonds, there are hereby established with the Trustee (a) a Series 2026 Project Account within the Project Fund, (b) a Series 2026 Costs of Issuance Account within the Costs of Issuance Fund and (c) a Capitalized Interest Subaccount within the Interest Account.

Section 4.02. Application of Series 2026 Project Account.

(a) The Trustee shall establish, maintain and hold in trust a separate account within the Project Fund designated as the “Series 2026 Project Account of the Project Fund” and shall deposit the amount set forth in Section 2.03(c) of this First Supplemental Indenture in the Series 2026 Project Account of the Project Fund. The moneys in the Series 2026 Project Account of the Project Fund shall be used and withdrawn by the Trustee to pay the Project Costs in connection with the Series 2026 Project. No moneys in the Project Fund shall be used to pay Costs of Issuance or Operating Expenses.

(b) Before any payment from the Series 2026 Project Account of the Project Fund shall be made, the Borrower shall file or cause to be filed with the Trustee a Requisition, in substantially the form attached hereto as Exhibit B, together with the invoice or statement evidencing the cost incurred. Upon receipt of a Requisition, the Trustee shall pay the amount set forth in such Requisition as directed by the terms thereof out of the Series 2026 Project Account of the Project Fund. The Trustee may conclusively rely upon such Requisition and shall have no responsibility or duty to investigate any of the matters set forth therein. The Trustee shall 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. The Completion Date of the Series 2026 Project shall be evidenced to the Trustee by the furnishing of a Certificate required by Section 5.15 of the Original Loan Agreement, as amended (the “Completion Certificate”). Any moneys (including investment proceeds) remaining in the Project Fund on the Completion Date shall on such date be deposited by the Trustee, at the direction of the Borrower, (i) to the Interest Account for payment of interest on the Bonds, or (ii) to the Borrower, upon delivery to the 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. Upon such transfer, the Project Fund shall be closed.

Section 4.03. Application of Series 2026 Costs of Issuance Account. The Trustee shall deposit the amount set forth in Section 2.02(b) of this First Supplemental Indenture in the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund. Moneys deposited in the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2026 Bonds upon a Requisition executed by the Borrower in substantially the form attached hereto as Exhibit C 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. On the 180th day following the initial issuance of the Series 2026 Bonds, or earlier upon the earlier Request of the Borrower, amounts, if any, remaining in the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund shall be transferred to the Series 2026 Project Account of the Project Fund.

Section 4.04. Application of Capitalized Interest Subaccount. The Trustee shall make transfers from the Capitalized Interest Subaccount to the Interest Account on the following dates and in the following amounts, for the payment of interest on the Bonds. Following the final transfer, the Capitalized Interest Subaccount shall be closed.

Date	Capitalized Interest Subaccount Transfer Amount
April 24, 2026	[\$_____]
November 24, 2026*	Remaining amount

* Final Transfer.

ARTICLE V

MISCELLANEOUS AMENDMENTS

Section 5.01. Amendment of Section 4.05 of the Original Indenture. Section 4.05 of the Original Indenture is hereby amended to add the following subsection (c) thereto:

(c) In connection with the redemption of the Bonds pursuant to Sections 3.01 or 3.02(a), (d) or (e) of the First Supplemental Indenture, the Borrower shall give written notice of redemption to the Bond Trustee (with a copy to the Authority) not less than forty (40) days prior to the redemption date (or such shorter notice as the Bond Trustee may approve).

Section 5.02. Amendment of Section 5.02 of the Original Indenture. The paragraph numbered "FIFTH" in Section 5.02 of the Original Indenture is hereby amended and restated to read as follows:

FIFTH, to the Repair and Replacement Fund, (i) with respect to the Series 2018 Bonds, from and after October 1, 2018 and so long as any Series 2018

Bonds are Outstanding, \$1,390, until the balance therein is at least equal to the Series 2018 Repair and Replacement Fund Requirement; plus (ii) with respect to the Series 2026 Bonds, from and after July 25 2026 and so long as any Series 2026 Bonds are Outstanding, \$2,778, until the balance therein is at least equal to the Series 2026 Repair and Replacement Fund Requirement; and thereafter (iii) 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 (iv) in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement due to valuation of the amounts deposited therein in accordance with Section 5.10 hereof, 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);

Section 5.03. Amendment of the Definition of Permitted Liens. Paragraph (e) of the definition of Permitted Liens is hereby amended and restated to read as follows:

(e) with respect to the Series 2018 Facilities, any Lien which is existing on the date of delivery of the Series 2018 Bonds, as identified in the title policy delivered to the Trustee pursuant to Section 5.14 of the Agreement, and incorporated into this Indenture by this reference, and set forth in Exhibit B attached to the Original Indenture, and, with respect to the Series 2026 Facilities, any Lien which is existing on the date of delivery of the Series 2026 Bonds, as identified in the title policy delivered to the Trustee pursuant to Section 5.14 of the Agreement, and set forth in Exhibit E attached to the First Supplemental 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 the Borrower not subject to such Lien on such date unless such Lien as so increased, extended, renewed or modified (i) otherwise qualifies as a Permitted Lien under this Indenture, or (ii) 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 Debt Service) on such Indebtedness is not increased as a result of the refinancing of such Indebtedness;

Section 5.04. Amendment of Section 5.05 of the Original Indenture. Section 5.05 of the Original Indenture is hereby amended and restated to read as follows:

Section 5.05. Application of Reserve Account.

(a) Within the Reserve Account, the Trustee shall establish and maintain the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. All amounts in the Reserve Account shall 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; provided, however, that monies and securities held by the Trustee in the Grant-Funded Reserve Subaccount shall not be used for (i) the redemption of all Series 2018 Bonds then Outstanding pursuant to Section 4.02, Section 4.03(a) or Section 4.03(d) of the Original Indenture; or (ii) the redemption of all Series 2026 Bonds then Outstanding pursuant to Section 3.01, Section 3.02(a) or Section 3.02(d) of the First Supplemental Indenture; and provided further that no withdrawal from the Reserve Account shall be made for the purpose of making up a deficiency in the Interest Account or Principal Account with respect to payments on Parity Debt not secured by the Reserve Account pursuant to Section 5.05(c) hereof. The Trustee shall draw from the Bond Reserve Subaccount until exhausted prior to making any draw from the Grant-Funded Reserve Subaccount.

(b) The Trustee shall notify the Authority and the Borrower immediately of any withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account, which notice shall specify the amount of such withdrawal from each of the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. The Trustee shall notify the Authority immediately of the final maturity, earlier redemption in full of the Bonds or the date on which no Bonds are Outstanding hereunder (including as provided in Article X hereof). Any deficiency in the Grant-Funded Reserve Subaccount must be fully replenished prior to the replenishment of any deficiency in the Bond Reserve Subaccount.

(c) Notwithstanding the foregoing, the Reserve Account may also secure Parity Debt provided that the Reserve Account is funded in an amount equal to the Reserve Account Requirement assuming that the term “Bonds” in the definition of Reserve Account Requirement includes the Bonds and such Parity Debt.

(d) Immediately following the date on which no Bonds are Outstanding hereunder (including as provided in Article X hereof), the Trustee shall transfer to the Authority any amounts remaining on deposit in the Grant-Funded Reserve Subaccount. Thereafter the Trustee shall close the Grant-Funded Reserve Subaccount.

(e) Amounts on deposit in the Reserve Account shall be valued by the Trustee at their fair market value, plus accrued interest to such valuation date, each July 1, commencing on July 1, 2019, and the Trustee shall notify the Borrower and the Lessee of the results of such valuation in the event of a deficiency. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is less than the Reserve Account Requirement, the

Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by Section 5.02 hereof. 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 \$[] shall be paid to the Authority free and clear of the lien of the Indenture; and (ii) any additional excess shall be withdrawn from the Bond Reserve Subaccount of the Reserve Account and transferred to the Revenue Fund.

Section 5.05. Amendment of Section 5.11 of the Original Indenture. Section 5.11 of the Original Indenture is hereby amended and restated to read as follows:

Section 5.11. Investment of Moneys in Funds and Accounts. Except as set forth in Section 5.07(d) hereof, all moneys in any of the funds and accounts established pursuant to this Indenture other than the Grant-Reserve Subaccount of the Reserve Account shall be invested and reinvested by the Trustee, upon the written direction of an Authorized Representative of the Borrower, solely in Investment Securities. The Trustee shall be entitled to rely upon any investment direction provided to it hereunder as a certification to the Trustee that such investment constitutes an Investment Security. In the absence of written investment directions from an Authorized Representative of the Borrower, the Trustee shall invest solely in Investment Securities set forth in clause (f) of the definition thereof. All Investment Securities shall be acquired subject to the limitations set forth in Section 6.06 hereof, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Borrower.

Moneys in all funds and accounts (other than the Reserve Account) shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture. Moneys in the Bond Reserve Subaccount of the Reserve Account shall be invested in Investment Securities with a maturity of or ability to withdraw in full not to exceed five years from the date of investment. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement. Investment Securities that are registrable securities shall be registered in the name of the Trustee or its nominee.

All moneys in the Grant-Funded Reserve Subaccount of the Reserve Account shall be invested by the 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 Trustee, the Trustee shall invest to the extent practicable in investments described in clause (e) of the definition of the term "Grant-Funded Reserve Eligible Securities" set forth in this Indenture; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Borrower specifying a specific

money market fund and, if no such Request of the Borrower is so received, the Trustee shall hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys in the Rebate Fund shall be deposited when received in such fund. All interest, profits and other income received from the investment of moneys in any other fund or account established pursuant to this Indenture (other than the Rebate Fund and the Reserve Account) shall be deposited when received (a) prior to the completion of the Project, in the Project Fund; and (b) thereafter, in the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Investment Securities acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account (other than the Reserve Account), all Investment Securities credited to such fund or account shall be valued at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or market value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price).

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund) into a separate fund or funds for investment purposes only; provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment and shall be paid its customary fee therefor. The Trustee may sell or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03 hereof, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section.

By execution of the Loan Agreement, the Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive broker confirmations of security transactions as they occur. Borrower specifically waives such notification to the extent permitted by law and acknowledges that the Borrower will receive periodic cash transaction statements, which will detail all investment transactions. Unless contrary to written investment directions previously submitted to the Trustee, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect

the investment directions given to the Trustee by the Borrower, unless the Borrower notifies the Trustee in writing to the contrary within 30 days after the date of such statement.

Section 5.06. Amendment of Article VII of the Original Indenture. Article VII of the Original Indenture is hereby amended by adding the following Section 7.11 thereto:

Section 7.11. Authority Retained Rights. Nothing in this Article shall limit in any respect the right of the Authority to enforce or waive any of the Retained Authority Rights under the Loan Agreement.

Section 5.07. Miscellaneous Amendments.

(a) The reference in Section 2.16(f) of the Original Indenture to “Series 2018 Bonds” is hereby amended to read “Series 2018 Bonds and the Series 2026 Bonds.”

(b) All references in Section 4.03(a) of the Original Indenture to the “Facilities” are hereby deleted and replaced with the words “Series 2018 Facilities.”

(c) The first reference in Section 5.10(b) of the Original Indenture to “the Series 2018 Bonds” is hereby amended to read “a Series of Tax-Exempt Bonds,” and the second reference to “the Series 2018 Bonds” in such Section 5.10(b) is hereby amended to read “such Series of Tax-Exempt Bonds.”

ARTICLE VI

MISCELLANEOUS

Section 6.01. Covenant To Enter Into Agreement or Contract To Provide Ongoing Disclosure. The Borrower has covenanted and agreed with the Authority in Section 9 of the Second Amendment to Loan Agreement to enter into an agreement or contract, constituting an undertaking to provide ongoing disclosure for the benefit of the Bondholders and Beneficial Owners of the Series 2026 Bonds as required by Paragraph (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, Section 240.15c2-12) (the “Disclosure Requirements”), but only to the extent the Series 2026 Bonds are at any time not exempt from the Disclosure Requirements. Section 9 of the Second Amendment to Loan Agreement shall be enforceable by any Bondholder, Participating Underwriter or Beneficial Owner. However, neither the Authority nor the Trustee shall have any duty to enforce Section 9 of the Second Amendment to Loan Agreement. The Authority shall have no liability to the Bondholders, Participating Underwriters, Beneficial Owners or any other person with respect to the actions by the Borrower relating to the Disclosure Requirements. Notwithstanding any other provision of the Indenture, failure of the Borrower to comply with Section 9 of the Second Amendment to Loan Agreement shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2026 Bonds, to the extent indemnified to its satisfaction from any liability or expense, shall, or any Beneficial Owner may, take such action 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 Section 9 of the Second Amendment to Loan Agreement.

Section 6.02. Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this First Supplemental Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 6.03. Severability. In the event any provision of this First Supplemental Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.04. Governing Law, Venue. This First Supplemental Indenture and the Series 2026 Bonds shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This First Supplemental Indenture and the Series 2026 Bonds shall be enforceable in the State, and any action arising out of this First Supplemental Indenture shall be filed and maintained in Sacramento County Superior Court, Sacramento County, California unless the Authority waives this requirement. Each party agrees that the exclusive (subject to waiver as set forth herein) choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Indenture brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

Section 6.05. Execution in Counterparts. This First Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6.06. Notices. All notices to Bondholders shall be given by Electronic Means unless otherwise provided herein and, if by a telecommunications device not capable of producing a written notice, confirmed in writing as soon as practicable. Any notice to or demand upon the Trustee shall be in writing, may be served or presented, and such notice or demand may be made, at the Principal Corporate Trust Office of the Trustee or at such other address as may have been filed in writing by the Trustee with the Authority. Any notice to or demand upon the Authority, the Underwriter or the Borrower shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by Electronic Means or by being deposited, postage prepaid, in a U.S. Postal Service letter box, addressed, as the case may be, as follows (or to such other addresses as may have been filed in writing by the Authority, the Lessee or the Borrower with the Trustee):

to the Authority: California School Finance Authority
State Treasurer's Office
300 S. Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director

to the Borrower: Larchmont LFP LLC
c/o Larchmont Schools
444 N. Larchmont Boulevard, Suite 207
Los Angeles, California 90004
Attention: Executive Director

to the Lessee: Larchmont Schools
444 N. Larchmont Boulevard, Suite 207
Los Angeles, California 90004
Attention: Executive Director

to the Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust Department

to the Underwriter: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067
Attention: John Kim

Notwithstanding the foregoing provisions of this Section, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of any notice, unless and until the Trustee actually receives such notice.

Section 6.07. Concerning the Trustee. Except with respect to the Trustee's mailing of notice to the Registered Owners of the Bonds, the Trustee assumes no responsibility for the correctness of the recitals contained herein, which shall be deemed to be solely those of the Authority and not of the Trustee, and makes no representation as to the validity or sufficiency of either the Notice to Registered Owners or this First Supplemental Indenture.

Section 6.08. Effect of Agreement. Except to the extent amended by this First Supplemental Indenture, all of the respective terms, conditions and provisions of the Original Indenture shall remain in full force and effect in accordance with their respective original tenor and terms.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this First Supplemental Indenture to be executed in their respective corporate names by their duly authorized representatives, all as of the date first above written.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Deputy Treasurer for Chair,
State Treasurer, Fiona Ma

By: _____
Katrina Johantgen, Executive Director

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Officer

ACKNOWLEDGED AND ACCEPTED:

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS, a California
nonprofit public benefit corporation,
its Manager

By: _____
Amy Held
Executive Director

EXHIBIT A

FORM OF SERIES 2026 BONDS

THIS BOND IS SUBJECT TO TRANSFER RESTRICTIONS AS SET FORTH IN THE INDENTURE (DEFINED HEREIN). BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS AN APPROVED INVESTOR AS DEFINED IN THE INDENTURE. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, OR BENEFICIAL OWNERSHIP CAN ONLY BE HELD BY AN APPROVED INVESTOR. THE TRANSFER RESTRICTIONS HEREOF MAY BE REMOVED ONLY PURSUANT TO CERTAIN PROVISIONS OF THE INDENTURE. IN THE EVENT SUCH RESTRICTIONS ARE REMOVED, THE TRUSTEE SHALL PROVIDE NOTICE THEREOF AS SET FORTH IN THE INDENTURE.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CALIFORNIA SCHOOL FINANCE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA 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 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 MAKE FUNDS AVAILABLE TO THE SCHOOL IN ANY AMOUNT OR AT ANY TIME.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR

OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

NUMBER AMOUNT

RA-[] \$[]

CALIFORNIA SCHOOL FINANCE AUTHORITY

CHARTER SCHOOL REVENUE BONDS
(LARCHMONT CHARTER SCHOOL PROJECT)
SERIES 2026

Interest Rate	Maturity Date	Dated Date	CUSIP Number
[]%	June 1, 20[]	April [], 2026	[]

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: [] DOLLARS

CALIFORNIA SCHOOL FINANCE AUTHORITY, a public instrumentality of the State of California (herein called the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder stated above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal amount stated above in lawful money of the United States of America; and to pay interest thereon (but only from said Revenues and other assets pledged therefor) in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the rate per annum stated above, payable on June 1 and December 1 of each year, commencing June 1, 2026. The principal (or redemption price) hereof is payable upon surrender at the Principal Corporate Trust Office of Wilmington Trust, National Association, as trustee (together with any successor trustee, herein called the “Trustee”). Interest hereon is payable by check mailed by first-class mail on each interest payment date (except with respect to defaulted interest) to the person whose name appears on the bond registration books of the Trustee as the registered holder hereof as of the close of business on the fifteenth calendar day of the month preceding such interest payment date, whether or not such day is a Business Day (the “Record Date”) at the address appearing on the bond registration books maintained by the Trustee, or by wire transfer to an account within the United States to any registered holder of at least \$1,000,000 in principal amount of Bonds if such registered holder has submitted a written request for such wire transfer or by deposit to the Trustee at least one Business Day prior to the Record Date. Interest shall be calculated on a 360-day year basis of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Authority designated as “California School Finance Authority Charter School Revenue Bonds (Larchmont Charter

School Project), Series 2026” (herein called the “Series 2026 Bonds” or this “Bond”), in the original aggregate principal amount of \$[[PAR] and issued pursuant to an Indenture of Trust, dated as of August 1, 2018, as amended and supplemented by a First Supplemental Indenture, dated as of April 1, 2026, each by and between the Authority and the Trustee (together, the “Indenture”). The Series 2026 Bonds have been authorized and issued pursuant to the laws of the State, including particularly the Act. The Series 2026 Bonds are issued for the purpose of making a loan to Larchmont LFP LLC, a California limited liability company whose sole member is an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (herein called the “Borrower”), pursuant to a Loan Agreement, dated as of August 1, 2018, as amended and supplemented by an Amendment to Loan Agreement, dated as of May 1, 2020, and a Second Amendment to Loan Agreement, dated as of April 1, 2026, each by and between the Authority and the Borrower (collectively, the “Loan Agreement”), for the purposes and on the terms and conditions set forth therein.

Reference is hereby made to the Indenture (a copy of which is on file at said Principal Corporate Trust Office of the Trustee) and to the Loan Agreement (a copy of which is on file at said Principal Corporate Trust Office of the Trustee) for a description of the rights thereunder of the registered Holders of the Series 2026 Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture and Loan Agreement the registered holder of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Series 2026 Bonds are Additional Bonds issued on a parity basis with the Authority’s Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A, originally issued in the aggregate principal amount of \$11,305,000 (the “Series 2018 Bonds”). The Series 2018 Bonds and the Series 2026 Bonds and the interest thereon are payable from Revenues and, from certain funds and accounts established and maintained under the Indenture, and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (including proceeds of the sale of the Series 2026 Bonds but excluding amounts held in the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Series 2018 Bonds and the Series 2026 Bonds are further secured by an assignment of the right, title and interest of the Authority in the Loan Agreement and in the Deed of Trust (to the extent and as more particularly described in the Indenture).

The Series 2026 Bonds may only be transferred to, and Beneficial Ownership Interests only held by (i) a “Qualified Institutional Buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended) or (ii) an “Accredited Investor” (as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended). The transfer restrictions hereof may be removed only pursuant to certain provisions of the Indenture. In the event such restrictions are removed, the Trustee shall provide notice thereof as set forth in the Indenture.

The Series 2026 Bonds are subject to redemption prior to their stated maturity, at the times and redemption prices, upon the notice and subject to the terms and conditions set forth in the Indenture. If this Bond is called for redemption and payment is duly provided therefor as

specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default shall occur, the principal of all Series 2026 Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the Holders of not less than a majority in aggregate principal amount of the Series 2026 Bonds then outstanding or by the Trustee.

The Series 2026 Bonds are issuable only as fully registered Series 2026 Bonds in denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof; provided, however, that upon the receipt by the Trustee of an Investment Grade Notice, such denominations shall be reduced to \$25,000 or any integral multiple of \$5,000 in excess thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Series 2026 Bonds may be exchanged, at the Principal Corporate Trust Office of the Trustee, for a like aggregate principal amount of Series 2026 Bonds of authorized denominations of the same series, terms and maturity.

This Bond is transferable by the registered holder hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a Series 2026 Bond or Series 2026 Bonds, of authorized denomination or denominations, of the same series, terms and maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

The Authority and the Trustee may treat the registered holder hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the registered Holders of the Series 2026 Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, subject to the conditions and upon the terms provided in the Indenture.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the constitution and laws of the State of California, and is not in excess of the amount of Series 2026 Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the California School Finance Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair, as of the Dated Date recited above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Chair

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Social Security or Federal Taxpayer Identification Number)

(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF REQUISITION FROM PROJECT FUND

The undersigned authorized representative of Larchmont LFP LLC (the “Borrower”) hereby requests Wilmington Trust, National Association, as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of August 1, 2018, as supplemented by the First Supplemental Indenture, dated as of April 1, 2026, each by and between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown in Schedule I and attached invoices for the purposes indicated therein from the Series 2026 Project Account of the Project Fund established and maintained under the Indenture.

The Borrower hereby certifies that:

(a) obligations in amounts stated in this Requisition have been incurred by the Borrower or Larchmont Schools (the “Lessee”), as applicable, and are presently due and payable and each item is a proper charge against the Series 2026 Project Account of the Project Fund and has not been previously paid from the Series 2026 Project Account of the Project Fund; and

(b) there has not been filed with or served upon the Borrower or the Lessee 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 this Requisition, that 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.

Dated: _____

LARCHMONT LFP LLC

By _____
Authorized Representative

SCHEDULE I
(PROJECT FUND REQUISITION)

<u>Item no.</u>	<u>Name/Address</u>	<u>Amount</u>	<u>Purpose</u>

EXHIBIT C

FORM OF REQUISITION FROM COSTS OF ISSUANCE FUND

The undersigned authorized representative of Larchmont LFP LLC (the “Borrower”) hereby requests Wilmington Trust, National Association, as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of August 1, 2018, as supplemented by the First Supplemental Indenture, dated as of April 1, 2026, each by and between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown in Schedule I and attached invoices for the purposes indicated from the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund established and maintained under the Indenture.

The Borrower hereby certifies that obligations in amounts stated in this Requisition have been incurred by the Borrower or Larchmont Schools, as applicable, and are presently due and payable and each item is a proper charge against the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund and has not been previously paid from the Series 2026 Costs of Issuance Account of the Costs of Issuance Fund.

Dated: _____

LARCHMONT LFP LLC

By _____
Authorized Representative

SCHEDULE I
(COSTS OF ISSUANCE FUND REQUISITION)

<u>Item no.</u>	<u>Name/Address</u>	<u>Amount</u>	<u>Purpose</u>

EXHIBIT D
FORM OF INVESTOR LETTER

[Included in Limited Offering Memorandum for the Series 2026 Bonds]

EXHIBIT E

SERIES 2026 FACILITIES: PERMITTED LIENS

[to be inserted from final title report]

LOAN AGREEMENT

by and between

CALIFORNIA SCHOOL FINANCE AUTHORITY,
as Authority

and

LARCHMONT LFP LLC,
as Borrower

Relating to:

\$11,305,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
Series 2018A

\$330,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
(Taxable) Series 2018B

Dated as of August 1, 2018

All of the rights, title and interest of the California School Finance Authority (the "Authority") in and to this Loan Agreement (except for the Retained Authority Rights) are being assigned to Wilmington Trust, National Association, as trustee (the "Trustee"), as security for the above referenced bonds pursuant to a certain Indenture of Trust, dated as of August 1, 2018, by and between the Authority and the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of August 1, 2018 (the “Loan Agreement”), by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California (the “Authority”), and **LARCHMONT LFP LLC**, a California limited liability company (the “Borrower”), whose sole member is Larchmont Schools, a California nonprofit public benefit corporation, all under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses hereto are defined in Article I hereof);

WITNESSETH:

WHEREAS, the Authority is a public instrumentality of the State of California, created by 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 of California) (the “Act”) and is authorized to issue bonds and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing of a project (as defined in the Act) pursuant to the Act in conjunction with schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”); and

WHEREAS, the Authority is authorized pursuant to the Act to enter into this Loan Agreement; and

WHEREAS, the Borrower, whose sole member is a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has applied for the financial assistance of the Authority in the financing of the acquisition, construction, renovation and equipping of certain facilities (including the Facilities) described in Exhibit A hereto (as set forth in Exhibit A, the “Project”) such facilities to be owned or leased by Borrower; and

WHEREAS, the Facilities will be leased by the Borrower to Larchmont Schools (the “Lessee”), a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Code, which operates a school under the Charter School Law at the Facilities; and

WHEREAS, the Authority proposes to loan the proceeds of the Bonds to the Borrower, and the Borrower desires to borrow the proceeds of the Bonds upon the terms and conditions set forth herein; and

WHEREAS, pursuant to the Deed of Trust, the Borrower is assigning without recourse all of its rights, title and interest under and pursuant to the Lease to the Trustee, as assignee of the Authority, including its right to receive the rental payments due and any remedies it may be entitled to thereunder as security for the obligations of the Borrower hereunder; and

WHEREAS, for and in consideration of such loan, the Borrower agrees, inter alia, to make loan payments sufficient to pay on the dates specified in Section 4.01 hereof, the principal of, and premium, if any, and interest on, the Bonds; and

WHEREAS, the Authority has authorized the issuance of its Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A, in an aggregate principal amount of \$11,305,000, and its Charter School Revenue Bonds (Larchmont Charter School Project) (Taxable), Series 2018B, in an aggregate principal amount of \$330,000, to finance or refinance the Project; and

WHEREAS, each of the Authority and the Borrower has duly authorized the execution, delivery and performance of this Loan Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Indenture of Trust, dated as of August 1, 2018, by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"), as originally executed and as amended or supplemented from time to time.

Section 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as applicable.

(b) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Unless the context otherwise indicates, all references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Content of Certificates and Opinions. Every certificate or Opinion of Counsel provided for in this Loan Agreement with respect to compliance with any provision hereof shall include the requirements set forth in Section 1.02 of the Indenture.

ARTICLE II

FINDINGS OF THE AUTHORITY; REPRESENTATIONS AND WARRANTIES OF THE BORROWER

Section 2.01. Findings of the Authority. The Authority hereby 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 hereunder 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 Indenture to the funding of the Project) does not exceed the costs of the Project as determined by the Borrower.

Section 2.02. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Authority that, as of the date of the execution of this Loan Agreement and as of the Closing Date 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 limited liability company whose sole member is the Lessee, in good standing under the laws of the State, and has full legal right, power and authority to enter into the Borrower Documents, and to carry out all of its obligations under and consummate all transactions contemplated by the Borrower Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Borrower Documents.

(b) The officers of the Borrower, or of the sole member of the Borrower as the case may be, executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

(c) The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

(d) The Borrower Documents, when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their respective terms for the benefit of the Holders of the Bonds, and any Retained Authority Rights and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their respective 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.

(e) The execution and delivery of the Borrower Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of organization of the Borrower, its operating agreement, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower.

(f) The Borrower is not (i) in violation of any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree, which violation would materially adversely affect the financial condition, assets, properties or operations of the Borrower; or (ii) in default under any loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Borrower is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument, which default would materially adversely affect 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 herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof and 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.

(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 Borrower represents that the Lessee 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 Borrower represents that (a) it is a single member limited liability company; (b) its sole member is an organization described in Section 501(c)(3) of the Code; (c) it has not filed Form 8832 to be treated as a corporation and has not otherwise made an election to be treated as a corporation for federal income tax purposes; (d) the Foundation has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to treat the Borrower as a corporation for federal income tax purposes; and (e) the Borrower continues to be treated, or has made an election to be treated, as a single member "disregarded entity" for federal income tax purposes.

(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 Project and the Lessee, and/or any guarantor, fairly and accurately present the financial position thereof, 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 Borrower represents that the Lessee'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 Lessee 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 Lessee 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 Lessee's activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Lessee's goods, services, income or assets, without fair compensation or consideration received in exchange therefor; it has not received any indication or notice to the effect that the Borrower's exemption from federal income taxation under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect; the Lessee 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 Lessee 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 Lessee to lose its exemption from federal income taxation under Section 501(c)(3) of the Code or cause interest on the Tax-Exempt Bonds to be includable in the income of the recipients thereof for federal income tax purposes.

(n) The Borrower 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 Borrower to lose its exemption from federal income taxation under Section 501(c)(3) of the Code or cause interest on the Tax-Exempt Bonds to be includable in the income of the recipients thereof for federal income tax purposes. As long as the Bonds are Outstanding, the Borrower 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 Tax-Exempt Bonds to become includable in the gross income of the owners of the Tax-Exempt Bonds for federal income tax purposes.

(o) The Borrower shall not use (or permit the use of) any proceeds of the Tax-Exempt 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 Tax-Exempt Bonds.

(p) Except as provided in the Indenture and this 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 this 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.

(q) 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.

(r) 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 Facilities incurred in the ordinary course of business, none of which constitutes indebtedness for borrowed money.

(s) The Borrower has not entered into this transaction or 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).

(t) 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.

(u) 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.

(v) 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.

(w) 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 Tax-Exempt Bonds as tax exempt executed by the Borrower, are true, correct, and complete in all material respects as of the Closing Date.

(x) The Borrower is a “participating party” as defined in the Act, and the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Project is a “project” as defined in the Act. The Borrower shall use the Loan to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Project.

(y) Upon acquisition by the Borrower of the Mortgaged Property and the recording of the grant deed in the name of the Borrower as the grantee and owner of the Mortgaged Property, the Borrower will have good and marketable title to the Mortgaged Property free and clear from all encumbrances other than *Permitted Liens and the Lease*.

(z) Without limiting the other provisions of this Loan Agreement, the Indenture, or the Deed of Trust, the Borrower expects and intends to own the Mortgaged Property, and expects to lease the Facilities to the Lessee pursuant to the Lease, for a term (including extended terms) that will continue while the Series 2018 Bonds are Outstanding under the Indenture. Except as permitted under the Lease, the Borrower shall not voluntarily terminate the Lease while any Series 2018 Bonds are Outstanding under the Indenture.

(aa) The Borrower does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(bb) As of the Closing Date, the Borrower has and will have title to the Facilities sufficient to carry out the purposes of this Loan Agreement and the Lease.

(cc) 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 Project and will be acquired, constructed, expanded, remodeled, renovated, improved, furnished, equipped and/or installed (as applicable) and the Facilities will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(dd) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the 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 Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Documents and the Indenture or otherwise relied on the Authority for any advice.

(ee) Any certificate signed by the Authorized Representative of the Borrower and delivered pursuant to the Indenture, this Loan Agreement, the other Borrower Documents, or any of the other related documents or to be executed and delivered in accordance with the Indenture shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(ff) The Project and the Facilities are not in violation of any federal, state or local Environmental Regulations. Neither the Borrower nor any of the Facilities 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.

(gg) No portion of the Project includes any property used or to be used for sectarian instruction or study, as a place for devotional activities or religious worship, or primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(hh) Every surviving, resulting or transferee entity and other person referred to in this Section shall be bound by all of the covenants and agreements of the Borrower herein.

(ii) Borrower has retained or shall retain the services of a qualified rebate analyst to perform any and all calculations required to demonstrate compliance with its covenants herein with respect to the requirements of Section 148 of the Code as applicable to the Bonds.

(jj) The Borrower hereby acknowledges receipt of an original counterpart of the Indenture and hereby approves the Indenture.

ARTICLE III

ISSUANCE OF BONDS; LOAN OF PROCEEDS

Section 3.01. The Bonds. Pursuant to the Indenture, the Authority has authorized the issuance of the Series 2018 Bonds in the aggregate principal amount of \$11,635,000. The Authority hereby loans and advances to the Borrower, and the Borrower hereby borrows and accepts from the Authority (solely from the proceeds of the sale of the Series 2018 Bonds), the proceeds of the Series 2018 Bonds to be applied under the terms and conditions of this Loan Agreement and the Indenture. The Borrower hereby approves the Indenture, the assignment thereunder to the Trustee of the right, title and interest of the Authority in this Loan Agreement (except for the Retained Authority Rights) and in and to the Deed of Trust and the issuance thereunder by the Authority of the Bonds. The Borrower shall, or shall cause the Lessee to, use the proceeds of the Series 2018 Bonds deposited into the Project Fund to finance the Project with all reasonable dispatch. The Borrower shall, or shall cause the Lessee to, (i) pay when due all fees, costs and expenses incurred in connection with the foregoing from funds made available therefor in accordance with this Loan Agreement or otherwise, unless any such fees, costs or expenses are being contested by the Borrower in good faith and by appropriate proceedings;

(ii) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the Project; and (iii) enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto.

Section 3.02. Issuance of Additional Bonds. If the Borrower is not in default hereunder, the Authority may by the adoption of an appropriate resolution or resolutions, at the request of the Borrower, authorize the issuance of Additional Bonds upon the terms and conditions provided in Section 5.05 hereof and in Article II of the Indenture, but in no event shall the Authority be liable for not issuing, nor be obligated to issue, such Additional Bonds. Prior to the issuance of such Additional Bonds: (a) the terms thereof, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Borrower and the Lessee; (b) the Authority and the Borrower shall have entered into an amendment to this Loan Agreement to provide for any increase in the amount payable under Section 4.01 hereof as shall be necessary to pay the principal and Redemption Price, if any, of and interest on the Additional Bonds as provided in the Supplemental Indenture required by Article II of the Indenture, and to extend the term of this Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Loan Agreement; and (c) the Authority and the Borrower shall have otherwise complied with the provisions of Article II of the Indenture with respect to the issuance of such Additional Bonds.

Section 3.03. Borrower Required To Pay Costs in Event Project Fund Insufficient. If moneys in the Project Fund are not sufficient to pay all Project Costs, neither the Borrower nor the Lessee shall be entitled to any reimbursement for any such additional costs of the Project from the Authority, the Trustee or any registered owner; nor shall they be entitled to any abatement, diminution or postponement of their obligation to make the Loan Repayments or pay Base Rent and Additional Rent, as the case may be.

Section 3.04. Investment of Fund Moneys. At the written request of the Authorized Representative of the Borrower, any moneys consisting of Series 2018 Bond proceeds or income and profit from the investment thereof and held as part of the Revenue Fund, the Insurance and Condemnation Proceeds Fund, the Cost of Issuance Fund, the Redemption Fund, the Project Fund, the Repair and Replacement Fund, the Expense Account or the Rebate Fund shall be invested or reinvested by the Trustee in Investment Securities as provided in Section 5.11 of the Indenture. The Borrower covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Series 2018 Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Series 2018 Bonds, so that the Tax-Exempt Bonds will not constitute arbitrage bonds under Section 148 of the Code.

The Borrower shall provide the Authority with, and the Authority may base its certifications as authorized by the Bond Resolution on, a certificate of the Borrower for inclusion in the transcript of proceedings for the Series 2018 Bonds, setting forth the reasonable expectations of the Borrower on the Closing Date regarding the amount and use of the proceeds

of the Series 2018A Bonds and the facts, estimates and circumstances on which those expectations are based.

Section 3.05. Rebate Fund. The Borrower agrees to make such payments to the Trustee as are required of it under Section 5.07 of the Indenture or as required by this Loan Agreement to be deposited into the Rebate Fund. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture.

The Borrower and the Authority each covenant to the Holders of the Tax-Exempt Bonds that, notwithstanding any other provision of this Loan Agreement or any other instrument, it shall take no action, nor shall the Borrower direct the Trustee to take or approve the Trustee's taking any action or direct the Trustee to make or approve the Trustee's making any investment or use of proceeds of the Tax-Exempt Bonds or any other moneys which may arise out of or in connection with this Loan Agreement, the Indenture or the Project, which would cause the Tax-Exempt Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. In addition, the Borrower covenants and agrees to comply with the requirements of Section 148(f) of the Code as it may be applicable to the Tax-Exempt Bonds or the proceeds derived from the sale of the Tax-Exempt Bonds or any other moneys which may arise out of, or in connection with, this Loan Agreement, the Indenture or the Project throughout the term of the Tax-Exempt Bonds. No provision of this Loan Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations, except as provided in the Indenture.

Section 3.06. Disbursements from the Project Fund and Costs of Issuance Fund. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Project Fund to pay Project Costs and from the Costs of Issuance Fund to pay Costs of Issuance as provided in Section 5.08 and Section 5.09 hereof, respectively, of the Indenture. The Authority does not make any warranty either express or implied that the moneys in such funds available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Borrower agrees to pay or cause the Lessee to pay that portion of such costs in excess of the amount in such funds from any moneys legally available for such purpose.

Section 3.07. Disbursements from the Repair and Replacement Fund. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Repair and Replacement Fund as provided in Section 5.10 of the Indenture. Payments shall be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Borrower setting forth the amount and the payee for the purpose of paying the costs identified in Section 5.10 of the Indenture. The Authority has no obligation to make deposits into the Repair and Replacement Fund. The Authority does not make any warranty either express or implied that the moneys in such fund available for payment of the costs payable therefrom will be sufficient to pay such costs in full.

Section 3.08. Disbursements from the Expense Account. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Expense Account for the payment of expenses related to the Bonds as provided in Section 5.12 of the Indenture. The

Authority does not make any warranty either express or implied that the moneys in such fund available for payment of the costs payable therefrom will be sufficient to pay such costs in full.

ARTICLE IV

PAYMENTS

Section 4.01. Payments of Loan Repayments.

(a) In consideration of the loan of proceeds of the Bonds to the Borrower, the Borrower agrees that on or before the twenty-fifth day of each month, commencing October 25, 2018, and as long as any of the Bonds remain Outstanding under the Indenture, it shall pay or cause to be paid to the Trustee, as assignee of the Authority, for deposit in the Revenue Fund such amounts set forth in Exhibit B hereto. If the Trustee has not received the amounts required to make the transfers and deposits required by Section 5.02 of the Indenture, on or before the twenty-fifth day of such month, unless such deficiency has been cured prior to such notification, the Trustee shall notify the Authority, the Borrower and the Lessee of such deficiency by no later than the fifteenth day of the next succeeding month and the Borrower shall forthwith pay the amount of any such deficiency to the Trustee by no later than two Business Days after notice thereof to the Authority, the Borrower and Lessee. Notwithstanding the foregoing, if by the tenth day preceding each Interest Payment Date or Principal Payment Date, the aggregate amount in the Redemption Fund, the Revenue Fund (other than the Reserve Account), the Principal Account or the Interest Account is for any reason insufficient or unavailable to make the required payments of principal or Redemption Price, if any, of or interest on the Bonds then becoming due (whether by maturity, redemption or acceleration), the Borrower shall forthwith pay the amount of any such deficiency to the Trustee upon written notice from the Trustee. Each payment by the Borrower to the Trustee hereunder (the "Loan Repayments") shall be in lawful money of the United States of America and paid to the Trustee at the Principal Corporate Trust Office, and held, invested, disbursed and applied as provided in the Indenture.

(b) Except as otherwise expressly provided herein, all amounts payable hereunder by the Borrower to the Authority shall be paid to the Trustee as assignee of the Authority and this Loan Agreement and all right, title and interest of the Authority in any such payments are assigned and pledged to the Trustee pursuant to the Indenture so long as any Bonds remain Outstanding.

Section 4.02. Additional Payments. In addition to the Loan Repayments, the Borrower shall also pay or cause to be paid to the Authority or to the Trustee, as the case may be, "Additional Payments," 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 hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or

assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(b) all reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in Section 8.03(f) of the 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 this Loan Agreement, the Lease, the Deed of Trust or the Indenture;

(d) the surveillance fees of the Rating Agency then maintaining a rating on the Bonds, if any;

(e) 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 this Loan Agreement, the other Borrower Documents, the Bonds or the 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 this Loan Agreement, the other Borrower Documents, the Bonds or the 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 this Loan Agreement and the other Borrower Documents;

(f) any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code, pursuant to the Borrower's covenants and agreements with respect thereto in this Loan Agreement and any amounts required to be deposited into the Rebate Fund pursuant to Section 5.07 of the Indenture;

(g) if any moneys have been transferred from the Reserve Account to the Interest Account or the Principal Account pursuant to Section 5.05(a) of the Indenture or if the Trustee has notified the Borrower and the Lessee of a deficiency in the Reserve Account pursuant to Section 5.05(b) of the Indenture, in twelve (12) equal installments an amount equal to the amount required to cause the total amount in the Reserve Account to equal the Reserve Account Requirement. The Borrower may utilize a letter of credit and/or surety bond policy and shall reimburse the provider thereof for any draws or payments thereunder pursuant to their respective terms; and

(h) all amounts necessary for deposit into the Repair and Replacement Fund pursuant to Section 5.02 of the Indenture.

Such Additional Payments set forth in clauses (a) through (h) above, shall be billed to the Borrower by the Authority or the Trustee from time to time. Additional Payments required under clause (h) above shall be paid as specified in clause (h). After such a demand, the Borrower shall pay, or cause the Lessee to pay under the Lease, the amounts so billed. With the exception of the Authority Additional Payments, which are required to be made by the Borrower directly to the Authority, such Additional Payments shall begin with the next succeeding monthly deposit into the Revenue Fund from the date of billing to the Borrower as required in Section 5.02 of the Indenture.

Section 4.03. Deed of Trust; Assignment of Lease.

(a) To secure the payment of Loan Repayments and Additional Payments that are not Authority Additional Payments, the performance by the Borrower of its other obligations under this Loan Agreement and the payment and performance of all obligations of the Borrower under any Parity Debt, the Borrower has entered into the Deed of Trust which Deed of Trust the Borrower agrees will be recorded simultaneously with the acquisition of the real property underlying the Mortgaged Property. The Borrower agrees, as long as any of the Loan Repayments or Additional Payments that are not Authority Additional Payments remain unpaid, to supplement the Deed of Trust or to execute and deliver such other deeds of trust in substantially the form of the Deed of Trust as may be necessary from time to time to grant the Trustee a first priority Lien on the Mortgaged Property, subject to Permitted Liens and the Lease. The Borrower shall obtain, at its own cost and expense or at the cost and expense of the Lessee, ALTA policies of title insurance, or an endorsement to such policies at the time of and dated as of the date of acquisition of the Mortgaged Property, or, with respect to any Additional Bonds, the date of issuance of the Bonds or Parity Debt as provided in Section 5.14 hereof, insuring the Trustee's lien on the Mortgaged Property owned by the Borrower in fee, subject only to Permitted Liens and the Lease, issued by a title insurance company qualified to do business in the State. Subsequent to the issuance of the Bonds and the filing of the initial Uniform Commercial Code financing statements filed by other parties, the Trustee shall file or cause to be filed continuation statements for the Uniform Commercial Code financing statements, and shall execute and deliver such other documents as may be necessary or reasonably requested by the Authority in order to perfect or maintain as perfected such security interest or give public notice thereof.

(b) Property shall be released from the Deed of Trust if such Property is sold or otherwise disposed of in compliance with Section 5.07 hereof. The Authority shall execute and deliver to the Borrower, or cause the Trustee to execute and deliver to the Borrower, all releases, deeds of reconveyance or other documents as may be reasonably requested by the Borrower in connection with the release of such Property from the Deed of Trust.

(c) To secure the obligation of the Borrower to make Loan Repayments and Additional Payments, the performance by the Borrower of its other obligations under this

Loan Agreement and the payment and performance of all obligations of the Borrower under any Parity Debt, the Borrower collaterally grants, transfers and assigns to the Trustee for the benefit of the Holders of the Bonds without recourse all of the Borrower's right, title and interest under the Lease, including without limitation the following: (i) all its rights to receive the Base Rent, and any other amount payable or to be paid by the Lessee under the Lease (except for payment of Additional Rent and Authority Additional Payments); and (ii) all rents, profits, products and proceeds from the Mortgaged Property to which the Borrower has any right or claim whatsoever under the Lease.

(d) The Borrower hereby collaterally grants, transfers and assigns to the Trustee for the benefit of the Authority all of the Borrower's right, title and interest under the Lease to receive Rent and to the Gross School Revenue pledged pursuant to the Lease.

(e) The Trustee hereby accepts the foregoing assignments for its benefit and the benefit of the Holders of the Bonds and the Authority, subject to the terms and provisions of the Indenture, and all such payments shall be applied and all such rights so assigned shall be exercised by the Trustee as provided in the Indenture.

Section 4.04. Prepayment.

(a) The Borrower shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay all or any part of its Loan Repayments and the Authority agrees to accept such prepayments when the same are tendered. Prepayments may be made by payments of cash or surrender of Bonds. The Borrower also shall have the right to surrender Bonds acquired by it in any manner whatsoever to the Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired, and in the case of Term Bonds shall be allocated as set forth in the Indenture. In the event of a partial prepayment pursuant to this Section or Section 5.06 hereof, the principal amount of the Loan Repayments shall be reduced by the principal amount of Bonds to be redeemed with the proceeds of such prepayment. Notwithstanding any such prepayment or surrender of Bonds, as long as any Bonds remain Outstanding or any Additional Payments required to be made hereunder remain unpaid, the Borrower shall not be relieved of its obligations hereunder.

(b) To the extent the Series 2018 Bonds are required to be redeemed in whole or in part pursuant to clause (a) or (d) of Section 4.03 of the Indenture, the Borrower shall be obligated to prepay the Loan Repayments in the amounts and at such times as to permit the Authority to redeem such Series 2018 Bonds in accordance with clause (a) or (d), as applicable, of Section 4.03 of the Indenture.

(c) In the event of a partial prepayment or cancellation of Bonds as set forth in clause (a) or (b) pursuant to this Section, the Borrower's obligation to pay Loan Repayments shall be reduced or eliminated to correspond to the payment obligations of the Authority with respect to the Bonds after giving effect to the redemption of such Bonds from the proceeds of such prepayment.

Section 4.05. Obligations Unconditional. The obligations of the Borrower hereunder, including the obligations of the Borrower to make the Loan Repayments and the Additional Payments, are absolute and unconditional, notwithstanding any other provision of this Loan Agreement or the Indenture. Until this Loan Agreement is terminated and all payments hereunder are made, the Borrower:

(a) shall pay all amounts required hereunder without abatement, deduction or setoff except as otherwise expressly provided in this Loan Agreement;

(b) shall not suspend or discontinue any payments due hereunder for any reason whatsoever, including, without limitation, any right of setoff or counterclaim;

(c) shall perform and observe all its other agreements contained in this Loan Agreement; and

(d) except as provided herein, shall not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, damage, destruction or condemnation of the Mortgaged Property or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State, or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

The rights of the Trustee or any party or parties on behalf of whom the Trustee is acting shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the Authority or the Trustee owing to the Borrower, or by reason of any other indebtedness or liability at any time owing by the Authority or by the Trustee to the Borrower.

Section 4.06. Condition Precedent. The obligation of the Authority to make the Loan as herein provided shall be subject to the receipt by it of the proceeds of the issuance and sale of the Series 2018 Bonds.

Section 4.07. Intercept. Simultaneously with the execution and delivery of the Bonds, the Borrower shall cause the Lessee to deliver an Intercept Notice to the State Controller. Not later than the fifteenth (15th) calendar day of any month in which a payment hereunder is scheduled, the Borrower may revise the 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 Trustee necessary to pay the amounts due under this 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 shall, and shall cause the Lessee to, cooperate with the Trustee in any manner the Trustee may request (but has no duty to request) in connection with revising the Intercept Notice. If at any time the Intercept Notice is revised for any reason, the Borrower shall cause the Lessee to promptly provide to the Authority, the Department of Education and the Trustee a copy of such revised Intercept Notice. The Intercept Notice may provide additional amounts payable to the Trustee for purposes set forth in the

Indenture; provided the Lessee shall 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 hereunder of moneys derived from the Intercept hereunder shall be made at the Principal Corporate Trust Office of the Trustee set forth in the Intercept Notice. The Borrower shall cause the Lessee to timely revise the Intercept Notice to require transfers to such other location as shall be designated in writing by the Trustee.

ARTICLE V

PARTICULAR COVENANTS

Section 5.01. Maintenance of Corporate Existence of the Borrower; Consolidation, Merger, Sale or Transfer Under Certain Conditions.

(a) The Borrower covenants and agrees that it will maintain its existence as a California limited liability company whose sole member is an organization described in Section 501(c)(3) of the Code, and will not dissolve, sell or otherwise dispose of all or substantially all of its assets (except in compliance with Section 5.07 hereof) nor consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it; provided, that the Borrower may, without violating the covenants contained in this Section, consolidate with or merge into another Person, or permit one or more other Persons to consolidate with or merge into it, or sell or otherwise transfer to another Person such assets, if:

(i) the surviving, resulting or transferee Person, as the case may be:
(A) assumes in writing, if such Person is not the Borrower, all of the obligations of the Borrower under this Loan Agreement and the other Borrower Documents and agrees to fulfill and comply with the terms, covenants and conditions thereof;
(B) is not, after such transaction, otherwise in default under any provisions in this Loan Agreement or the Deed of Trust; and (C) is an organization described in Section 501(c)(3) of the Code or is a limited liability company whose sole member is an organization described in Section 501(c)(3) of the Code;

(ii) the Trustee shall have received a Statement of an Authorized Representative of the Borrower to the effect that the total net assets (as defined in accordance with generally accepted accounting principles) of the surviving, resulting or transferee Person after such transaction is at least equal to 100% of the total net assets (as defined in accordance with generally accepted accounting principles) of the Borrower prior to such transaction;

(iii) the Trustee and the Authority shall have received a Favorable Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not, in and of itself, cause interest on the Tax-Exempt Bonds to be included in gross income for purposes of federal income taxation under Section 103 of the Code;

(iv) the Trustee and the Authority shall have received an Opinion of Counsel to the effect that the Loan Agreement and the other Borrower Documents constitute the legal, valid and binding obligations of the surviving, resulting or transferee Person, as the case may be, enforceable against such Person in accordance with their respective terms;

(v) the surviving, resulting or transferee Person shall be a Participating Party under the Act and the Authority has received an Opinion of Counsel to that effect;

(vi) notice of such merger, consolidation, sale or other transfer shall have been provided to the Authority 30 days prior to such merger, consolidation, sale or other transfer; and

(vii) the surviving, resulting or transferee Person, as the case may be, shall deliver to the Trustee a Statement of an Authorized Representative of the Borrower to the effect that it intends to continue to operate the Facilities and the Tax-Exempt Financed Facilities in a manner which will allow it to continue to meet all of the Borrower's obligations hereunder and under the other Borrower's documents.

(b) If a merger, consolidation, sale or other transfer is effected, as provided in this Section, the provisions of this Section shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section.

(c) Upon any change in the sole member of the Borrower, the Borrower shall deliver to the Trustee an Opinion of Counsel to the effect that the new sole member is an organization that is 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.

Section 5.02. Licensing. The Borrower covenants and agrees to use its best efforts to maintain all permits, licenses and other governmental approvals necessary for the Borrower's ownership of the Facilities; provided, however, that nothing herein contained shall be construed to obligate the Borrower to retain or preserve any permits, licenses, accreditations or other governmental approvals no longer used or, in the judgment of the governing body of the Borrower, no longer useful in the conduct of its business.

Section 5.03. Covenant To Enter Into Agreement or Contract To Provide Ongoing Disclosure. The Borrower hereby covenants and agrees to enter into the Continuing Disclosure Agreement, constituting an "undertaking," and to require the Lessee to be a party to such "undertaking" under the Lease. The covenant and agreement contained in this Section is for the benefit of the Bondholders, any Participating Underwriter and the Beneficial Owners as required by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), and the Authority shall not have any liability to the Bondholders or any other

person with respect to such Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan Agreement, failure of the Borrower to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2018 Bonds, to the extent indemnified to its satisfaction from any liability or expense, shall, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including, but not limited to (a) seeking specific performance by court order, to cause the Borrower to comply with the Continuing Disclosure Agreement, and (b) hiring a Management Consultant, at the expense of the Lessee, so long as the Lease is in effect, or the Borrower, if the Lease is no longer in effect, to determine the cause of any failure of the Borrower to comply with the provisions of the Continuing Disclosure Agreement, and make recommendations, which must be formally adopted and implemented by the Borrower or the Lessee, as the case may be, to correct such failures to comply with the provisions of the Continuing Disclosure Agreement.

Section 5.04. Limitation on Creation of Liens. The Borrower covenants and agrees that it will not create, assume or suffer to exist any lien (including the charge upon property purchased under conditional sales or other title retention agreements) (a “security interest”) upon the Mortgaged Property or the Gross Revenues and the Borrower covenants that if a security interest is created or assumed upon the Mortgaged Property by the Borrower, it will make or cause to be made effective a provision whereby the obligations of the Borrower under this Loan Agreement and under any outstanding Parity Debt will be secured prior to any such indebtedness or other obligation secured by such security interest; provided, however, that notwithstanding the foregoing provisions, the Borrower may create, assume or suffer to exist Permitted Liens and the Lease.

Section 5.05. Limitation on Indebtedness. The Borrower shall not incur any Additional Indebtedness after the date hereof except as follows.

(a) Long-Term Indebtedness may be incurred if, prior to the issuance of such Additional Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee setting forth projections meeting the following conditions:

(i) a 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 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 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 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 shall take into account, as applicable, (i) the audited results of operations and verified enrollment of the Schools, (ii) projected enrollment of the Schools, and (iii) Gross Revenues at the completion of the 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, and shall exclude therefrom the payment obligations which will be eliminated as a result of the incurrence of the proposed Long-Term Indebtedness.

(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; (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 shall not apply to any refinancing with Balloon Indebtedness.

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

(d) Indebtedness consisting of leases which are considered operating leases under generally accepted accounting principles may be incurred without limitation.

(e) Subordinated Indebtedness may be incurred without limitation.

Section 5.06. Rates and Charges; Debt Coverage. The Borrower 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 payments for the services furnished or to be furnished by the Borrower so that the Debt Service Coverage Ratio at the end of each Fiscal Year is not less than 1.0:1.0. If the Debt Service Coverage Ratio falls below 1.0:1.0, it shall constitute an Event of Default hereunder.

Section 5.07. Limitation on Disposition of Property, Plant and Equipment. The Borrower covenants and agrees that it will not sell or otherwise dispose, including any disposition by lease, of the Property, Plant and Equipment consisting of all or any part of the Facilities, except for disposition or transfers:

(a) of Property, Plant and Equipment no longer necessary for the operation of the Mortgaged Property;

(b) of Property, Plant and Equipment replaced by Property, Plant and Equipment of similar type and/or of substantially equivalent function with a substantially equivalent value;

(c) of Property, Plant and Equipment sold or disposed of at a price equal to their fair market value;

(d) pursuant to the Lease; or

(e) as provided in Section 5.09(b) herein.

In addition to the foregoing limitations, the Borrower may not sell, lease or otherwise dispose (other than with respect to the public dedication in connection with the development of the Project) of any Property unless it shall be established to the satisfaction of the Trustee that (i) the security of the Deed of Trust and the ability of the trustee thereunder to foreclose upon the remaining Property will not be impaired as a result of the disposition of such property; and (ii) the Borrower shall have conveyed to the trustee under the Deed of Trust such rights-of-way, easements and other rights in land as are required for ingress to and egress from the remaining Property, for the utilization of the facilities located thereon and for utilities required to serve such facilities. The foregoing notwithstanding, nothing contained herein shall allow the Borrower to, and the Borrower shall not, release any of the Facilities or the Mortgaged Property from the lien of this Loan Agreement or the Deed of Trust nor cause or permit any portion of the Facilities that are part of the Project to be used or operated in any manner except in conjunction with a charter school under Charter School Law. No exercise of the rights and remedies under the Deed of Trust or under the Lease in the Event of Default thereunder will cause a breach of the covenants in this Section.

Notwithstanding anything else contained herein to the contrary, prior to the sale, lease or other disposition of the Tax-Exempt Financed Facilities or any part thereof for any purpose, the Borrower shall obtain an approving opinion of nationally recognized bond counsel acceptable to the Authority addressed to the Trustee and the Authority stating that such lease or disposition will not adversely affect the validity of the Bonds or adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 5.08. Accounting Records and Financial Statements; Other Information.

The Borrower covenants and agrees at all times to keep, and to cause the Lessee to keep with respect to the operations of the School, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Lessee. Such books of record and account shall be available for inspection by the Trustee and Authority at reasonable hours and under reasonable circumstances. The Borrower shall provide, and cause the Lessee to provide, promptly upon the request of the Authority or the Trustee, such other information regarding the financial position, results of operations, business or prospects of the Borrower or the Lessee as such party may reasonably request from time to time.

Section 5.09. Lessee's Charters, Lessee's Tax-Exempt Status.

(a) The Borrower covenants and agrees to take all reasonable actions to cause any tenants of the Facilities, including initially the Lessee, to maintain its charters with a Sponsoring Entity and to take or cause to be taken any and all actions required to renew or extend the term of its charter with a Sponsoring Entity. As soon as practicable, the Borrower covenants to provide the Trustee and Holders with a copy of any notice received from any tenants of the Facilities relating to any Sponsoring Entity's intent not to renew or extend the term of any such charter or any notice of any issues which if not corrected or resolved could lead to termination or nonrenewal of any such charter.

(b) Notwithstanding the foregoing, if the Lease is terminated prior to the repayment in full of the Bonds, the Borrower shall use commercially reasonable efforts to enter into another lease in substantially the same form as the terminated Lease with a 501(c)(3) Organization, which operates a charter school under the Charter School Law. Such lease shall require the Lessee to pay Rent in an amount sufficient to enable Borrower to pay all of its obligations hereunder when due and shall provide that the new lessee assumes all the obligations of Lessee.

Section 5.10. Prohibited Uses. No portion of the proceeds of the Tax-Exempt Bonds shall be used to finance or refinance any facility, place or building used or to be used (a) primarily for sectarian instruction or study or as a place for devotional activities or religious worship; or (b) by a Person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Borrower) in an Unrelated Trade or Business, in such manner or to such extent as would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 103(a) of the Code.

Section 5.11. Tax Covenants. It is the intention of the parties hereto that interest on Tax-Exempt Bonds shall be and remain excludable from gross income of the registered owners thereof for federal income tax purposes. The Borrower covenants and agrees that it shall at all times comply with all of the requirements in the Tax Regulatory Agreement, in this Section 5.11 and in Section 5.07 of the Indenture, and to do and perform all acts and things permitted by law and this Loan Agreement and the Indenture which are necessary in order to assure that interest paid on the Tax-Exempt Bonds (or any of them) will be excludable from gross income of the registered owners thereof for federal income tax purposes and shall take no action that would result in such interest not being excludable from gross income of the registered owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, the Borrower agrees to comply with the provisions of the Tax Regulatory Agreement which are incorporated herein including, without limitation, calculating, or causing to be calculated, its rebate liability at such times as required by Section 148(f) of the Code and any temporary, proposed or final Regulations as may be applicable to Tax-Exempt Bonds from time to time. The Borrower shall provide or cause to be provided to the Trustee and the Authority a copy of each calculation of rebate liability prepared by or on behalf of the Borrower. These covenants shall survive payment in full or defeasance of the Bonds.

Section 5.12. Indenture. The Borrower hereby approves the terms and provisions of the Indenture and, to the extent applicable, agrees to be bound by such terms and to perform all

obligations of the Borrower set forth in the Indenture. The Borrower further agrees that Series 2018 Bond proceeds shall be applied only as set forth in the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Borrower, it is specifically incorporated herein by reference.

Section 5.13. Security for Repayment; Pledge of Gross Revenues. Subject only to the provisions of this Loan Agreement requiring the application thereof for the purposes and on the terms and conditions set forth herein, to the extent permitted by law, the Borrower hereby pledges and grants a security interest to the Authority, for assignment by the Authority to the Trustee (for the benefit of the Bondholders) under the Indenture, in all of the Gross Revenues and its right to receive the Gross Revenues and all proceeds thereon or therefrom, together with any and all other property, rights and interests of every kind or description that from time to time is hereafter granted, conveyed, pledged, transferred, assigned or delivered as additional security hereunder, in each case, to secure the payment of the Loan Repayments and the performance by the Borrower of its other obligations under this Loan Agreement (except for the Authority Additional Payments). The Authority and the Borrower hereby consent to the filing of UCC financing statements (including continuation statements) and shall execute and deliver such other documents (including, but not limited to, control agreements) as may be necessary or reasonably requested by the Trustee in order to perfect and maintain as perfected such security interest or give public notice thereof.

Section 5.14. Title Insurance. On or before the date of issuance of any Bonds, the Trustee shall be provided with a standard mortgagee's title insurance policy insuring the Trustee's mortgagee's interest in the Mortgaged Property, subject only to Permitted Liens (which include those Liens set forth in Exhibit B to the Indenture) and the Lease, in an amount not less than the lesser of either (a) the principal amount of the Outstanding Bonds together with all other Long-Term Indebtedness then Outstanding, or (b) the insurable value of the Mortgaged Property, as permitted by applicable law.

Section 5.15. Establishment of Completion Date; Obligation of Borrower to Complete. 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 Completion Date to the Authority and the Trustee. At the time such certificate is delivered to the Trustee, moneys remaining in the Project Fund, including any earnings resulting from the investment of such moneys, shall be used as provided in Section 5.08 of the Indenture.

In the event the moneys in the Project Fund available for payment of the Project Costs should be insufficient to pay the costs thereof in full, the Borrower agrees to pay directly, or to deposit in the Project Fund moneys sufficient to pay, any costs of completing the 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 Project Costs, under the provisions of this Loan Agreement, will be sufficient to pay all the amounts which may be incurred for such Project Costs. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay or cause to be paid, or deposit moneys in the Project Fund for the payment of, any portion of the Project Costs pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor

from the Authority, the Trustee or the Holders of any of the Bonds, nor shall it be entitled to any diminution of the amounts payable hereunder.

Section 5.16. Rating Maintenance. The Borrower covenants that it will at all times cooperate with and take all action reasonably necessary in maintaining, from one or more Rating Agencies, a rating on the Bonds

Section 5.17. Additional Covenants and Agreements of Borrower. The provisions of this Section 5.17 shall apply to the Borrower under the Lease.

(a) *Inspection of Books.*

(i) The Authority and the Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, to examine and audit any and all of the Borrower records or accounts pertaining to the Loan, the Lease, and this Loan Agreement.

(ii) 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.

(b) *Reports and Information.* At the request of the Authority or the Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority and the Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of this Loan Agreement.

(c) *Reliance.* The Borrower hereby recognizes and agrees that the representations and covenants set forth in this 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 Trustee for the benefit of the Holders of the Bonds. In performing its duties and obligations hereunder, the Trustee may rely upon statements and certificates of the Borrower believed in good faith to be genuine and upon audits of the books and records of the Borrower pertaining to the Lease. The 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 Trustee and all obligations of the Borrower under and pursuant to this Loan Agreement, whether or not the Authority has pursued or attempted to enforce any of such rights and obligations. In addition, the Authority and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Trustee hereunder in good faith and in conformity with the opinion of such counsel. In determining whether any default or lack of compliance by the Borrower exists under this Loan Agreement, neither the Trustee nor the Authority shall be required to conduct any investigation into or review of the operations or records

of the Borrower and may rely solely upon any notice or certificate delivered to the Trustee by the Borrower with respect to the occurrence or absence of a default.

(d) **Warranty of Truth.** The Borrower covenants that no information, certificate, statement in writing or report required by this Loan Agreement or otherwise furnished by the Borrower to the Authority or the Trustee shall contain any untrue statement of a material fact or omit a material fact necessary to make such information, certificate, statement or report not misleading as it relates to the Borrower or the Lease.

(e) **Prohibited Uses.** The Borrower shall not cause or permit any portion of its Tax-Exempt Financed Facilities 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 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 or (3) in any manner except in conjunction with a school under the Charter School Law.

(f) **Term of Lease.** If any Bonds are Outstanding, the Borrower shall not voluntarily terminate its Lease before completion of its stated term nor amend the Lease to result in an earlier end of its stated term; provided that nothing in this section limits the exercise of or the remedies provided in the Lease in the event of Lessee default.

(g) The Borrower shall include in each Lease and School Loan Agreement the requirements set forth in Exhibit C hereto.

ARTICLE VI

MAINTENANCE, TAXES, INSURANCE AND CONDEMNATION

Section 6.01. Maintenance and Operation of the Facilities. The Borrower shall operate and maintain, or cause the Lessee to operate and maintain, the Facilities in accordance in all material respects with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Borrower and the Lessee, as applicable. The Borrower shall maintain and operate, or cause the Lessee to maintain and operate, the Facilities and all engines, boilers, pumps, machinery, apparatus, fixtures, fittings and equipment of any kind in or that shall be placed in any building or structure now or hereafter at any time constituting part of the Facilities which are material to the operation of the Facilities in good repair, working order and condition, and shall from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements so that the efficiency and value of the Facilities shall not be materially adversely impaired

No later than July 1, 2023, and each fifth anniversary thereafter, the Borrower shall engage a Facilities Consultant who shall, within 60 days of engagement, and each fifth anniversary thereafter, as applicable, provide to the Borrower (copies of which shall be provided

to the 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 Facility. Within fourteen Business Days of its receipt of the Facilities Consultant Report, the Borrower shall either (i) accept the recommendations of the initial Facilities Consultant or (ii) engage and immediately accept the recommendations (which shall be made within 60 days of such engagement) of a different 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 School's operation and maintenance practices.

Section 6.02. Taxes, Assessments, Other Governmental Charges and Utility Charges. The Borrower shall pay and discharge, or shall cause the Lessee to pay and discharge, all 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 Mortgaged Property or the interest therein of the Authority, the Trustee or the Holders of the Bonds, and will make, or cause the Lessee to make, such payments or cause such payments to be made, respectively, in due time to prevent any delinquency thereon or any forfeiture or sale of the Mortgaged Property or any part thereof, and, upon request, will furnish to the Authority or Trustee receipts for all such payments, or other evidences satisfactory to the Authority and the Trustee; provided, however, that neither the Borrower nor the Lessee shall be required to pay any tax, assessment, rate or charge as herein provided as long as it shall in good faith contest the validity thereof; provided that the Borrower or the Lessee, as applicable, shall have set aside reserves with respect thereto that, in the opinion of the governing body of the Borrower or the Lessee, as applicable, are adequate.

Section 6.03. Insurance Required.

(a) The Borrower covenants and agrees that it will keep (or cause the Lessee to keep) property insurance (including builder's all-risk insurance if applicable) against loss or damage to any structure constituting any part of the Mortgaged Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, 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 this paragraph shall be in an amount equal to the lesser of (i) 100% of the replacement cost (without depreciation) of all improvements constituting any part of the Mortgaged Property; or (ii) the principal amount of the Bonds then Outstanding, and shall be subject to a deductible not to exceed \$100,000.

(b) The Borrower covenants and agrees to procure and maintain or cause the Lessee to procure and maintain, throughout the term of this Loan Agreement, business interruption insurance to cover loss, total or partial, of the use of any structure constituting a part of the Facilities for any reason whatsoever, in an amount sufficient to pay the maximum Loan Repayments hereunder for a period of at least twelve (12) months. Proceeds of such insurance in the amount of at least twelve (12) months of Loan Repayments shall be deposited into the Insurance and Condemnation Proceeds Fund and applied to Loan Repayments in installments as the proceeds are paid to the Borrower.

(c) The Borrower covenants and agrees to procure and maintain or cause the Lessee to procure and maintain, at all times 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.

(d) An Insurance Consultant shall review the insurance requirements set forth herein with respect to the Facilities from time to time (but not less frequently than once every five years) commencing July 1, 2023. If such review indicates that the Borrower or the Lessee, as appropriate, should increase any of the coverages required by Section 6.03 of this Loan Agreement, the Borrower and the Lessee shall review such recommendation with the governing body of the Borrower and the Lessee, and shall increase such coverage; provided, however, that such coverage is available from Reputable Insurance Companies at a reasonable cost on the open market. Within three Business Days of receipt by the Borrower, the Borrower shall furnish to the Trustee all reports of any Consultant delivered pursuant to this Section. The Trustee shall have no duty with respect to such reports other than to retain the reports.

(e) The Borrower hereby covenants that it will use its best efforts to apply for, and cooperate with the Lessee in the application of, any grants, loans or other relief available from the State or 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 the Borrower shall not be required to accept such amounts if doing so would jeopardize any funding for the Borrower's or the Lessee's programs.

(f) The insurance policies required hereby shall be carried by insurance companies which are financially responsible and capable of fulfilling the requirements of such policies. All such policies (except liability policies) shall name the Borrower and the Trustee as loss payees or additional insureds as their interest may appear, as applicable. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving at least thirty (30) days written notice thereof to the Borrower, the Authority and the Trustee. In lieu of separate policies, the Borrower may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required herein are met.

Section 6.04. Reserved.

Section 6.05. Insurers; Policy Forms and Loss Payees. The insurance policies required by Section 6.03 hereof shall be carried by a Reputable Insurance Company which is financially responsible and capable of fulfilling the requirements of such policies. All such policies shall name the Borrower and the Trustee and the Authority as insured parties, beneficiaries or loss payees as their interest may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall give the Borrower, the Authority and the Trustee at least 30 days' written notice of any cancellation or substantial modification of

the policy provisions. In lieu of separate policies, the Borrower may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverages required herein are met. The Borrower shall provide, or shall cause the Lessee to provide, a Certificate which complies with Section 1.02 of the Indenture at least annually, commencing on the Closing Date, to the Trustee certifying that insurance is in place which complies with this Article VI.

Section 6.06. Disposition of Insurance and Condemnation Proceeds.

(a) Subject to the application of insurance and condemnation provisions in agreements constituting Permitted Liens, all proceeds of the insurance carried pursuant to Section 6.03(a) hereof (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Mortgaged Property, in each case, in excess of 10% of the Book Value of the Mortgaged Property shall be paid immediately upon receipt by the Borrower or other named insured parties to the Trustee for deposit in a special fund which the Trustee shall establish and maintain and hold in trust pursuant to the Indenture, to be known as the "Insurance and Condemnation Proceeds Fund." In the event that the proceeds of any loss or damage to or condemnation of the Facilities shall be less than 10% of the Book Value of the Mortgaged Property, the Borrower may retain such proceeds without any formality whatsoever. In the event the Borrower elects to repair or replace the Mortgaged Property damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee, after deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, for the purpose of repairing or replacing the Mortgaged Property damaged, destroyed or taken in the manner and subject to the conditions set forth in Section 5.09 of the Indenture with respect to disbursements from the Insurance and Condemnation Proceeds Fund; provided, that no such disbursement shall be made prior to receipt by the Trustee of written notice (with a copy to the Authority) from the Borrower and the Lessee that, after repair and replacement, the Mortgaged Property will continue to be used and operated in the manner required by this Loan Agreement and the Lease.

(b) If the Borrower shall elect not to, or cannot, repair or replace the Mortgaged Property damaged, destroyed or taken, as provided in Section 6.06(a) hereof, subject to Section 6.06(c) hereof, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Special Redemption Account established in the Indenture; provided, that if any Parity Debt is then outstanding, any such transfer from the Insurance and Condemnation Proceeds Fund shall be deposited in part in the Special Redemption Account and in part in such other fund or account as may be appropriate (and used for the retirement of Parity Debt) in the same proportion which the aggregate principal amount of Outstanding Bonds then bears to the principal amount of such Parity Debt.

(c) If all amounts in the Insurance and Condemnation Proceeds Fund exceed 10% of the Book Value of the Mortgaged Property, but are not sufficient to retire all Bonds and Parity Debt then outstanding, the Trustee shall not transfer said amounts to the Special Redemption Account unless the Borrower shall file with the Trustee a report of

an Independent Consultant showing that Revenues are projected to be at least equal to Aggregate Debt Service on all Bonds and Parity Debt for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds and Parity Debt. In the event such report of an Independent Consultant shows that projected Revenues will not be sufficient to pay Aggregate Debt Service on all Bonds and Parity Debt for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds and Parity Debt, the Borrower shall apply all amounts in the Insurance and Condemnation Proceeds Fund to the repair or replacement of the Mortgaged Property damaged, destroyed or taken, as provided in Section 6.06(a) hereof, unless the Borrower shall file a further report of an Independent Consultant showing that even after making such repair and replacement, Revenues are not projected to be at least equal to Aggregate Debt Service on all Bonds and Parity Debt for each of the three Fiscal Years immediately following such repair and replacement, in which event the Trustee shall transfer all moneys in the Insurance and Condemnation Proceeds Fund as provided in Section 6.06(b) hereof.

ARTICLE VII

LIMITATION OF AUTHORITY'S LIABILITY; EXPENSES

Section 7.01. Limitation of Authority's Liability. The Authority shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from Revenues and other moneys pledged therefor under the Indenture or other assets received by the Trustee pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member thereof is pledged to the payment of the principal (or Redemption Price) of or interest on the Bonds. Neither the Authority nor its members officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by payments made by the Borrower to the Trustee pursuant to this Loan Agreement, together with other amounts received by the Trustee pursuant to the Indenture and investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if such amounts shall ever prove insufficient to pay all principal and Redemption Price of and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal and Redemption Price of and interest on the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from the Revenues, other than with respect to any deficiency caused by the willful misconduct of the Authority.

Section 7.02. Expenses. The Borrower covenants and agrees to pay and indemnify the Authority, the State Treasurer and the Trustee against all documented fees, costs and charges, including fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Borrower Documents, the Bonds or the Indenture. These obligations shall remain valid and in effect notwithstanding repayment of the Loan hereunder or the Bonds or termination of this Loan Agreement or the Indenture or resignation or removal of the Trustee.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute and be referred to herein as a "Loan Default Event:"

(a) failure by the Borrower to pay in full any payment required hereunder when due, whether at maturity, upon a date fixed for prepayment, by declaration or otherwise pursuant to the terms hereof;

(b) if any material representation or warranty made by the Borrower herein or made by the Borrower in any document, instrument or certificate furnished to the Trustee or the Authority in connection with the issuance of the Bonds shall at any time prove to have been incorrect in any respect as of the time made;

(c) if the Borrower shall fail to observe or perform any covenant, condition, agreement or provision in this Loan Agreement on its part to be observed or performed, other than as referred to in Section 8.01(a) or (b) hereof, or shall breach any warranty by the Borrower herein contained, for a period of 60 days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the Borrower by the Authority or the Trustee; except that, if such failure or breach can be remedied but not within such 60-day period and if the Borrower has taken all action reasonably possible to remedy such failure or breach within such 60-day period, such failure or breach shall not become a Loan Default Event for so long as the Borrower shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Trustee;

(d) if the Borrower files a petition in voluntary bankruptcy, for the composition of its affairs or for its reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Mortgaged Property;

(e) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Borrower an insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Borrower or of the whole or any substantial part of the Mortgaged Property, or approving a petition filed against the Borrower seeking

reorganization of the Borrower under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof;

(f) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Mortgaged Property, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control;

(g) any Event of Default as defined in and under the Indenture;

(h) any Event of Default as defined in and under the Lease;

(i) any default under the Deed of Trust; or

(j) any event of default as defined in and under any document with respect to Parity Debt.

The Trustee shall not be required to take notice or be deemed to have notice of any Loan Default Event hereunder unless an officer in the Corporate Trust Department of the Trustee has actual notice thereof or the Trustee shall be specifically notified in writing of such Loan Default Event by the Borrower or the Authority. All notices or other instruments required by this Loan Agreement to be delivered to the Trustee, must, in order to be effective, be delivered at the address of the Trustee provided for in Section 9.06 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Loan Default Event except as aforesaid. Upon receipt of notice of a Loan Default Event as aforesaid, the Trustee shall serve written notice thereof upon the Borrower unless the Borrower has expressly acknowledged the existence of such Loan Default Event in a writing delivered by the Borrower to the Trustee or filed by the Borrower in any court.

Section 8.02. Remedies in General. Upon the occurrence and during the continuance of any Loan Default Event, the Trustee as assignee of the Authority, at the Trustee's option but subject to the limitations in the Indenture as to the enforcement of remedies, may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Borrower hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Borrower's performance hereunder;

(b) by written notice to the Borrower declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under this Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) take any action at law or in equity to collect the payment required hereunder then due, whether on the stated due date or by declaration of acceleration or

otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Borrower hereunder and under the Deed of Trust.

Section 8.03. Discontinuance or Abandonment of Default Proceedings. If any proceeding taken by the Trustee on account of any Loan Default Event shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case, the Authority, the Trustee and the Borrower shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Authority and the Trustee shall continue as though no such proceeding had taken place.

Section 8.04. Remedies Cumulative. No remedy conferred upon or reserved to the Authority or the Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Loan Default Event shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Authority or the Trustee. In the event of any waiver of a Loan Default Event hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Loan Default Event or impair any right arising as a result thereof. In order to entitle the Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

Section 8.05. Notice of Default. As soon as is practicable and in any event within 10 days after the Borrower has actual knowledge of the occurrence of any event which is a Loan Default Event, the Borrower shall furnish the Trustee and the Authority written notice of such event to the extent it has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Borrower proposes to take with respect thereto.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Amendments and Supplements; Amendment of Indenture, Leases and School Loan Agreements. This Loan Agreement, and the provisions of the Leases and School Loan Agreements set forth in Exhibit C hereto, may be amended, changed or modified only as provided in Section 6.07(b) of the Indenture. The Indenture may be amended, changed or modified only as provided in Article IX of the Indenture; provided that, except as may be necessary to protect the exclusion from gross income of the interest on the Tax-Exempt Bonds under Section 103 of the Code pursuant to an Opinion of Counsel, the Authority shall take no action to amend or supplement the Indenture in any manner that would materially adversely affect the interests of the Borrower without obtaining the prior written consent of the Borrower to such amendment or supplement.

Section 9.02. Time of the Essence; Non-Business Days. Time shall be of the essence of this Loan Agreement. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 9.03. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Authority and the Borrower and their respective successors and assigns, subject to the limitations contained herein; provided, however, that the Trustee shall have only such duties and obligations as are expressly given to it hereunder and as otherwise provided in the Indenture.

Section 9.04. Entire Agreement. This Loan Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.05. Severability. If any covenant, agreement or provision, or any portion thereof contained in this Loan Agreement, where the application thereof to any Person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Loan Agreement and the application of such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Loan Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Loan Agreement and the Constitution and laws of the State.

Section 9.06. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing by any Electronic Means or mailed by first-class mail, postage prepaid and addressed as follows:

to the Authority California School Finance Authority
State Treasurer's Office
300 S. Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director
Telecopy: (213) 620-6309

to the Borrower: Larchmont LFP LLC
c/o Larchmont Schools
444 N. Larchmont Boulevard, Suite 207
Los Angeles, California 90004
Attention: Executive Director

to the Lessee: Larchmont Schools
444 N. Larchmont Boulevard, Suite 207

Los Angeles, California 90004
Attention: Executive Director

to the Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 600
Costa Mesa, California 92626

to the Underwriter: Stifel, Nicolaus & Company, Incorporated
505 S. Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: John Kim

Notwithstanding the foregoing provisions of this Section 9.06(a) hereof, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

(b) The Borrower, the Authority and the Trustee may at any time and from time to time by notice in writing to the other Persons listed in Section 9.06(a) hereof designate a different address or addresses for notice under this Loan Agreement.

Section 9.07. Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the State Treasurer, the 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 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 Facilities, the Project or the Lease, the operation of the Facilities or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Facilities, including the Project, or any part thereof;

(iii) any lien or charge upon payments by the Borrower or the Lessee to the Authority or the Trustee, as the case may be, hereunder or under the Lease, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project or the Facilities;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances at, on or under the Facilities or 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 Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or 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 hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the

Borrower shall pay the 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 hereunder and rights to payment of fees and reimbursement of expenses pursuant to the provisions of this Loan Agreement shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal and shall survive the termination of this Loan Agreement.

Section 9.08. Term. Except as otherwise provided herein, this Loan Agreement shall remain in full force and effect from the date of execution hereof until no Bonds remain Outstanding under the Indenture and all payments required hereunder have been made.

Section 9.09. Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.10. Governing Law; Forum; Venue. This Loan Agreement is a contract made under the laws of the State of California, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in said State. This Loan Agreement shall be enforceable in the State of California, and any action arising out of this Loan Agreement shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

Section 9.11. Waiver of Personal Liability. No member, officer, agent or employee of the Authority or any director, officer, agent or employee of the Borrower or the Lessee shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any sum hereunder or under the Indenture be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 9.12. Authority's Performance. None of the provisions of this 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 hereunder, unless payable from the Gross Revenues pledged under the Indenture, or the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Authority shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds and the Tax-Exempt Financed Facilities (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Borrower.

Section 9.13. Survival of Covenants. Notwithstanding the payment in full of the Bonds, the discharge of the Indenture, and the termination or expiration of this Loan Agreement, all provisions in this Loan Agreement concerning (a) the tax-exempt status of the Bonds (including, but not limited to provisions concerning rebate) in Sections 3.05 and 5.11 hereof, (b) the interpretation of this Loan Agreement in Section 1.02 hereof, (c) the governing law in Section 9.10 hereof, (d) the Authority's right to rely on facts or certificates, (e) the immunity of the Authority's directors, officers, counsel, financial advisors, and agents in Sections 7.01 and 9.11 hereof shall survive and remain in full force and effect.

Section 9.14. No Prevailing Party Provision. Nothing in this Loan Agreement shall be construed to provide for award of attorneys' fees and costs to the Authority or the Borrower for the enforcement of the Agreement as described in Section 1717 of the Civil Code. Nothing in this Section affects the rights of the Trustee provided herein.

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement to be executed in their respective names as of the date first written above.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By Vincent P. Brown
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

By _____
Executive Director

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS,
a California nonprofit public benefit
corporation,
its Manager

By: _____
Amy Held
Executive Director

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Loan Agreement to be executed in their respective names as of the date first written above.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

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Amy Held
Executive Director

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CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Deputy Treasurer For Chairman,
State Treasurer, John Chiang

By _____
Executive Director

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS,
a California nonprofit public benefit
corporation,
its Manager

By:  _____
Amy Held
Executive Director

EXHIBIT A

DESCRIPTION OF THE PROJECT

The “Project” means (1) financing and/or refinancing certain costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of a charter school facility known as Larchmont Charter School – La Fayette Park Campus and located at 2801 West 6th Street, Los Angeles, California 90057; (2) financing the costs of remodeling, renovation, improvement, furnishing and equipping of educational facilities known as (a) Larchmont Charter School – Hollygrove Campus, located at 815 North El Centro Avenue, Los Angeles, California 90038, (b) Larchmont Charter School – Selma Campus, located at 6611 Selma Avenue, Los Angeles, California 90028, and (c) Larchmont Charter School – Fairfax Campus, located at 1265 North Fairfax Avenue, West Hollywood, California 90046; (3) funding all or a portion of a debt service reserve account; and (4) paying certain costs of issuance of the Bonds.

EXHIBIT B**LOAN REPAYMENT SCHEDULE**

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
9/25/2018	10,000.00	49,556.49	59,556.49
10/25/2018	10,000.00	49,556.49	59,556.49
11/25/2018	10,000.00	49,556.49	59,556.49
12/25/2018	10,000.00	48,479.17	58,479.17
1/25/2019	10,000.00	48,479.17	58,479.17
2/25/2019	10,000.00	48,479.17	58,479.17
3/25/2019	10,000.00	48,479.17	58,479.17
4/25/2019	10,000.00	48,479.17	58,479.17
5/25/2019	10,000.00	48,479.17	58,479.17
6/25/2019	10,000.00	48,104.17	58,104.17
7/25/2019	10,000.00	48,104.17	58,104.17
8/25/2019	10,000.00	48,104.17	58,104.17
9/25/2019	10,000.00	48,104.17	58,104.17
10/25/2019	10,000.00	48,104.17	58,104.17
11/25/2019	10,000.00	48,104.17	58,104.17
12/25/2019	10,000.00	48,104.17	58,104.17
1/25/2020	10,000.00	48,104.17	58,104.17
2/25/2020	10,000.00	48,104.17	58,104.17
3/25/2020	10,000.00	48,104.17	58,104.17
4/25/2020	10,000.00	48,104.17	58,104.17
5/25/2020	10,000.00	48,104.17	58,104.17
6/25/2020	10,833.34	47,604.17	58,437.51
7/25/2020	10,833.34	47,604.17	58,437.51
8/25/2020	10,833.34	47,604.17	58,437.51
9/25/2020	10,833.34	47,604.17	58,437.51
10/25/2020	10,833.34	47,604.17	58,437.51
11/25/2020	10,833.34	47,604.17	58,437.51
12/25/2020	10,833.34	47,604.17	58,437.51
1/25/2021	10,833.34	47,604.17	58,437.51
2/25/2021	10,833.34	47,604.17	58,437.51
3/25/2021	10,833.34	47,604.17	58,437.51
4/25/2021	10,833.34	47,604.17	58,437.51

	<i>A</i>	<i>B</i>	<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2021	10,833.34	47,604.17	58,437.51
6/25/2021	11,250.00	47,062.50	58,312.50
7/25/2021	11,250.00	47,062.50	58,312.50
8/25/2021	11,250.00	47,062.50	58,312.50
9/25/2021	11,250.00	47,062.50	58,312.50
10/25/2021	11,250.00	47,062.50	58,312.50
11/25/2021	11,250.00	47,062.50	58,312.50
12/25/2021	11,250.00	47,062.50	58,312.50
1/25/2022	11,250.00	47,062.50	58,312.50
2/25/2022	11,250.00	47,062.50	58,312.50
3/25/2022	11,250.00	47,062.50	58,312.50
4/25/2022	11,250.00	47,062.50	58,312.50
5/25/2022	11,250.00	47,062.50	58,312.50
6/25/2022	11,666.67	46,500.00	58,166.67
7/25/2022	11,666.67	46,500.00	58,166.67
8/25/2022	11,666.67	46,500.00	58,166.67
9/25/2022	11,666.67	46,500.00	58,166.67
10/25/2022	11,666.67	46,500.00	58,166.67
11/25/2022	11,666.67	46,500.00	58,166.67
12/25/2022	11,666.67	46,500.00	58,166.67
1/25/2023	11,666.67	46,500.00	58,166.67
2/25/2023	11,666.67	46,500.00	58,166.67
3/25/2023	11,666.67	46,500.00	58,166.67
4/25/2023	11,666.67	46,500.00	58,166.67
5/25/2023	11,666.67	46,500.00	58,166.67
6/25/2023	12,083.34	45,916.67	58,000.01
7/25/2023	12,083.34	45,916.67	58,000.01
8/25/2023	12,083.34	45,916.67	58,000.01
9/25/2023	12,083.34	45,916.67	58,000.01
10/25/2023	12,083.34	45,916.67	58,000.01
11/25/2023	12,083.34	45,916.67	58,000.01
12/25/2023	12,083.34	45,916.67	58,000.01
1/25/2024	12,083.34	45,916.67	58,000.01
2/25/2024	12,083.34	45,916.67	58,000.01
3/25/2024	12,083.34	45,916.67	58,000.01
4/25/2024	12,083.34	45,916.67	58,000.01

	<i>A</i>	<i>B</i>	<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2024	12,083.34	45,916.67	58,000.01
6/25/2024	12,916.67	45,312.50	58,229.17
7/25/2024	12,916.67	45,312.50	58,229.17
8/25/2024	12,916.67	45,312.50	58,229.17
9/25/2024	12,916.67	45,312.50	58,229.17
10/25/2024	12,916.67	45,312.50	58,229.17
11/25/2024	12,916.67	45,312.50	58,229.17
12/25/2024	12,916.67	45,312.50	58,229.17
1/25/2025	12,916.67	45,312.50	58,229.17
2/25/2025	12,916.67	45,312.50	58,229.17
3/25/2025	12,916.67	45,312.50	58,229.17
4/25/2025	12,916.67	45,312.50	58,229.17
5/25/2025	12,916.67	45,312.50	58,229.17
6/25/2025	13,333.34	44,666.67	58,000.01
7/25/2025	13,333.34	44,666.67	58,000.01
8/25/2025	13,333.34	44,666.67	58,000.01
9/25/2025	13,333.34	44,666.67	58,000.01
10/25/2025	13,333.34	44,666.67	58,000.01
11/25/2025	13,333.34	44,666.67	58,000.01
12/25/2025	13,333.34	44,666.67	58,000.01
1/25/2026	13,333.34	44,666.67	58,000.01
2/25/2026	13,333.34	44,666.67	58,000.01
3/25/2026	13,333.34	44,666.67	58,000.01
4/25/2026	13,333.34	44,666.67	58,000.01
5/25/2026	13,333.34	44,666.67	58,000.01
6/25/2026	14,166.67	44,000.00	58,166.67
7/25/2026	14,166.67	44,000.00	58,166.67
8/25/2026	14,166.67	44,000.00	58,166.67
9/25/2026	14,166.67	44,000.00	58,166.67
10/25/2026	14,166.67	44,000.00	58,166.67
11/25/2026	14,166.67	44,000.00	58,166.67
12/25/2026	14,166.67	44,000.00	58,166.67
1/25/2027	14,166.67	44,000.00	58,166.67
2/25/2027	14,166.67	44,000.00	58,166.67
3/25/2027	14,166.67	44,000.00	58,166.67
4/25/2027	14,166.67	44,000.00	58,166.67

	<i>A</i>	<i>B</i>	<i>A+B</i> <i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2027	14,166.67	44,000.00	58,166.67
6/25/2027	15,000.00	43,291.67	58,291.67
7/25/2027	15,000.00	43,291.67	58,291.67
8/25/2027	15,000.00	43,291.67	58,291.67
9/25/2027	15,000.00	43,291.67	58,291.67
10/25/2027	15,000.00	43,291.67	58,291.67
11/25/2027	15,000.00	43,291.67	58,291.67
12/25/2027	15,000.00	43,291.67	58,291.67
1/25/2028	15,000.00	43,291.67	58,291.67
2/25/2028	15,000.00	43,291.67	58,291.67
3/25/2028	15,000.00	43,291.67	58,291.67
4/25/2028	15,000.00	43,291.67	58,291.67
5/25/2028	15,000.00	43,291.67	58,291.67
6/25/2028	15,416.67	42,541.67	57,958.34
7/25/2028	15,416.67	42,541.67	57,958.34
8/25/2028	15,416.67	42,541.67	57,958.34
9/25/2028	15,416.67	42,541.67	57,958.34
10/25/2028	15,416.67	42,541.67	57,958.34
11/25/2028	15,416.67	42,541.67	57,958.34
12/25/2028	15,416.67	42,541.67	57,958.34
1/25/2029	15,416.67	42,541.67	57,958.34
2/25/2029	15,416.67	42,541.67	57,958.34
3/25/2029	15,416.67	42,541.67	57,958.34
4/25/2029	15,416.67	42,541.67	57,958.34
5/25/2029	15,416.67	42,541.67	57,958.34
6/25/2029	16,250.00	41,770.84	58,020.84
7/25/2029	16,250.00	41,770.84	58,020.84
8/25/2029	16,250.00	41,770.84	58,020.84
9/25/2029	16,250.00	41,770.84	58,020.84
10/25/2029	16,250.00	41,770.84	58,020.84
11/25/2029	16,250.00	41,770.84	58,020.84
12/25/2029	16,250.00	41,770.84	58,020.84
1/25/2030	16,250.00	41,770.84	58,020.84
2/25/2030	16,250.00	41,770.84	58,020.84
3/25/2030	16,250.00	41,770.84	58,020.84
4/25/2030	16,250.00	41,770.84	58,020.84

	<i>A</i>	<i>B</i>	<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2030	16,250.00	41,770.84	58,020.84
6/25/2030	17,083.34	40,958.34	58,041.68
7/25/2030	17,083.34	40,958.34	58,041.68
8/25/2030	17,083.34	40,958.34	58,041.68
9/25/2030	17,083.34	40,958.34	58,041.68
10/25/2030	17,083.34	40,958.34	58,041.68
11/25/2030	17,083.34	40,958.34	58,041.68
12/25/2030	17,083.34	40,958.34	58,041.68
1/25/2031	17,083.34	40,958.34	58,041.68
2/25/2031	17,083.34	40,958.34	58,041.68
3/25/2031	17,083.34	40,958.34	58,041.68
4/25/2031	17,083.34	40,958.34	58,041.68
5/25/2031	17,083.34	40,958.34	58,041.68
6/25/2031	17,916.67	40,104.17	58,020.84
7/25/2031	17,916.67	40,104.17	58,020.84
8/25/2031	17,916.67	40,104.17	58,020.84
9/25/2031	17,916.67	40,104.17	58,020.84
10/25/2031	17,916.67	40,104.17	58,020.84
11/25/2031	17,916.67	40,104.17	58,020.84
12/25/2031	17,916.67	40,104.17	58,020.84
1/25/2032	17,916.67	40,104.17	58,020.84
2/25/2032	17,916.67	40,104.17	58,020.84
3/25/2032	17,916.67	40,104.17	58,020.84
4/25/2032	17,916.67	40,104.17	58,020.84
5/25/2032	17,916.67	40,104.17	58,020.84
6/25/2032	18,750.00	39,208.34	57,958.34
7/25/2032	18,750.00	39,208.34	57,958.34
8/25/2032	18,750.00	39,208.34	57,958.34
9/25/2032	18,750.00	39,208.34	57,958.34
10/25/2032	18,750.00	39,208.34	57,958.34
11/25/2032	18,750.00	39,208.34	57,958.34
12/25/2032	18,750.00	39,208.34	57,958.34
1/25/2033	18,750.00	39,208.34	57,958.34
2/25/2033	18,750.00	39,208.34	57,958.34
3/25/2033	18,750.00	39,208.34	57,958.34
4/25/2033	18,750.00	39,208.34	57,958.34

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2033	18,750.00	39,208.34	57,958.34
6/25/2033	20,000.00	38,270.84	58,270.84
7/25/2033	20,000.00	38,270.84	58,270.84
8/25/2033	20,000.00	38,270.84	58,270.84
9/25/2033	20,000.00	38,270.84	58,270.84
10/25/2033	20,000.00	38,270.84	58,270.84
11/25/2033	20,000.00	38,270.84	58,270.84
12/25/2033	20,000.00	38,270.84	58,270.84
1/25/2034	20,000.00	38,270.84	58,270.84
2/25/2034	20,000.00	38,270.84	58,270.84
3/25/2034	20,000.00	38,270.84	58,270.84
4/25/2034	20,000.00	38,270.84	58,270.84
5/25/2034	20,000.00	38,270.84	58,270.84
6/25/2034	20,833.34	37,270.84	58,104.18
7/25/2034	20,833.34	37,270.84	58,104.18
8/25/2034	20,833.34	37,270.84	58,104.18
9/25/2034	20,833.34	37,270.84	58,104.18
10/25/2034	20,833.34	37,270.84	58,104.18
11/25/2034	20,833.34	37,270.84	58,104.18
12/25/2034	20,833.34	37,270.84	58,104.18
1/25/2035	20,833.34	37,270.84	58,104.18
2/25/2035	20,833.34	37,270.84	58,104.18
3/25/2035	20,833.34	37,270.84	58,104.18
4/25/2035	20,833.34	37,270.84	58,104.18
5/25/2035	20,833.34	37,270.84	58,104.18
6/25/2035	22,083.34	36,229.17	58,312.51
7/25/2035	22,083.34	36,229.17	58,312.51
8/25/2035	22,083.34	36,229.17	58,312.51
9/25/2035	22,083.34	36,229.17	58,312.51
10/25/2035	22,083.34	36,229.17	58,312.51
11/25/2035	22,083.34	36,229.17	58,312.51
12/25/2035	22,083.34	36,229.17	58,312.51
1/25/2036	22,083.34	36,229.17	58,312.51
2/25/2036	22,083.34	36,229.17	58,312.51
3/25/2036	22,083.34	36,229.17	58,312.51
4/25/2036	22,083.34	36,229.17	58,312.51

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2036	22,083.34	36,229.17	58,312.51
6/25/2036	22,916.67	35,125.00	58,041.67
7/25/2036	22,916.67	35,125.00	58,041.67
8/25/2036	22,916.67	35,125.00	58,041.67
9/25/2036	22,916.67	35,125.00	58,041.67
10/25/2036	22,916.67	35,125.00	58,041.67
11/25/2036	22,916.67	35,125.00	58,041.67
12/25/2036	22,916.67	35,125.00	58,041.67
1/25/2037	22,916.67	35,125.00	58,041.67
2/25/2037	22,916.67	35,125.00	58,041.67
3/25/2037	22,916.67	35,125.00	58,041.67
4/25/2037	22,916.67	35,125.00	58,041.67
5/25/2037	22,916.67	35,125.00	58,041.67
6/25/2037	24,166.67	33,979.17	58,145.84
7/25/2037	24,166.67	33,979.17	58,145.84
8/25/2037	24,166.67	33,979.17	58,145.84
9/25/2037	24,166.67	33,979.17	58,145.84
10/25/2037	24,166.67	33,979.17	58,145.84
11/25/2037	24,166.67	33,979.17	58,145.84
12/25/2037	24,166.67	33,979.17	58,145.84
1/25/2038	24,166.67	33,979.17	58,145.84
2/25/2038	24,166.67	33,979.17	58,145.84
3/25/2038	24,166.67	33,979.17	58,145.84
4/25/2038	24,166.67	33,979.17	58,145.84
5/25/2038	24,166.67	33,979.17	58,145.84
6/25/2038	25,416.67	32,770.84	58,187.51
7/25/2038	25,416.67	32,770.84	58,187.51
8/25/2038	25,416.67	32,770.84	58,187.51
9/25/2038	25,416.67	32,770.84	58,187.51
10/25/2038	25,416.67	32,770.84	58,187.51
11/25/2038	25,416.67	32,770.84	58,187.51
12/25/2038	25,416.67	32,770.84	58,187.51
1/25/2039	25,416.67	32,770.84	58,187.51
2/25/2039	25,416.67	32,770.84	58,187.51
3/25/2039	25,416.67	32,770.84	58,187.51
4/25/2039	25,416.67	32,770.84	58,187.51

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2039	25,416.67	32,770.84	58,187.51
6/25/2039	26,666.67	31,500.00	58,166.67
7/25/2039	26,666.67	31,500.00	58,166.67
8/25/2039	26,666.67	31,500.00	58,166.67
9/25/2039	26,666.67	31,500.00	58,166.67
10/25/2039	26,666.67	31,500.00	58,166.67
11/25/2039	26,666.67	31,500.00	58,166.67
12/25/2039	26,666.67	31,500.00	58,166.67
1/25/2040	26,666.67	31,500.00	58,166.67
2/25/2040	26,666.67	31,500.00	58,166.67
3/25/2040	26,666.67	31,500.00	58,166.67
4/25/2040	26,666.67	31,500.00	58,166.67
5/25/2040	26,666.67	31,500.00	58,166.67
6/25/2040	27,916.67	30,166.67	58,083.34
7/25/2040	27,916.67	30,166.67	58,083.34
8/25/2040	27,916.67	30,166.67	58,083.34
9/25/2040	27,916.67	30,166.67	58,083.34
10/25/2040	27,916.67	30,166.67	58,083.34
11/25/2040	27,916.67	30,166.67	58,083.34
12/25/2040	27,916.67	30,166.67	58,083.34
1/25/2041	27,916.67	30,166.67	58,083.34
2/25/2041	27,916.67	30,166.67	58,083.34
3/25/2041	27,916.67	30,166.67	58,083.34
4/25/2041	27,916.67	30,166.67	58,083.34
5/25/2041	27,916.67	30,166.67	58,083.34
6/25/2041	29,166.67	28,770.84	57,937.51
7/25/2041	29,166.67	28,770.84	57,937.51
8/25/2041	29,166.67	28,770.84	57,937.51
9/25/2041	29,166.67	28,770.84	57,937.51
10/25/2041	29,166.67	28,770.84	57,937.51
11/25/2041	29,166.67	28,770.84	57,937.51
12/25/2041	29,166.67	28,770.84	57,937.51
1/25/2042	29,166.67	28,770.84	57,937.51
2/25/2042	29,166.67	28,770.84	57,937.51
3/25/2042	29,166.67	28,770.84	57,937.51
4/25/2042	29,166.67	28,770.84	57,937.51

	<i>A</i>	<i>B</i>	<i>A+B</i>
			<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2042	29,166.67	28,770.84	57,937.51
6/25/2042	30,833.34	27,312.50	58,145.84
7/25/2042	30,833.34	27,312.50	58,145.84
8/25/2042	30,833.34	27,312.50	58,145.84
9/25/2042	30,833.34	27,312.50	58,145.84
10/25/2042	30,833.34	27,312.50	58,145.84
11/25/2042	30,833.34	27,312.50	58,145.84
12/25/2042	30,833.34	27,312.50	58,145.84
1/25/2043	30,833.34	27,312.50	58,145.84
2/25/2043	30,833.34	27,312.50	58,145.84
3/25/2043	30,833.34	27,312.50	58,145.84
4/25/2043	30,833.34	27,312.50	58,145.84
5/25/2043	30,833.34	27,312.50	58,145.84
6/25/2043	32,500.00	25,770.84	58,270.84
7/25/2043	32,500.00	25,770.84	58,270.84
8/25/2043	32,500.00	25,770.84	58,270.84
9/25/2043	32,500.00	25,770.84	58,270.84
10/25/2043	32,500.00	25,770.84	58,270.84
11/25/2043	32,500.00	25,770.84	58,270.84
12/25/2043	32,500.00	25,770.84	58,270.84
1/25/2044	32,500.00	25,770.84	58,270.84
2/25/2044	32,500.00	25,770.84	58,270.84
3/25/2044	32,500.00	25,770.84	58,270.84
4/25/2044	32,500.00	25,770.84	58,270.84
5/25/2044	32,500.00	25,770.84	58,270.84
6/25/2044	34,166.67	24,145.84	58,312.51
7/25/2044	34,166.67	24,145.84	58,312.51
8/25/2044	34,166.67	24,145.84	58,312.51
9/25/2044	34,166.67	24,145.84	58,312.51
10/25/2044	34,166.67	24,145.84	58,312.51
11/25/2044	34,166.67	24,145.84	58,312.51
12/25/2044	34,166.67	24,145.84	58,312.51
1/25/2045	34,166.67	24,145.84	58,312.51
2/25/2045	34,166.67	24,145.84	58,312.51
3/25/2045	34,166.67	24,145.84	58,312.51
4/25/2045	34,166.67	24,145.84	58,312.51

	<i>A</i>	<i>B</i>	<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2045	34,166.67	24,145.84	58,312.51
6/25/2045	35,833.34	22,437.50	58,270.84
7/25/2045	35,833.34	22,437.50	58,270.84
8/25/2045	35,833.34	22,437.50	58,270.84
9/25/2045	35,833.34	22,437.50	58,270.84
10/25/2045	35,833.34	22,437.50	58,270.84
11/25/2045	35,833.34	22,437.50	58,270.84
12/25/2045	35,833.34	22,437.50	58,270.84
1/25/2046	35,833.34	22,437.50	58,270.84
2/25/2046	35,833.34	22,437.50	58,270.84
3/25/2046	35,833.34	22,437.50	58,270.84
4/25/2046	35,833.34	22,437.50	58,270.84
5/25/2046	35,833.34	22,437.50	58,270.84
6/25/2046	37,500.00	20,645.84	58,145.84
7/25/2046	37,500.00	20,645.84	58,145.84
8/25/2046	37,500.00	20,645.84	58,145.84
9/25/2046	37,500.00	20,645.84	58,145.84
10/25/2046	37,500.00	20,645.84	58,145.84
11/25/2046	37,500.00	20,645.84	58,145.84
12/25/2046	37,500.00	20,645.84	58,145.84
1/25/2047	37,500.00	20,645.84	58,145.84
2/25/2047	37,500.00	20,645.84	58,145.84
3/25/2047	37,500.00	20,645.84	58,145.84
4/25/2047	37,500.00	20,645.84	58,145.84
5/25/2047	37,500.00	20,645.84	58,145.84
6/25/2047	39,166.67	18,770.84	57,937.51
7/25/2047	39,166.67	18,770.84	57,937.51
8/25/2047	39,166.67	18,770.84	57,937.51
9/25/2047	39,166.67	18,770.84	57,937.51
10/25/2047	39,166.67	18,770.84	57,937.51
11/25/2047	39,166.67	18,770.84	57,937.51
12/25/2047	39,166.67	18,770.84	57,937.51
1/25/2048	39,166.67	18,770.84	57,937.51
2/25/2048	39,166.67	18,770.84	57,937.51
3/25/2048	39,166.67	18,770.84	57,937.51
4/25/2048	39,166.67	18,770.84	57,937.51

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2048	39,166.67	18,770.84	57,937.51
6/25/2048	41,250.00	16,812.50	58,062.50
7/25/2048	41,250.00	16,812.50	58,062.50
8/25/2048	41,250.00	16,812.50	58,062.50
9/25/2048	41,250.00	16,812.50	58,062.50
10/25/2048	41,250.00	16,812.50	58,062.50
11/25/2048	41,250.00	16,812.50	58,062.50
12/25/2048	41,250.00	16,812.50	58,062.50
1/25/2049	41,250.00	16,812.50	58,062.50
2/25/2049	41,250.00	16,812.50	58,062.50
3/25/2049	41,250.00	16,812.50	58,062.50
4/25/2049	41,250.00	16,812.50	58,062.50
5/25/2049	41,250.00	16,812.50	58,062.50
6/25/2049	43,333.34	14,750.00	58,083.34
7/25/2049	43,333.34	14,750.00	58,083.34
8/25/2049	43,333.34	14,750.00	58,083.34
9/25/2049	43,333.34	14,750.00	58,083.34
10/25/2049	43,333.34	14,750.00	58,083.34
11/25/2049	43,333.34	14,750.00	58,083.34
12/25/2049	43,333.34	14,750.00	58,083.34
1/25/2050	43,333.34	14,750.00	58,083.34
2/25/2050	43,333.34	14,750.00	58,083.34
3/25/2050	43,333.34	14,750.00	58,083.34
4/25/2050	43,333.34	14,750.00	58,083.34
5/25/2050	43,333.34	14,750.00	58,083.34
6/25/2050	45,416.67	12,583.34	58,000.01
7/25/2050	45,416.67	12,583.34	58,000.01
8/25/2050	45,416.67	12,583.34	58,000.01
9/25/2050	45,416.67	12,583.34	58,000.01
10/25/2050	45,416.67	12,583.34	58,000.01
11/25/2050	45,416.67	12,583.34	58,000.01
12/25/2050	45,416.67	12,583.34	58,000.01
1/25/2051	45,416.67	12,583.34	58,000.01
2/25/2051	45,416.67	12,583.34	58,000.01
3/25/2051	45,416.67	12,583.34	58,000.01
4/25/2051	45,416.67	12,583.34	58,000.01

	<i>A</i>	<i>B</i>	<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2051	45,416.67	12,583.34	58,000.01
6/25/2051	47,916.67	10,312.50	58,229.17
7/25/2051	47,916.67	10,312.50	58,229.17
8/25/2051	47,916.67	10,312.50	58,229.17
9/25/2051	47,916.67	10,312.50	58,229.17
10/25/2051	47,916.67	10,312.50	58,229.17
11/25/2051	47,916.67	10,312.50	58,229.17
12/25/2051	47,916.67	10,312.50	58,229.17
1/25/2052	47,916.67	10,312.50	58,229.17
2/25/2052	47,916.67	10,312.50	58,229.17
3/25/2052	47,916.67	10,312.50	58,229.17
4/25/2052	47,916.67	10,312.50	58,229.17
5/25/2052	47,916.67	10,312.50	58,229.17
6/25/2052	50,416.67	7,916.67	58,333.34
7/25/2052	50,416.67	7,916.67	58,333.34
8/25/2052	50,416.67	7,916.67	58,333.34
9/25/2052	50,416.67	7,916.67	58,333.34
10/25/2052	50,416.67	7,916.67	58,333.34
11/25/2052	50,416.67	7,916.67	58,333.34
12/25/2052	50,416.67	7,916.67	58,333.34
1/25/2053	50,416.67	7,916.67	58,333.34
2/25/2053	50,416.67	7,916.67	58,333.34
3/25/2053	50,416.67	7,916.67	58,333.34
4/25/2053	50,416.67	7,916.67	58,333.34
5/25/2053	50,416.67	7,916.67	58,333.34
6/25/2053	52,500.00	5,395.84	57,895.84
7/25/2053	52,500.00	5,395.84	57,895.84
8/25/2053	52,500.00	5,395.84	57,895.84
9/25/2053	52,500.00	5,395.84	57,895.84
10/25/2053	52,500.00	5,395.84	57,895.84
11/25/2053	52,500.00	5,395.84	57,895.84
12/25/2053	52,500.00	5,395.84	57,895.84
1/25/2054	52,500.00	5,395.84	57,895.84
2/25/2054	52,500.00	5,395.84	57,895.84
3/25/2054	52,500.00	5,395.84	57,895.84
4/25/2054	52,500.00	5,395.84	57,895.84

			<i>A+B</i>
	<i>A</i>	<i>B</i>	<i>C</i>
Loan Repayment Date	Principal Component of Loan Repayment	Interest Component of Loan Repayment	Monthly Loan Repayment
5/25/2054	52,500.00	5,395.84	57,895.84
6/25/2054	55,416.67	2,770.84	58,187.51
7/25/2054	55,416.67	2,770.84	58,187.51
8/25/2054	55,416.67	2,770.84	58,187.51
9/25/2054	55,416.67	2,770.84	58,187.51
10/25/2054	55,416.67	2,770.84	58,187.51
11/25/2054	55,416.67	2,770.84	58,187.51
12/25/2054	55,416.67	2,770.84	58,187.51
1/25/2055	55,416.67	2,770.84	58,187.51
2/25/2055	55,416.67	2,770.84	58,187.51
3/25/2055	55,416.67	2,770.84	58,187.51
4/25/2055	55,416.67	2,770.84	58,187.51
5/25/2055	55,416.67	2,770.84	58,187.51

EXHIBIT C

REQUIRED COVENANTS IN LEASES AND SCHOOL LOAN AGREEMENTS

The Borrower further covenants and agrees that each Lease and School Loan Agreement shall contain the following covenants, in substantially the following form.

Section 1. Financial Reporting. Lessee agrees to provide to the Borrower, and upon written request of the Trustee, to the Trustee, the following information:

(a) if Lessee is undertaking any construction or renovations at the Facilities, not later than 60 days after the end of each fiscal quarter of Lessee, a construction progress report with respect to any such construction until such construction is substantially complete;

(b) quarterly unaudited financial information and operating data of the Lessee not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2018;

(c) quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2018, a report of the Lessee's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter;

(d) prior to the end of each fiscal year, a copy of the annual budget of the Lessee 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, 2018, 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, 2018, a copy of any recommendations of any Independent Consultant received in accordance with the Lease pursuant to the Liquidity Covenant and Base Rent Coverage Ratio described below;

(g) annually, no later than six months after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2018, copies of the audited financial statements of Lessee 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 months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2020, the certifications and calculations of the Days Cash on Hand and the Base Rent Coverage Ratio for the Lessee as described in the Liquidity Covenant and Base Rent Coverage Ratio described below; and

(i) such other information as may be reasonably requested by a Borrower, the Authority and the Trustee.

Section 2. Liquidity Covenant. Lessee will calculate Days Cash on Hand as of the last day of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2020, based upon its audited financial statements for such Fiscal Year and file such reports with the Trustee. For each calculation date, the Lessee will maintain Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days.

“Days Cash on Hand” means (a) the sum of Cash and Cash Equivalents of the Lessee, as shown on 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 (b) the Average Daily Expenses for the Lessee (as calculated for the most recent Fiscal Year ending before such date).

“Average Daily Expenses for the Lessee” means (a) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Lessee (excluding from such calculation all depreciation and other non-cash items), and including within such calculation (i) all Operating Expenses for such Fiscal Year for the Lessee; (ii) CMO Management Fees; and (iii) the maximum Base Rent payable under all Leases for that year or any other year, divided by (b) 365.

Lessee will provide a certificate to the Borrower and Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether Lessee has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, Lessee covenants to retain an Independent Consultant at the expense of Lessee, 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 Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to the Borrower and the Trustee within 90 days after being so retained. If Lessee fails to implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Lessee by the Borrower, the Authority, or the Trustee, such failure shall constitute an Event of Default under the Lease.

No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation (other than the proceeds of any working capital loans made to bridge deferrals in State payments or start-up loans from the State or the California Department of Education).

In the event the Lessee fails to have such an amount on deposit, it will not be a default or Event of Default under the Lease. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

Section 3. Base Rent Coverage Ratio Covenant. Lessee covenants and agrees to calculate for each Fiscal Year its Base Rent Coverage Ratio for all Leases 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 Trustee annually commencing with the Fiscal Year ending June 30, 2020. Lessee also covenants to maintain its Net Operating School Revenue so that its Base Rent Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, Lessee's failure to achieve the required Base Rent Coverage Ratio will not constitute an Event of Default under the Lease if Lessee promptly engages an Independent Consultant to prepare a report, to be delivered to Lessee, Borrower and Trustee within 45 days of engagement, with recommendations for meeting the required Base Rent 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 Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Borrower and Trustee within 90 days after being so retained. If Lessee fails to implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Lessee by the Borrower, the Authority, or the Trustee, such failure shall constitute an Event of Default under the Lease. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24 month period. Notwithstanding the foregoing, Lessee's failure to achieve a Base Rent Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under the Lease.

"Base Rent Coverage Ratio" means for any period of time the ratio determined by dividing (a) Net Operating School Revenue, by (b) the amount of scheduled Base Rent under the Lease.

"Gross School Revenues" means all revenue, income, receipts and money received by Lessee or on behalf of Lessee from all lawfully available sources attributable to the operation of the its charter schools, 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 Lessee not specifically described in the immediately preceding sentence shall not constitute Gross School Revenues.

"Net Operating School Revenue" means 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 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.

“School Indebtedness” means Indebtedness (as such term is defined in the Indenture) related to or payable from revenues of the Lessee.

“Operating Expenses” means except as provided below, all unrestricted expenses of Lessee, attributable to operations of its charter schools, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Base Rent, but including Expenses and Additional Rent), 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 Lessee, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Borrower. *“Operating Expenses”* shall exclude, however, (a) all subordinated CMO Management Fees, (b) depreciation and amortization, and (c) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

“CMO Management Fees” means all CMO Management fees, if any, paid to Lessee in connection with management services provided and related to or payable from revenues attributable to the Lessee’s charter schools, which fee is subordinate to the payment of Rent due under the Lease.

“Additional Rent” shall consist of the following: (a) All amounts required to reimburse Borrower, or satisfy Borrower’s obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Borrower is obligated to pay under the terms of the Loan Agreement, including, but not limited to, such amounts as described in the Loan Agreement; (b) any other amounts required to be paid by the Borrower in order for the Borrower to meet its obligations under the Loan Agreement on a full and timely basis.

“Expenses” shall mean and include all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Facilities, 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 Borrower under the Lease;
and

(xii) if applicable, amounts payable under any ground lease that are the responsibility of the Borrower and not otherwise paid pursuant to any other provisions of this subsection.

Section 4. Use of Public Moneys. 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 the School a violation or breach of any State of California statute, rule or regulation governing the use of those moneys.

In addition, the Authority shall be a Third Party Beneficiary under the Lease with respect to this provision of the Lease.

Section 5. Limitations on Lessee Indebtedness. The Lessee shall not assume or guaranty any Indebtedness (secured or unsecured) after the date hereof except for purposes specifically benefiting the Lessee and except as provided below:

(a) Long-Term Indebtedness may be incurred if, prior to the issuance of such Additional Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee setting forth projections meeting the following conditions:

(i) a 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 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 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 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 shall take into account, as applicable, (i) the audited results of operations and verified enrollment of the Schools, (ii) projected enrollment of

the Schools, and (iii) Gross School Revenues at the completion of the 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, and shall exclude therefrom the payment obligations which will be eliminated as a result of the incurrence of the proposed Long-Term Indebtedness.

(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; (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 shall not apply to any refinancing with Balloon Indebtedness.

(c) To the extent permitted by applicable law and if no Event of Default under the Lease, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under the Lease, has occurred and is continuing, Lessee may incur School Short-Term Indebtedness for working capital purposes which the Lessee in its judgement deems expedient, or School Interim Indebtedness to finance and refinance existing capital needs which the Lessee in its judgement deems expedient, in each case which School Short-Term Indebtedness or School Interim Indebtedness constitutes Nonrecourse Indebtedness, so long such proposed Indebtedness, together with all School Short-Term Indebtedness and School Interim Indebtedness then outstanding, exceed the maximum amount of advance apportionment and principal apportionment due to the Lessee in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14014.6 of the Education Code of the State or Sections 16325.5 and 16326 of the Government Code of the State, or subsequent legislation authorizing additional deferral of such apportionment.

"Nonrecourse Indebtedness" means all 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 of any part of the Premises or the Improvements (as such terms are defined in the Lease) in order to pay, satisfy or discharge all or any part of the Indebtedness.

"School Short-Term Indebtedness" means Indebtedness having an original maturity or 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 School Short-Term Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as School Short-Term Indebtedness to the extent that the RANs are secured by deferred State apportionment revenue expressly pledged and deposited in an intercepted account for such RANs.

"School Interim Indebtedness" means all 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 original incurrence or issuance.

Section 6. Pledge of Gross School Revenues. To secure the payment and performance of Lessee's obligations under the Lease, the Lessee shall pledge and grant to the Landlord a security interest in Gross School Revenues.

Section 7. Definitions. Any capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Indenture and the Loan Agreement.

AMENDMENT TO LOAN AGREEMENT

by and between

CALIFORNIA SCHOOL FINANCE AUTHORITY,
as Authority

and

LARCHMONT LFP LLC,
as Borrower

Relating to:

\$11,305,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
Series 2018A

\$330,000
California School Finance Authority
Charter School Revenue Bonds
(Larchmont Charter School Project)
(Taxable) Series 2018B

Amending the Loan Agreement
Dated as of August 1, 2018

Dated as of May 1, 2020

AMENDMENT TO LOAN AGREEMENT

THIS AMENDMENT TO LOAN AGREEMENT, dated as of May 1, 2020 (this “Amendment”), amending a Loan Agreement, dated as of August 1, 2018 (the “Original Loan Agreement”), is by and between **LARCHMONT LFP LLC**, a California limited liability company (the “Borrower”), and the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California (the “Authority”).

WITNESSETH:

WHEREAS, capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in Section 1.01 of the Original Loan Agreement; and

WHEREAS, the Authority is a public instrumentality of the State of California, created by 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 of California) (the “Act”) and is authorized to issue bonds and loan the proceeds thereof for purposes of financing or refinancing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with schools (“charter schools”) established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code); and

WHEREAS, the Authority issued its Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A, in an aggregate principal amount of \$11,305,000, and its Charter School Revenue Bonds (Larchmont Charter School Project) (Taxable), Series 2018B, in an aggregate principal amount of \$330,000 to finance or refinance the Project; and

WHEREAS, the consent of the Trustee and of the Holders of a majority in principal amount of the Outstanding Bonds to this Amendment was obtained prior to its execution and delivery by the Borrower and the Authority;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

AMENDMENT OF THE ORIGINAL LOAN AGREEMENT

Section 1.01. Amendment to Section 5(c) of Exhibit C of the Original Loan Agreement. Section 5(c) of Exhibit C of the Original Loan Agreement is hereby amended and restated in its entirety as follows:

To the extent permitted by applicable law and if no Event of Default under the Lease, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under the Lease, has occurred and is continuing, Lessee may incur School Short-Term Indebtedness for working

capital purposes which the Lessee in its judgement deems expedient, or School Interim Indebtedness for working capital purposes or to finance and refinance existing capital needs which the Lessee in its judgement deems expedient, in each case which School Short-Term Indebtedness or School Interim Indebtedness constitutes Nonrecourse Indebtedness, so long such proposed Indebtedness, together with all School Short-Term Indebtedness and School Interim Indebtedness then outstanding, does not exceed the greater of (a) the maximum amount of advance apportionment and principal apportionment due to the Lessee in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14014.6 of the Education Code of the State or Sections 16325.5 and 16326 of the Government Code of the State, or subsequent legislation authorizing additional deferral of such apportionment or (b) the sum of (1) a PPP Loan in the maximum principal amount of \$2,719,240 and (2) a Line of Credit in a maximum available principal amount of \$2,500,000, provided that the Lessee may only draw on the Line of Credit in the amount of the PPP Loan which is forgiven or repaid in accordance with the terms of the PPP Loan.

“Line of Credit” means a revolving line of credit which may be entered into by the Lessee with a lender from time to time.

“PPP Loan” means the unsecured forgivable loan made to Lessee by Pacific Western Bank in connection with the United States Small Business Administration Payroll Protection Program established under the Coronavirus Aid, Relief and Economic Security Act of 2020.

ARTICLE II

MISCELLANEOUS

Section 2.01. Ratification of Original Loan Agreement. As amended hereby, the Original Loan Agreement is in all respects ratified and confirmed and the Original Loan Agreement as so amended hereby shall be read, taken and construed as one and the same instrument. In the event of any conflicts between the Original Loan Agreement and this Amendment, this Amendment shall control. The effective date of this Amendment is as of May 14, 2020.

Section 2.02. Severability. If any covenant, agreement or provision, or any portion thereof contained in this Amendment, where the application thereof to any Person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Amendment and the application of such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Amendment shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Amendment and the Constitution and laws of the State.

Section 2.03. Counterparts. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument. The parties

agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

Section 2.04. Waiver of Personal Liability. No member, officer, agent or employee of the Borrower, the Lessee or any School 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 hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Amendment; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Amendment.

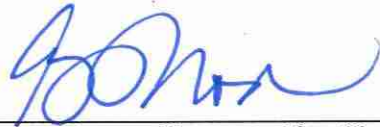
Section 2.05. Binding Effect. This Amendment shall inure to the benefit of and shall be binding upon the Authority, the Bond Trustee, the Borrower, and their respective successors and assigns, subject, however, to the limitations contained herein and in Section 8.02 of the Original Loan Agreement and as otherwise provided in the Indenture.

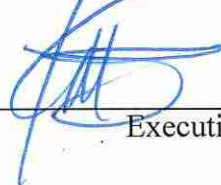
Section 2.06. Governing Law; Forum; Venue. This Amendment is a contract made under the laws of the State of California, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in said State. This Amendment shall be enforceable in the State of California, and any action arising out of this Amendment shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Amendment to be executed in their respective names as of the date first written above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: 
Deputy Treasurer for Chairperson,
State Treasurer Fiona Ma

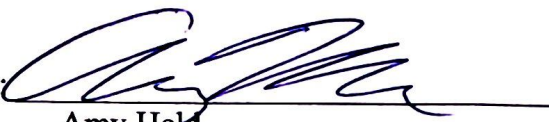
By: 
Executive Director

[Signature Page to Larchmont Charter School Project Amendment to Loan Agreement]

[Signatures Continue on Next Page]

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS,
a California nonprofit public benefit
corporation,
its Manager

By: 
Amy Held
Executive Director

[Signature Page to Larchmont Charter School Project Amendment to Loan Agreement]

SECOND AMENDMENT TO LOAN AGREEMENT

THIS SECOND AMENDMENT TO LOAN AGREEMENT (this “Second Amendment to Loan Agreement”) is made and entered into as of April 1, 2026, by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California, or its successors and assigns (the “Authority”), and **LARCHMONT LFP LLC**, a California limited liability company (the “Borrower”), the sole member of which is Larchmont Schools (the “Sole Member” or the “Lessee”), a California nonprofit public benefit corporation.

RECITALS

WHEREAS, the Authority is a public instrumentality of the State of California, created by 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 of California) (the “Act”) and is authorized to issue bonds and loan the proceeds thereof for purposes of financing working capital and the acquisition, construction, improvement, installation, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing of a project (as defined in the Act) pursuant to the Act in conjunction with schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”); and

WHEREAS, the Authority has previously issued its Charter School Revenue Bonds (Larchmont Charter School Project) Series 2018A in the aggregate principal amount of \$11,305,000 and its Charter School Revenue Bonds (Larchmont Charter School Project) (Taxable) Series 2018B in the aggregate principal amount of \$330,000 pursuant to that certain Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”) and loaned the proceeds thereof to the Borrower pursuant to that certain Loan Agreement, dated as of August 1, 2018, as amended by an Amendment to Loan Agreement, dated as of May 1, 2020 (together, the “Original Loan Agreement”), each between the Authority and the Borrower, to undertake the Project, as defined in the Original Loan Agreement (the “Series 2018 Project”); and

WHEREAS, the Borrower now wishes to (a) finance, refinance and/or reimburse the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of charter school educational facilities known as Larchmont Charter School, serving approximately 670 students in grades 4-8, located at 6325, 6331, 6363 Santa Monica Boulevard and 1115, 1123, 1125 Lillian Way, Los Angeles, CA 90038-1698 (the “Series 2026 Facilities”); (b) pay certain expenses incurred in connection with the issuance of the Series 2026 Bonds, as defined below; (c) pay capitalized interest on the Series 2026 Bonds; and (d) fund a debt service reserve fund and/or related working capital with respect to the Series 2026 Bonds (collectively, the “Series 2026 Project”); and

WHEREAS, the Authority has determined to issue its Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026 in the aggregate principal amount of \$[PAR] (the “Series 2026 Bonds”), pursuant to the Original Indenture, as supplemented by a First

Supplemental Indenture, dated as of April 1, 2026, between the Authority and the Trustee (the “First Supplemental Indenture” and together with the Original Indenture, the “Indenture”); and

WHEREAS, the Series 2026 Bonds are issued as Additional Bonds under and as defined in the Indenture; and

WHEREAS, the Authority will loan the proceeds of the Series 2026 Bonds to the Borrower pursuant to the Original Loan Agreement, as amended by this Second Amendment to Loan Agreement (collectively, the “Loan Agreement”) for the purposes of the Series 2026 Project; and

WHEREAS, the Borrower will lease the Series 2026 Facilities to the Lessee pursuant to one or more lease agreements;

AGREEMENT

NOW THEREFORE, in respect of the mutual promises made herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree to amend and supplement the Original Loan Agreement, and provide consent and approval as follows:

1. Amendment to Loan Agreement. This Second Amendment to Loan Agreement is executed in accordance with and pursuant to Section 2.02(a)(viii) of the Original Indenture.

2. Definitions. Unless the context otherwise requires, all capitalized terms used herein shall have the meanings assigned to such terms in the Indenture, as defined in the Recitals above, as amended or supplemented from time to time.

3. Findings of the Authority; Representations and Warranties of the Borrower.

(a) Findings of the Authority. The Authority hereby 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 Series 2026 Loan (as defined herein) to be made hereunder with proceeds of the Series 2026 Bonds will promote the purposes of the Act by providing funds to pay the costs of a “project” and “working capital” as defined in the Act; (iii) the Series 2026 Loan is in the public interest, serves a public purpose and meets the requirements of the Act; and (iv) the amount of the Series 2026 Loan (corresponding to the portion of the proceeds of the Series 2026 Bonds allocated under the Indenture to the funding of the Series 2026 Project) does not exceed the costs of the Series 2026 Project as determined by the Borrower.

(b) Representations and Warranties of the Borrower. The Borrower represents and warrants to the Authority that, as of the date of the execution of this Second Amendment to Loan Agreement and as of the Closing Date to the initial purchasers of the Series 2026 Bonds (such representations and warranties to remain operative and in full

force and effect regardless of the issuance of the Series 2026 Bonds or any investigations by or on behalf of the Authority or the results thereof):

(i) The Borrower is duly organized and existing as a limited liability company under the laws of the State, it is in good standing and authorized to transact business in the State, it will maintain, extend and renew its existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact business in the State might or could be terminated or its activities restricted in a way that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents.

(ii) The Borrower's sole member is the Sole Member. The Sole Member is an organization described in Section 501(c)(3) of the Code, does not constitute a private foundation under Section 509(a) of the Code, and the income of the Sole Member is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code. The Sole Member has received a determination from the Internal Revenue Service to the foregoing effect, and none of the bases for such determination have changed since the date thereof. The Sole Member has not filed Form 8832 to treat the Sole Member as a corporation and has not otherwise made an election to be treated as a corporation for federal income tax purposes. The Sole Member has not filed Form 8832 to treat the Borrower as a corporation and has not otherwise made an election to treat the Borrower as a corporation for federal income tax purposes. The Borrower continues to be treated as a single member disregarded entity for federal income tax purposes.

(iii) The Borrower is organized and operated for the purpose and with the specific power to own the Facilities, has been duly authorized to execute each of the Borrower Documents and consummate all of the transactions contemplated thereby, and by the Offering Document for the Series 2026 Bonds and to carry out and consummate all the transactions contemplated hereunder and thereunder.

(iv) The Borrower is a limited liability company duly organized and in good standing under the laws of the State, has full legal right, power and authority to enter into the Borrower Documents, and to carry out all of its obligations under and consummate all transactions contemplated hereby and by the Borrower Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Borrower Documents.

(v) The Borrower's purposes, character, activities, and methods of operation have not changed since its organization and are not different from the purposes, character, activities and methods of operation contemplated at the time of its Sole Member's determination by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code; the Borrower 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 Borrower

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 Borrower’s activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Borrower’s goods, services, income or assets, without fair compensation or consideration received in exchange therefor; it has not received any indication or notice to the effect that the 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 Borrower 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 Borrower 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 Tax-Exempt Bonds to be includable in the income of the recipients thereof for federal income tax purposes. As long as the Tax-Exempt Bonds are Outstanding, the Borrower 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 Tax-Exempt Bonds to become includable in the gross income of the owners of the Tax-Exempt Bonds for federal income tax purposes.

(vi) The officers of the Sole Member executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

(vii) The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

(viii) This Second Amendment to Loan Agreement, when assigned to the Trustee pursuant to the Indenture, and the other Borrower Documents will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their terms for the benefit of the Beneficial Owners of the Bonds, and any rights of the Authority and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(ix) The execution and delivery of this Second Amendment to Loan Agreement and the other Borrower Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Borrower's articles of organization or operating agreement, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Second Amendment to Loan Agreement or the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower.

(x) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity to the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(xi) All financial statements and information heretofore delivered to the Authority by the Borrower, including without limitation, information relating to the financial condition of the Borrower, the Series 2026 Project, the partners, joint venturers or members of the Borrower, and/or any guarantor, fairly and accurately present the financial position thereof and all financial statements have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower or the other subjects of such statements.

(xii) The Borrower has good and marketable title or leasehold interest, as applicable, to the Series 2026 Facilities free and clear from all encumbrances other than Permitted Encumbrances (as defined in the Indenture).

(xiii) The Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (1) under the Borrower Documents, or (2) with respect to any order or decree of any court or any order, regulation or demand of any federal,

state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents or the Indenture, or the financial condition, assets, properties or operations of the Borrower.

(xiv) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by or on behalf of the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating the Series 2026 Facilities.

(xv) All material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the acquisition, renovation, improvement, furnishing and equipping of the Series 2026 Facilities, and the Series 2026 Facilities will be acquired, constructed and installed and the Series 2026 Facilities will be operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(xvi) 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 Facilities incurred in the ordinary course of business, none of which constitutes indebtedness for borrowed money.

(xvii) 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.

(xviii) None of the representations of the Borrower contained in the Borrower Documents or any oral or written statement, exhibit or report furnished by or on behalf of the Borrower to the Authority, the Lessee, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, and no Offering Document in connection with the Series 2026 Bonds, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated herein or therein or necessary to make

the statements herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower has not failed to disclose any facts to the Authority, the Lessee, Bond Counsel or the Underwriter in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(xix) No written information, exhibit or report furnished to the Authority by the Borrower in connection with the negotiation of this Second Amendment to Loan Agreement or the other Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xx) The Borrower complies in all material respects with all applicable Environmental Regulations.

(xxi) Neither the Borrower nor the Series 2026 Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(xxii) The Borrower does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(xxiii) The Borrower (i) understands the structure of the transactions related to the financing of the Series 2026 Facilities; (ii) is familiar with all the provisions of the documents and instruments related to such financing and refinancing to which the Borrower is a party or of which the Borrower is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Series 2026 Facilities; (iv) has not relied on the Authority or the Underwriter for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Authority in any manner, except to issue the Series 2026 Bonds in order to provide funds for the Loan pursuant to the terms and conditions of this Second Amendment to Loan Agreement, the Indenture and the Bond Purchase Agreement; and (v) acknowledges that the Authority makes no warranty, either express or implied, as to the Series 2026 Facilities or that the Series 2026 Facilities will be suitable for the Borrower's or the Lessee's purposes or needs.

(xxiv) 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.

(xxv) The Borrower has not entered into this transaction or 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).

(xxvi) Subsequent to the Closing Date for the Series 2026 Bonds, the Borrower will not grant any Liens on the Series 2026 Facilities (other than Permitted Encumbrances).

(xxvii) The Borrower hereby acknowledges receipt of the Indenture, agrees to be bound by its terms, and accepts all obligations and duties imposed thereby.

(xxviii) The Borrower shall, within 30 days of receipt of a written request from the Authority, provide any information necessary to fulfill the Authority’s reporting obligations under Government Code Section 8855 and shall provide such additional information as may be requested by the Authority.

(xxix) 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 the Lessee.

(xxx) The Borrower is a “participating party” as defined in the Act, and the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Series 2026 Project is a “project” as defined in the Act. The Borrower shall use the Loan to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Series 2026 Project.

4. Loan of Series 2026 Bond Proceeds. Pursuant to the Indenture, the Authority has authorized the issuance of the Series 2026 Bonds in the aggregate principal amount of \$[PAR].

The Authority hereby loans and advances to the Borrower, and the Borrower hereby borrows and accepts from the Authority (solely from the proceeds of the sale of the Series 2026 Bonds), the proceeds of the Series 2026 Bonds to be applied under the terms and conditions of the Loan Agreement and the Indenture (the “Series 2026 Loan”). The Borrower hereby approves the Indenture, the assignment thereunder to the Trustee of the right, title and interest of the Authority in the Loan Agreement (except for the Retained Authority Rights) and in and to the Deed of Trust and the issuance thereunder by the Authority of the Bonds. The Borrower shall, or shall cause the Lessee to, use the proceeds of the Series 2026 Bonds deposited into the Series 2026 Account of the Project Fund to finance and refinance the Series 2026 Project with all reasonable dispatch. The Borrower shall, or shall cause the Lessee to, (i) pay when due all fees, costs and expenses incurred in connection with the foregoing from funds made available therefor in accordance with the Loan Agreement or otherwise, unless any such fees, costs or expenses are being contested by the Borrower in good faith and by appropriate proceedings; (ii) ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the Series 2026 Project; and (iii) enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto.

5. Payments of Loan Repayments. Exhibit B attached to the Original Loan Agreement is hereby amended and restated in its entirety as set forth in Exhibit A attached hereto.

6. Condition Precedent. The obligation of the Authority to make the Series 2026 Loan as herein provided shall be subject to the receipt by it of the proceeds of the issuance and sale of the Series 2026 Bonds.

7. Disbursements from Funds and Accounts. The proceeds of the Series 2026 Bonds deposited into the (a) Series 2026 Project Account of the Project Fund shall be disbursed in accordance with the disbursement procedures set forth in Section 4.02 of the First Supplemental Indenture; and (b) Series 2026 Costs of Issuance Account of the Costs of Issuance Fund shall be disbursed in accordance with the disbursement procedures set forth in Section 4.03 of the First Supplemental Indenture. The Borrower consents and agrees to such provisions relating to the disbursement of moneys in the funds and accounts established under the Indenture. The Authority does not make any warranty either express or implied that the moneys in such funds available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Borrower agrees to pay or cause the Lessee to pay that portion of such costs in excess of the amount in such funds from any moneys legally available for such purpose.

8. Execution of Documents. Simultaneously with the delivery of the Series 2026 Bonds, the Borrower shall execute and deliver the Series 2026 Deed of Trust and the Series 2026 Lease Amendment and shall cause the Lessee to execute and deliver the Series 2026 Lease Amendment.

9. Covenant To Enter Into Agreement or Contract To Provide Ongoing Disclosure. The Borrower hereby covenants and agrees to enter into the Continuing Disclosure Agreement, constituting an “undertaking,” and to require the Lessee to be a party to such “undertaking” under the Lease. The covenant and agreement contained in this Section is for the benefit of the

Bondholders, any Participating Underwriter and the Beneficial Owners in connection with the Series 2026 Bonds as required by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), and the Authority shall not have any liability to the Bondholders or any other person with respect to such Continuing Disclosure Agreement. Notwithstanding any other provision of the Loan Agreement, failure of the Borrower to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Series 2026 Bonds, to the extent indemnified to its satisfaction from any liability or expense, shall, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including, but not limited to (a) seeking specific performance by court order, to cause the Borrower to comply with the Continuing Disclosure Agreement, and (b) hiring a Management Consultant, at the expense of the Lessee, so long as the Lease is in effect, or the Borrower, if the Lease is no longer in effect, to determine the cause of any failure of the Borrower to comply with the provisions of the Continuing Disclosure Agreement, and make recommendations, which must be formally adopted and implemented by the Borrower or the Lessee, as the case may be, to correct such failures to comply with the provisions of the Continuing Disclosure Agreement.

10. Indenture. The Borrower hereby approves the terms and provisions of the Indenture and, to the extent applicable, agrees to be bound by such terms and to perform all obligations of the Borrower set forth in the Indenture. The Borrower further agrees that Series 2026 Bond proceeds shall be applied only as set forth in the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Borrower, it is specifically incorporated herein by reference.

11. Redemptions under Section 4.03 of the Original Indenture. The extent the Series 2026 Bonds are required to be redeemed in whole or in part pursuant to clause (a) or (d) of Section 3.02 of the First Supplemental Indenture, the Borrower shall be obligated to prepay the Loan Repayments in the amounts and at such times as to permit the Authority to redeem such Bonds in accordance with such clause (a) or (d), as applicable.

12. Miscellaneous Amendments.

(a) All references in the Original Loan Agreement to the “Loan” shall be deemed to include the Series 2026 Loan.

(b) All references in Sections 3.04 of the Original Loan Agreement to the “Series 2018 Bonds” are hereby deleted and replaced with the word “Bonds.”

(c) All references in Sections 3.04 and 5.12 of the Original Loan Agreement to the “Series 2028 Bond proceeds” are hereby deleted and replaced with the words “Bond proceeds.”

(d) The reference in Section 3.04 of the Original Loan Agreement to the “Series 2018A Bonds” is hereby deleted and replaced with the words “Tax-Exempt Bonds.”

(e) Section 2 of Exhibit C to the Loan Agreement is hereby amended as follows (additions are marked in blue underlined text, and deletions marked in ~~red strikethrough~~ text):

(i) “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 Lessee.

(ii) “Average Daily Expenses for the Lessee” means (a) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Lessee (excluding from such calculation all depreciation and other non-cash items), and including within such calculation (i) all Operating Expenses for such Fiscal Year for the Lessee; (ii) CMO Management Fees; and (iii) the ~~maximum~~ Base Rent payable under all Leases for that year ~~or any other year~~, divided by (b) 365.

(f) Section 3 of Exhibit C to the Loan Agreement is hereby amended as follows (additions are marked in blue underlined text):

(i) “Operating Expenses” means except as provided below, all unrestricted expenses of Lessee, attributable to operations of the School, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Base Rent, but including Expenses and Additional Rent), 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 Lessee, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Lessee not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Borrower. “Operating Expenses” shall exclude, however, (a) all subordinated CMO Management Fees, (b) depreciation and amortization, (c) other non-cash expenses, (d) those expenses which are actually paid from any proceeds of Long-Term Indebtedness, (e) extraordinary one-time expenses, (f) expenditures for capitalized assets, and (g) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

(g) Section 6.01 of the Original Loan Agreement is hereby amended by adding the following at the end thereof:

“Borrower represents, warrants and covenants that it shall maintain the Facilities in compliance with the Americans with Disabilities Act of 1990 and all of the regulations promulgated thereunder, as the same may be amended from time to time.”

13. Miscellaneous.

(i) Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this Second Amendment to Loan Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

(ii) Severability. If any covenant, agreement or provision, or any portion thereof contained in this Second Amendment to Loan Agreement, where the application thereof to any Person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Second Amendment to Loan Agreement and the application of such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Second Amendment to Loan Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Second Amendment to Loan Agreement and the Constitution and laws of the State.

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

(iv) Counterparts. This Second Amendment to Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

(v) Notices. Unless otherwise expressly specified or permitted by the terms of the Loan Agreement, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing by any Electronic Means or mailed by first-class mail, postage prepaid and addressed as follows:

to the Authority California School Finance Authority
 State Treasurer's Office
 300 S. Spring Street, Suite 8500
 Los Angeles, California 90013
 Attention: Executive Director

to the Borrower: Larchmont LFP LLC
 c/o Larchmont Schools
 444 N. Larchmont Boulevard, Suite 207
 Los Angeles, California 90004
 Attention: Executive Director

to the Lessee: Larchmont Schools
444 N. Larchmont Boulevard, Suite 207
Los Angeles, California 90004
Attention: Executive Director

to the Trustee: Wilmington Trust, National Association
650 Town Center Drive, Suite 800
Costa Mesa, California 92626
Attention: Corporate Trust Services

to the Underwriter: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, California 90067
Attention: John Kim

Notwithstanding the foregoing provisions of this Section, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

(vi) Incorporation of Terms of Loan Agreements. The parties hereto acknowledge and agree that to the extent applicable, the terms and provisions of the Original Loan Agreement are incorporated herein as if they were contained in this Second Amendment to Loan Agreement.

14. Effect of Agreement. Except to the extent amended by this Second Amendment to Loan Agreement, all of the respective terms, conditions and provisions of the Original Loan Agreement shall remain in full force and effect in accordance with their respective original tenor and terms.

15. Credit Enhancement Program Requirements. The Borrower shall comply with all applicable State and federal regulations and other legal requirements related to the Charter School Facilities Credit Enhancement Grant Program (including Article 4 of Division 15 of Title 4 of the California Code of Regulations, 34 CFR 75.525 and 2 CFR 200.318-327) in connection with the Series 2026 Project.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Second Amendment to Loan Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By _____
Deputy Treasurer For Chairman,
State Treasurer, Fiona Ma

By _____
Katrina Johantgen, Executive Director

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS,
a California nonprofit public benefit
corporation,
its Manager

By: _____
Amy Held
Executive Director

Consented to by:

**WLMINGTON TRUST, NATIONAL
ASSOCIATION**, as Trustee

By: _____
Authorized Officer

[Second Amendment to Loan Agreement – Larchmont Charter School Project, Series 2026]

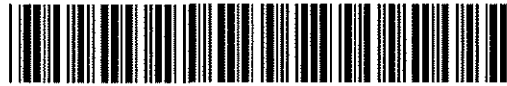
EXHIBIT A
LOAN REPAYMENT SCHEDULE

[To be provided]

This page is part of your document - DO NOT DISCARD



20180878202



Pages:
0032

Recorded/Filed in Official Records
Recorder's Office, Los Angeles County,
California

08/30/18 AT 08:00AM

FEES: 177.00

TAXES: 0.00

OTHER: 0.00

PAID: 177.00



LEADSHEET



201808300110033

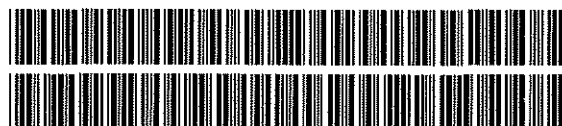
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009313074

SEQ:
07

DAR - Title Company (Hard Copy)



THIS FORM IS NOT TO BE DUPLICATED

T55

Recording Requested By
Fidelity National Title

2

THIS SECURITY INSTRUMENT WAS
PREPARED BY, AND UPON RECORDING
SHOULD BE RETURNED TO:



Jessica I. Shaham, Esq.
Kutak Rock LLP
777 South Figueroa Street
Suite 4550
Los Angeles, California 90017

Index this document as
(1) deed of trust and
(2) fixture filing
ASSESSOR'S PARCEL NO. 5155-011-001

30014231-MB

(SPACE ABOVE LINE FOR RECORDER'S USE)

**DEED OF TRUST,
FINANCING STATEMENT, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS
AND FIXTURE FILING**

LARCHMONT LFP LLC,
a California limited liability company,

(Grantor)

to

FIDELITY NATIONAL TITLE INSURANCE COMPANY,
a California corporation,

(Trustee)

in favor of

WILMINGTON TRUST, NATIONAL ASSOCIATION,
a national banking association, as Trustee

(Beneficiary)

Dated as of August 1, 2018

Exempt from fee per GC 27388.1 (a) (2);
recorded concurrently in connection with
a transfer subject to the imposition of
documentary transfer tax

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NOTICE: DO NOT DESTROY THIS DEED OF TRUST (IF IT IS IN YOUR POSSESSION) WHICH IT SECURES AS THESE MUST BE PRESENTED TO THE TRUSTEE FOR CANCELLATION IN ORDER TO OBTAIN A RECONVEYANCE. THE RECONVEYANCE MUST BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER.

THIS DEED OF TRUST (herein "**Instrument**") is made as of August 1, 2018, by the Grantor, **LARCHMONT LFP LLC**, a California limited liability company, whose address is c/o Larchmont Schools, 444 North Larchmont Boulevard, Suite 207, Los Angeles, California 90004 (herein "**Grantor**"), in favor of **FIDELITY NATIONAL TITLE INSURANCE COMPANY**, a California corporation, whose address is 555 South Flower Street, Suite 4420, Los Angeles, California 90071 (herein "**Trustee**"), for the benefit of the Beneficiary, **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association whose address is 650 Town Center Drive, Suite 600, Costa Mesa, California 92626 (herein "**Beneficiary**").

THIS INSTRUMENT COVERS REAL PROPERTY AND PERSONAL PROPERTY AND GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE FILED FOR RECORD IN THE RECORDS WHERE DEEDS OF TRUST ON REAL ESTATE ARE RECORDED. IN ADDITION, THIS INSTRUMENT SHOULD BE APPROPRIATELY INDEXED NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FINANCING STATEMENT COVERING PERSONAL PROPERTY AND GOODS THAT ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESS OF THE GRANTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS INSTRUMENT.

Grantor, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all of Grantor's estate, right, title and interest, now owned or hereafter acquired, including any reversion or remainder interest, in the real property located in the City of Los Angeles, County of Los Angeles, State of California described on Exhibit A attached hereto and incorporated herein including all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, reversions, remainders, appurtenances, tenements, hereditaments, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property (collectively "**Premises**");

TOGETHER with all of Grantor's estate, right, title and interest, now owned or hereafter acquired, in, under and to:

(a) all buildings, structures, improvements, parking areas, landscaping, equipment, fixtures and articles of property now or hereafter erected on, attached to, or used or adapted for use in the operation of the Premises; including but without being limited to, all heating, air conditioning, manufacturing and incinerating apparatus and equipment; all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, water heaters, ranges, cooking apparatus and mechanical kitchen

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equipment, refrigerators, freezers, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, floor coverings, underpadding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, draperies, screens, storm sash, awnings, signs, furnishings of public spaces, halls and lobbies, and shrubbery and plants, and including also all interest of any owner of the Premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this clause (a) shall be deemed part of the realty covered by this Instrument and not severable wholly or in part without material injury to the freehold of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as **"Improvements"**);

(b) all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to (i) a taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire, earthquake or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

(c) return premiums or other payments upon any insurance any time provided for the benefit of or naming Beneficiary, and refunds or rebates of taxes or assessments on the Premises;

(d) all the right, title and interest of Grantor in, to and under all written and oral leases and rental agreements, all agreements for use and occupancy of the Premises (including extensions, renewals and subleases; each of the foregoing singularly shall be referred to herein as a **"Lease,"** and all of the foregoing shall be referred to collectively herein as the **"Leases"**) now or hereafter affecting the Premises including, without limitation, all rents, issues, profits and other revenues and income therefrom and from the renting, leasing or bailment of Improvements and equipment, all guaranties of tenants' performance under the Leases, and all rights and claims of any kind that Grantor may have against any tenant under the Leases or in connection with the termination or rejection of the Leases in a bankruptcy or insolvency proceeding;

(e) plans, specifications, contracts, documents and agreements relating to the design or construction of the Improvements, if any; Grantor's rights under any payment, performance, or other bond in connection with the design or construction of the Improvements, if any; all landscaping and construction materials, supplies, and equipment used or to be used or consumed in connection with construction of the Improvements, if any, whether stored on the Premises or at some other location; and contracts, agreements, and purchase orders with contractors, subcontractors, suppliers, and materialmen incidental to the design or construction of the Improvements, if any;

(f) all contracts, documents, accounts, deposit accounts, rights, claims or causes of action pertaining to or affecting the Premises or the Improvements, including,

without limitation, to the extent pertaining to or affecting the Premises or Improvements, all supporting obligations and any and all proceeds thereof, all options or contracts to acquire other property for use in connection with operation or development of the Premises or Improvements, management contracts, service or supply contracts, deposits, bank accounts, general intangibles (including without limitation trademarks, trade names, symbols and payment intangibles), permits, licenses, franchises and certificates, and all commitments or agreements, now or hereafter in existence, intended by the obligor thereof to provide Grantor with proceeds to satisfy the loan evidenced hereby or improve the Premises or Improvements, and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees;

(g) all books, records, surveys, reports and other documents related to the Premises, the Improvements, the Leases, or other items of collateral described herein; and

(h) all additions, accessions, replacements, substitutions, proceeds and products of the real and personal property, tangible and intangible, described in (a) through (g) above.

The Premises, the Improvements, the Leases and all of the rest of the foregoing property are herein referred to as the “**Mortgaged Property**” or the “**Property**.”

TO SECURE TO Beneficiary, the repayment of the \$[PRINCIPALA] California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2018A and the \$[PRINCIPALB] California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), (Taxable) Series 2018B (collectively, the “**Bonds**”) issued pursuant to an Indenture of Trust, dated as of August 1, 2018, (the “**Indenture**”), by and between the Beneficiary and the California School Finance Authority and its successors and assigns, whose address is 300 South Spring Street, Suite 8500, Los Angeles, California, 90013 (herein “**Lender**”), and the loan of the proceeds thereof (the “**Loan**”) pursuant to a Loan Agreement, dated as of August 1, 2018 (the “**Loan Agreement**”), by and between the Grantor and the Lender with interest thereon as set forth in the Loan Agreement, and all renewals, extensions and modifications thereof, referred to herein as the “**Indebtedness**.” The Loan Agreement, the Indenture, the Bonds, this Instrument, and all other documents evidencing, securing or guaranteeing the Indebtedness (except any Environmental Indemnity Agreement Regarding Hazardous Substances), as the same may be modified or amended from time to time, are referred to herein as the “**Loan Documents**.” The terms of the Loan Documents secured hereby may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time, and this Instrument shall continue to secure the Indebtedness notwithstanding any such indexing, adjustment, renewal or renegotiation.

Grantor represents and warrants that Grantor has good, marketable and insurable title to, and has the right to grant, convey and assign an indefeasible fee simple estate in, the Premises, Improvements, rents and leases, and the right to convey the other Property, that the Property is unencumbered, and that Grantor will warrant and forever defend unto Trustee the title to the Property against all claims and demands, subject only to Permitted Liens (as defined in the Indenture).

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Grantor represents, warrants, covenants and agrees for the benefit of Beneficiary as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Grantor shall promptly pay when due the principal of and interest on the Indebtedness, any prepayment and other charges provided in the Loan Documents and all other sums secured by this Instrument.

2. FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES. Upon the occurrence, but only during the continuance of an Event of Default (hereinafter defined), and at Beneficiary's sole option, Grantor shall pay one-twelfth of the annual real estate taxes, insurance premiums, assessments, water and sewer rates, ground rents and other charges (herein "**Impositions**") payable with respect to the Property (as estimated by Beneficiary), to be held by Beneficiary without interest to Grantor, for the payment of such obligations.

If the amount of such additional payments held by Beneficiary ("**Funds**") at the time of the annual accounting thereof shall exceed the amount deemed necessary by Beneficiary to provide for the payment of Impositions as they fall due, such excess shall be at Grantor's option, either repaid to Grantor or credited to Grantor on the next monthly installment or installments of Funds due. If at any time the amount of the Funds held by Grantor shall be less than the amount deemed necessary by Beneficiary to pay Impositions as they fall due, Grantor shall pay to Beneficiary any amount necessary to make up the deficiency within 30 days after notice from Beneficiary to Grantor requesting payment thereof.

Upon Grantor's breach of any covenant or agreement of Grantor in this Instrument, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any Funds held by Beneficiary at the time of application (i) to pay Impositions which are now or will hereafter become due, or (ii) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Beneficiary shall refund to Grantor any Funds held by Beneficiary. If requested by Beneficiary, Grantor shall promptly furnish to Beneficiary all notices of Impositions which become due, and in the event Grantor shall make payment directly, Grantor shall promptly furnish to Beneficiary receipts evidencing such payments.

3. APPLICATION OF PAYMENTS. Each complete installment payment received by Beneficiary from Grantor under or with respect to the Loan Agreement, or from Grantor under or with respect to this Instrument or the other Loan Documents, shall be applied by Beneficiary to the Indebtedness in such order as set forth in the Loan Documents.

4. CHARGES, LIENS. Grantor shall pay all Impositions attributable to the Property in the manner provided under Section 2 hereof or, if not paid in such manner, by Grantor making payment, when due, directly to the payee thereof, or in such other manner as Beneficiary may designate in writing. If requested by Beneficiary, Grantor shall promptly furnish to Beneficiary all notices of Impositions which become due under this Section 4, and in the event Grantor shall make payment directly, Grantor shall promptly furnish to Beneficiary receipts evidencing such payments. Grantor shall promptly discharge any lien which has, or may

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have, priority over or equality with, the lien of this Instrument, and Grantor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Beneficiary's prior written permission, Grantor shall not allow any lien inferior to this Instrument to be perfected against the Property other than Permitted Liens (as defined in the Indenture). If any such lien is filed against the Property without Beneficiary's prior written permission and without the consent of Grantor, Grantor shall, within 60 days after receiving notice of the filing of such lien, cause such lien to be released of record or bonded off and deliver evidence of such release to Beneficiary.

5. INSURANCE. Grantor shall obtain and maintain the types of insurance upon and relating to the Property as required by the Loan Agreement, and, upon the damage or destruction of the Property, insurance proceeds shall be disbursed as provided in the Loan Agreement.

6. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS. Grantor (a) shall not commit waste or permit impairment or deterioration of the Property, ordinary wear and tear excepted, (b) shall not abandon the Property, (c) shall, subject to Beneficiary's making available the proceeds of all casualty and similar insurance policies applicable thereto, restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, ordinary wear and tear excepted, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall, following completion of the construction of Improvements, if any; keep the Property, including all improvements, fixtures, equipment, machinery and appliances thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, working order and condition, in each case, ordinary wear and tear excepted, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property where the failure to comply with the same could reasonably be expected to have a material adverse affect on the Property or on the financial condition, operations, business or prospects of Borrower, (f) if all or part of the Property is for rent or lease, to a party or parties other than Larchmont Schools ("**Larchmont**"), then Beneficiary, at its option after the occurrence of an Event of Default which is continuing, may require Grantor to provide for professional management of the Property by a property manager satisfactory to Beneficiary pursuant to a contract approved by Beneficiary in writing, unless such requirement shall be waived by Beneficiary in writing, (g) if all or part of the Property is for rent or lease to a party other than Larchmont, then Grantor shall generally operate and maintain the Property in a manner to ensure maximum rentals, and (h) shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property, the security of this Instrument or the rights or powers of Beneficiary hereunder. Neither Grantor nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the Property except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind and value.

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Grantor represents, warrants and covenants that the Property shall be in compliance with the Americans with Disabilities Act of 1990 and all of the regulations promulgated thereunder, as the same may be amended from time to time.

7. USE OF PROPERTY. Grantor shall not allow changes in the use for which all or any part of the Property was intended at the time this Instrument was executed. Grantor shall not, without Beneficiary's prior written consent, (a) initiate or acquiesce in a change in the zoning classification (including any variance under any existing zoning ordinance applicable to the Property), (b) permit the use of the Property to become a non-conforming use under applicable zoning ordinances, (c) file any subdivision or parcel map affecting the Property, or (d) amend, modify or consent to any easement or covenants, conditions and restrictions pertaining to the Property.

8. RESERVED.

9. INSPECTION. Beneficiary may, upon reasonable notice, make or cause to be made entries upon the Property to inspect the interior and exterior thereof; provided that Beneficiary shall make (or cause to be made) all diligent and reasonable efforts not to interfere with the operations or activities at the Property in the course of such entries and inspections.

10. CONDEMNATION. If the Property, or any part thereof, shall be condemned for any reason, including, without limitation, fire or earthquake damage, or otherwise taken for public or quasi-public use under the power of eminent domain, or be transferred in lieu thereof, all damages or other amounts awarded for the taking of, or injury to, the Property shall be paid to Beneficiary and applied as provided in the Loan Agreement.

11. GRANTOR AND LIEN NOT RELEASED. From time to time, Beneficiary may, at Beneficiary's option, without giving notice to or obtaining the consent of Grantor, Grantor's successors or assigns or of any junior lienholder or guarantors, without liability on Beneficiary's part and notwithstanding Grantor's breach of any covenant or agreement of Grantor in this Instrument, extend the time for payment of the Indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of the Indebtedness (including, but not limited to, any guarantor), accept an extension or modification or renewal note or notes therefor, modify the terms and time of payment of the Indebtedness, release from the lien of this Instrument any part of the Property, accept or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement and agree in writing with Grantor to modify the rate of interest or period of amortization set forth in the Loan Agreement or change the amount of the monthly installments payable thereunder. Grantor shall pay Beneficiary a service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Beneficiary's option, for any such action if taken at Grantor's request or for other servicing requests, including, but not limited to, name changes, prepayments of the Indebtedness and loan pay-off statement requests. Such service charge is exclusive of any legal fees which may be incurred by Beneficiary in connection with Grantor's request.

12. FORBEARANCE BY BENEFICIARY NOT A WAIVER. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable

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law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Instrument after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the Indebtedness secured by this Instrument, nor shall Beneficiary's receipt of any awards, proceeds or damages under Sections 5 and 10 hereof operate to cure or waive Grantor's default in payment of sums secured by this Instrument.

13. CALIFORNIA COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is intended to be a security agreement pursuant to the California Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the California Commercial Code, and Grantor hereby grants and conveys to Beneficiary a first and prior security interest in all of the Property that constitutes personalty, whether now owned or hereafter acquired (for purposes of this Section 13, "**Collateral**"). Grantor agrees that Beneficiary may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Collateral. The address of Grantor, as debtor under the Uniform Commercial Code, and Beneficiary, as secured party under the Uniform Commercial Code, are set forth on the first page hereof. Grantor is the record owner of the Collateral. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Beneficiary may submit for filing any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Beneficiary may deem appropriate to perfect a security interest with respect to the Collateral. Grantor shall not file in the real estate records or any other index or record any financing statement, amendment, termination statement or other record pertaining to the Collateral and/or Beneficiary's interest therein without Beneficiary's prior written consent. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses of any record searches for financing statements Beneficiary may require. Without the prior written consent of Beneficiary, Grantor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in said items, including replacements and additions thereto. Grantor has authorized Beneficiary to file financing statements, and such financing statements when filed will be sufficient to perfect the security interest created pursuant to this Instrument. When such financing statements are filed in the offices noted therein, Beneficiary will have a valid and perfected security interest in the Collateral, subject to no other security interest, assignment, lien or encumbrance. Upon Grantor's breach of any covenant or agreement of Grantor contained in this Instrument, including the covenants to pay when due all sums secured by this Instrument, Beneficiary shall have the remedies of a secured party under the California Commercial Code, and Beneficiary may also invoke the remedies provided in Section 24 of this Instrument as to such items. In exercising any of said remedies Beneficiary may proceed against the items of real property and any items of personal property specified above separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Commercial Code or of the remedies provided in Section 24 of this Instrument. Within 10 days following any request therefor by Beneficiary, Grantor shall prepare and deliver

to Beneficiary a written inventory specifically listing all of the personal property covered by the security interest herein granted, which inventory shall be certified by Grantor as being true, correct, and complete.

14. LEASES OF THE PROPERTY. Grantor shall comply with and observe Grantor's obligations as landlord under all Leases of the Property or any part thereof. All Leases now or hereafter entered into will be in form and substance subject to the approval of Beneficiary. All Leases of the Property, or any portion thereof, shall specifically provide for subordination language in form and substance satisfactory to Beneficiary in all respects, such language to include at Beneficiary's option, without limitation, language to the effect that such Leases are subordinated to this Instrument; that the tenant attorns to Beneficiary, such attornment to be effective upon either Beneficiary's or any other party's acquisition of the Property, or any portion thereof, either by foreclosure or deed-in-lieu thereof; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; and that the attornment of the tenant shall not be terminated by foreclosure or a deed-in-lieu thereof. Grantor shall not, without Beneficiary's written consent, request or consent to the subordination of any Lease of all or any part of the Property to any lien subordinate to this Instrument. If Grantor becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Grantor shall (a) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (b) immediately notify Beneficiary thereof in writing and of the amount of said set-offs, and (c) within 10 days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such setoff and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction. Upon Beneficiary's receipt of notice of the occurrence of any default or violation by Grantor of any of its obligations under the Leases, Beneficiary shall have the immediate right, but not the duty or obligation, following not less than 10 days prior written notice to Grantor, to enter upon the Property and to take such actions as Beneficiary may deem necessary to cure the default or violation by Grantor under the Leases. The costs incurred by Beneficiary in taking any such actions pursuant to this paragraph shall become part of the Indebtedness, shall bear interest at a rate equal to the rate on the Loan Repayments (the "**Default Rate**"), and shall be payable by Grantor to Beneficiary on demand. Beneficiary shall have no liability to Grantor or to any third party for any actions taken by Beneficiary or not taken pursuant to this paragraph except to the extent caused solely and directly by Beneficiary's gross negligence or willful misconduct. Upon the recordation of this Instrument at the closing of the Indebtedness secured hereby, Beneficiary shall be deemed to have approved in all respects the lease dated August 1, 2018, between Grantor, as landlord, and Larchmont, as tenant of the Property.

15. REMEDIES CUMULATIVE. Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

16. TRANSFERS OF THE PROPERTY; ASSUMPTION. Beneficiary may, at its option, declare all sums secured by this Instrument to be immediately due and payable, and Beneficiary may invoke any remedies permitted by Section 24 hereof, if title to the Property is

changed or there is any transfer of any interest in the Property or in the income therefrom, by sale, lease, contract, mortgage, deed of trust, further encumbrance or otherwise (including any such transfers as security for additional financing of the Property).

17. NOTICE. Except for any notice required under applicable law to be given in another manner, any and all notices, elections, demands, or requests permitted or required to be made under this Instrument shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, or sent by registered, certified, or Express United States mail, postage prepaid, or by Federal Express or similar nationally recognized delivery service requiring a receipt, to the other party at the address stated above, or to such other party and at such other address within the United States of America as any party may designate in writing as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) days after the date of mailing by registered or certified mail, (iii) one (1) day after the date of sending via overnight delivery by Express Mail, Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal by or on behalf of the addressee upon presentation for delivery of a properly addressed notice).

18. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, successors and assigns of Beneficiary and Grantor, subject to the provisions of Section 16 hereof. If Grantor is comprised of more than one person or entity, whether as individuals, partners, partnerships or corporations, each such person or entity shall be jointly and severally liable for Grantor's obligations hereunder. In exercising any rights hereunder or taking any actions provided for herein, Beneficiary may act through its employees, agents or independent contractors as authorized by Beneficiary. The captions and headings of the sections of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

19. WAIVER OF STATUTE OF LIMITATIONS. Grantor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Loan Agreement or any other obligation secured by this Instrument.

20. WAIVER OF MARSHALING. Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the Indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Grantor, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

21. COSTS AND EXPENSES. Grantor shall pay within 10 days after written demand from Beneficiary all sums advanced by Beneficiary and all costs and expenses incurred

by Beneficiary in taking any actions pursuant to the Loan Documents including attorneys' fees and disbursements, accountants' fees, appraisal and inspection fees and the costs for title reports and guaranties, together with interest thereon at the Default Rate from the date such costs were advanced or incurred. All such costs and expenses incurred by Beneficiary, and advances made, shall constitute advances under this Instrument to protect the Property and shall be secured by and have the same priority as the lien of this Instrument. If Grantor fails to pay any such advances, costs and expenses and interest thereon, Beneficiary may apply any undisbursed loan proceeds to pay the same, and, without foreclosing the lien of this Instrument, Beneficiary may at its option commence an independent action against Grantor for the recovery of the costs, expenses and/or advances, with interest, together with costs of suit, costs of title reports and guaranty of title, disbursements of counsel and attorneys' fees incurred therein or in any appeal therefrom.

22. ASSIGNMENT OF LEASES AND RENTS. Grantor, for good and valuable consideration, the receipt of which is hereby acknowledged, to secure the Indebtedness, does hereby absolutely and unconditionally grant, bargain, sell, transfer, assign, convey, set over and deliver unto Beneficiary all right, title and interest of Grantor in, to and under the Leases of the Property, whether now in existence or hereafter entered into, and all guaranties, amendments, extensions and renewals of said Leases and any of them, and all rents, income and profits which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Property.

Grantor represents, warrants, covenants and agrees with Beneficiary as follows:

- (a) The sole ownership of the entire lessor's interest in the Leases is vested in Grantor, and Grantor has not, and shall not, perform any acts or execute any other instruments which might prevent Beneficiary from fully exercising its rights with respect to the Leases under any of the terms, covenants and conditions of this Instrument.
- (b) The Leases are and shall be valid and enforceable in accordance with their terms and have not been and shall not be altered, modified, amended, terminated, canceled, renewed or surrendered, except as approved in writing by Beneficiary. The terms and conditions of the Leases have not been and shall not be waived in any manner whatsoever except as approved in writing by Beneficiary.
- (c) Without limiting the foregoing, Grantor shall not materially alter the term or the amount of rent payable under any Lease without prior written notice to Beneficiary and Beneficiary's consent.
- (d) There are no defaults now existing under any of the Leases and there exists no state of facts which, with the giving of notice or lapse of time or both, would constitute a default under any of the Leases.
- (e) Grantor shall give prompt written notice to Beneficiary of any notice received by Grantor claiming that a default has occurred under any of the Leases on the part of Grantor, together with a complete copy of any such notice.

(f) Each of the Leases shall remain in full force and effect irrespective of any merger of the interest of lessor and any lessee under any of the Leases.

(g) Grantor will not permit any Lease to become subordinate to any lien other than the lien of this Instrument and the lien of property taxes and assessments affecting the Property.

(h) Grantor shall not permit or consent to the assignment by any tenant of its rights under the Lease. Without limitation of the foregoing, Grantor shall not permit or consent to the filing of any encumbrance against the tenant's interest under any Lease including (without limitation) any leasehold mortgage.

This assignment is absolute, is effective immediately, and is irrevocable by Grantor so long as the Indebtedness remains outstanding. Notwithstanding the foregoing, until a Notice is sent to Grantor in writing that an Event of Default has occurred (which notice is hereafter called a "**Notice**"), Grantor, pursuant to a revocable license granted to Grantor by Beneficiary hereunder, may receive, collect and enjoy the rents, income and profits accruing from the Property. Grantor's right to collect the rents, income and profits shall not constitute Beneficiary's consent to the use of the cash collateral in any bankruptcy proceeding.

Upon the occurrence of an Event of Default hereunder and so long as the same is continuing, Beneficiary may, at its option, after service of a Notice, receive and collect all such rents, income and profits from the Property as they become due. Beneficiary shall thereafter continue to receive and collect all such rents, income and profits, as long as such default or defaults shall exist, and during the pendency of any foreclosure proceedings.

Grantor hereby irrevocably appoints Beneficiary as its true and lawful attorney with power of substitution and with full power for Beneficiary in its own name and capacity or in the name and capacity of Grantor, from and after service of a Notice, to demand, collect, receive and give complete acquittances for any and all rents, income and profits accruing from the Property, either in its own name or in the name of Grantor or otherwise, which Beneficiary may deem necessary or desirable in order to collect and enforce the payment of the rents, income and profits of and from the Property. Lessees of the Property are hereby expressly authorized and directed, following receipt of a Notice from Beneficiary to pay any and all amounts due Grantor pursuant to the Leases to Beneficiary or such nominee as Beneficiary may designate in a writing delivered to and received by such lessees, and the lessees of the Property are expressly relieved of any and all duty, liability or obligation to Grantor in respect of all payments so made.

Upon the occurrence of any Event of Default (but only so long as the same is continuing), from and after service of a Notice, Beneficiary is hereby vested with full power to use all measures, legal and equitable, deemed by it to be necessary or proper to enforce this Section 22 and to collect the rents, income and profits assigned hereunder, including the right of Beneficiary or its designee, to enter upon the Property, or any part thereof, and take possession of all or any part of the Property together with all personal property, fixtures, documents, books, records, papers and accounts of Grantor relating thereto, and Beneficiary may exclude Grantor, its agents

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and servants, wholly therefrom. Grantor hereby grants full power and authority to Beneficiary to exercise all rights, privileges and powers herein granted at any and all times after service of a Notice, with full power to use and apply all of the rents and other income herein assigned to the payment of the costs of managing and operating the Property and of any Indebtedness or liability of Grantor to Beneficiary, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the improvements on the Property or of making the same rentable, reasonable attorneys' fees incurred in connection with the enforcement of this Instrument, and of principal and interest payments due from Grantor to Beneficiary under or with respect to the Loan Agreement and this Instrument, all in such order as Beneficiary may determine. Beneficiary shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Grantor in the Leases. It is further understood that the assignment set forth in this Section 22 shall not operate to place responsibility for the control, care, management or repair of the Property, or parts thereof, upon Beneficiary, nor shall it operate to make Beneficiary liable for the performance of any of the terms and conditions of any of the Leases, or for any waste of the Property by any lessee under any of the Leases, or any other person, or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee or stranger.

23. DEFAULT. The following shall each constitute an event of default ("**Event of Default**"):

- (a) Failure of Grantor within the time required by this Instrument or the Loan Agreement to make any payment for taxes or insurance;
- (b) Failure by Grantor to observe or perform any of its material obligations under any of the Leases and such failure continues for 30 days after written notice thereof;
- (c) The Property is transferred or any agreement to transfer any part or interest in the Property in any manner whatsoever is made or entered into, except as specifically allowed under this Instrument or the Loan Agreement, including, without limitation, creating or allowing any liens on the Property or leasing any portion of the Property;
- (d) An Event of Default shall occur under the Loan Agreement.

24. RIGHTS AND REMEDIES ON DEFAULT.

24.1 Remedies. Upon the occurrence and continuance of any one or more Events of Default, Trustee and/or Beneficiary may (but shall not be obligated), in addition to any rights or remedies available to them hereunder or under the other Loan Documents, take such action personally or by their agents or attorneys, with or without entry, and without notice, demand, presentment or protest (each and all of which are hereby waived to the

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extent permitted by law) as they deem necessary or advisable to protect and enforce Beneficiary's rights and remedies against Grantor and in and to the Property, including the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Trustee and/or Beneficiary may determine, in their sole discretion, without impairing or otherwise affecting its or their other rights or remedies:

(a) Beneficiary may declare all sums secured by this Instrument immediately due and payable, including any prepayment premium which Grantor would be required to pay.

(b) Trustee and Beneficiary shall have the right to cause any or all of the Property to be sold under the power of sale granted herein or any of the other documents executed or delivered in connection herewith in any manner permitted by applicable law, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. For any sale under the power of sale granted by this Instrument, Trustee or Beneficiary must record and give all notices required by law and then, upon the expiration of such time as is required by law, may sell the Property, and all estate, right, title, interest, claim and demand of Grantor therein, and all rights of redemption thereof, at one or more sales, as an entirety or in parcels, with such elements of real and/or personal property (and, to the extent permitted by applicable law, may elect to deem all of the Property to be real property for purposes thereof), and at such time or place and upon such terms as Trustee and Beneficiary may determine and shall execute and deliver to the purchaser or purchasers thereof a deed or deeds conveying the property sold, but without any covenant or warranty, express or implied, and the recitals in the deed or deeds of any facts affecting the regularity or validity of the sale will be conclusive against all persons. In the event of a sale, by foreclosure or otherwise, of less than all of the Property, this Instrument shall continue as a lien and security interest on the remaining portion of the Property.

(c) Trustee and Beneficiary may institute a proceeding or proceedings for the partial foreclosure of this Instrument under any applicable provision of law for the portion of the Indebtedness then due and payable, subject to the lien of this Instrument continuing unimpaired and without loss of priority so as to secure the balance of the Indebtedness not then due and payable.

(d) If this Instrument is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Instrument exceeds the net sale proceeds payable to Beneficiary.

(e) With respect to all or any part of the Property that constitutes personalty, Beneficiary shall have all rights and remedies of secured party under the California Commercial Code.

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(f) Beneficiary may apply (whether by noticed motion or by ex parte application) to a court of competent jurisdiction for the appointment of a receiver designated by Beneficiary of and for the Property (including, without limitation, all rents, issues, profits, revenues, earnings and income arising therefrom) in accordance with the provisions below and to which appointment Beneficiary shall be entitled as a matter of right, without bond, and without regard to or the necessity to disprove the adequacy of the security for the Indebtedness or the solvency of Grantor or any other person liable for the payment or performance of the Indebtedness; and Grantor, each other person claiming any interest in the Property, or any portion thereof, by or through Grantor and every other person liable for the payment or performance of the Indebtedness hereby waives and consents to, or shall be conclusively deemed to have waived and consented to such appointment, whether such application be made by noticed motion or by an ex parte application.

In every instance when a receiver is appointed with respect to all or any portion of the Property, the receiver may be authorized, among such other duties and powers as may be ordered or granted by the court, to take possession of the Property; to manage, control and protect the Property; to collect the rents, issues, profits, revenues, earnings and income arising therefrom, and to apply the same toward the payment of expenses, including management and operating expenses, taxes, assessments, utilities, mortgage payments and insurance premiums of or in connection with the Property; to maintain the Property in a reasonable state of repair so that there will be no excessive depreciation or devaluation thereof arising from lack of prudent management; to enter into such lease agreements or rental agreements with new tenants for the Property as such receiver deems reasonable and prudent; to amend, extend or renew existing Leases upon such terms as such receiver deems reasonable and prudent; to, if necessary, retain a property management firm to assist in such duties upon such terms as such receiver deems reasonable and appropriate; and to take such other action as is necessary in order to provide services to the tenants under any existing or future Leases or as is necessary to accomplish any of the foregoing. Beneficiary shall also have all rights described in Section 22 above with respect to the Property.

(g) In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(h) Trustee, Beneficiary and Lender shall have any other right or remedy provided in this Instrument, the Loan Agreement, or any other Loan Document or instrument delivered by Grantor in connection therewith, or available at law, in equity or otherwise.

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(i) Beneficiary, as the case may be, may institute an action, suit or proceeding in equity for the specific performance of any of the provisions contained in the Loan Documents.

(j) Beneficiary may release any portion of the Property for such consideration as Beneficiary may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Indebtedness shall have been reduced by the actual monetary consideration, if any, received by Trustee and/or Beneficiary for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Trustee and/or Beneficiary may require without being accountable for so doing to any other lienholder.

(k) Beneficiary shall have all the rights and remedies set forth in Sections 21 and 22.

In the event that Trustee and/or Beneficiary shall exercise any of the rights or remedies set forth in this Section 24 neither Trustee nor Beneficiary shall be deemed to have entered upon or taken possession of the Property except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall it be deemed a beneficiary or mortgagee in possession by reason of such entry or taking possession, unless applicable law requires that it be deemed to be a beneficiary or mortgagee in possession. Neither the Trustee nor Beneficiary shall be liable to account for any action taken pursuant to any such exercise other than for rents actually received by such party, nor liable for any loss sustained by Grantor resulting from any failure to let the Property, or from any other act or omission of Trustee and/or Beneficiary, except to the extent such loss is caused by the willful misconduct or bad faith of such party or such liability may not be waived under applicable law. Grantor hereby consents to, ratifies and confirms the exercise by Trustee and/or Beneficiary of said rights and remedies.

24.2 *Rights Pertaining to Sales.* Subject to the provisions or other requirements of law, the following provisions shall apply to any sale or sales of the Property under or by virtue of this Section 24, whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale:

(a) Trustee, at the request of Beneficiary, may conduct any number of sales from time to time. The power of sale set forth in this Section 24 hereof shall not be exhausted by any one or more such sales as to any part of the Property which shall not have been sold, nor by any sale which is not completed or is defective in Trustee's or Beneficiary's opinion, until the Indebtedness shall have been paid in full.

(b) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice.

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(c) After each sale, Trustee, or an officer of any court empowered to do so, shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning and transferring all right, title and interest of Grantor in and to the property and rights sold and shall receive the proceeds of said sale or sales and apply the same as herein provided. Trustee is hereby appointed the true and lawful attorney-in-fact of Grantor, which appointment is irrevocable and shall be deemed to be coupled with an interest, in Grantor's name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold, and for that purpose Trustee may execute all necessary instruments of conveyance, assignment, transfer and delivery, and may substitute one or more persons with like power, Grantor hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue thereof. Nevertheless, Grantor, if requested by Trustee or Beneficiary, shall ratify and confirm any such sale or sales by executing and delivering to Trustee or such purchaser or purchasers all such instruments as may be advisable, in Trustee's or Beneficiary's judgment, for the purposes as may be designated in such request.

(d) Any and all statements of fact or other recitals made in any of the instruments referred to in this Section 24 given by Trustee and/or Beneficiary as to nonpayment of the Indebtedness, or as to the occurrence of any Event of Default, or as to Beneficiary having declared all or any of the Indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the property or rights to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee, or as to the appointment of any substitute or successor Trustee, or as to any other act or thing having been duly done by Grantor, Beneficiary, or by such Trustee, shall be taken as conclusive and binding against all persons as to evidence of the truth of the facts so stated and recited. Trustee and/or Beneficiary may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale so held, including the posting of notices and the conduct of sale, but in the name and behalf of Trustee or Beneficiary, as applicable.

(e) The receipt of Trustee for the purchase money paid at any such sale, or the receipt of any other person authorized to receive the same, shall be sufficient discharge therefor to any purchaser of any property or rights sold as aforesaid, and no such purchaser, or its representatives, grantees or assigns, after paying such purchase price and receiving such receipt, shall be bound to see to the application of such purchase price of any part thereof upon or for any trust or purpose of this Instrument or, in any manner whatsoever, be answerable for any loss, misapplication or non-application of any such purchase money, or part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(f) Any such sale or sales shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of

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Grantor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Grantor and any and all persons claiming or who may claim the same, or any part thereof or any interest therein, by, through or under Grantor to the fullest extent permitted by applicable law.

(g) Upon any such sale or sales, Beneficiary may bid for and acquire the Property and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the Indebtedness the amount of the bid made therefor, after deducting therefrom the expenses of the sale, the cost of any enforcement proceeding hereunder and any other sums which Trustee or Beneficiary is authorized to deduct under the terms hereof, to the extent necessary to satisfy such bid.

(h) In the event that Grantor, or any person claiming by, through or under Grantor, shall transfer or refuse or fail to surrender possession of the Property after any sale thereof, then Grantor, or such person shall be deemed a tenant at sufferance of the purchaser at such sale, subject to eviction by means of forcible entry and detainer proceedings, or subject to any other right or remedy available hereunder or under applicable law.

(i) Upon any such sale, it shall not be necessary for Trustee, Beneficiary or any public officer acting under execution or order of court to have present or constructively in its possession any of the Property.

(j) In the event of any sale referred to in this Section 24, the entire Indebtedness, if not previously due and payable, immediately thereupon shall, notwithstanding anything to the contrary herein or in the other Loan Documents, become due and payable.

(k) In the event a foreclosure hereunder shall be commenced by Trustee at the request of Beneficiary, Trustee or Beneficiary may at any time before the sale of the Property abandon the sale, and may institute suit for the collection of the Indebtedness and for the foreclosure of this Instrument, or in the event that Trustee or Beneficiary should institute a suit for collection of the Indebtedness, and for the foreclosure of this Instrument, Beneficiary may at any time before the entry of final judgment in said suit dismiss the same and sell or require Trustee to sell the Property in accordance with the provisions of this Instrument.

24.3 Application of Proceeds. The purchase money, proceeds or avails of any sale referred to in this Section 24, together with any other sums which may be held by Trustee or Beneficiary hereunder, whether under the provisions of this Section 24 or otherwise, shall except as herein expressly provided to the contrary, be applied as follows:

(a) *First:* To the payment of the costs and expenses of any such sale, including compensation to Trustee and/or Beneficiary, their agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Trustee and/or Beneficiary hereunder, together with interest thereon as provided herein, and all taxes, assessments and other charges, except any taxes, assessments or other charges subject to which the Property shall have been sold.

(b) *Second:* To the payment in full of the Indebtedness (including principal, interest, premium and fees) in such order as Beneficiary may elect.

(c) *Third:* To the payment of any other sums secured hereunder or required to be paid by Grantor pursuant to any provisions of the Loan Documents.

(d) *Fourth:* To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

24.4 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, including notices given in the manner and at the times required for notices in a nonjudicial foreclosure.

24.5 Additional Provisions as to Remedies.

(a) No right or remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and continuing, shall be in addition to every other right or remedy given hereunder, or under the other Loan Documents or now or hereafter existing at law or in equity, and may be exercised from time to time and as often as may be deemed expedient by Trustee or Beneficiary.

(b) No delay or omission by Trustee or Beneficiary to exercise any right or remedy hereunder upon any Event of Default shall impair such exercise, or be construed to be a waiver of any such Event of Default or an acquiescence therein.

(c) The failure, refusal or waiver by Trustee or Beneficiary of its right to assert any right or remedy hereunder upon any Event of Default or other occurrence shall not be construed as waiving such right or remedy upon any other or subsequent Event of Default or other occurrence.

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(d) Neither the Trustee nor Beneficiary shall have any obligation to pursue any rights or remedies they may have under any other agreement prior to pursuing their rights or remedies hereunder or under the other Loan Documents.

(e) No recovery of any judgment by Trustee or Beneficiary and no levy of an execution upon the Property or any other property of Grantor shall affect, in any manner or to any extent, the lien of this Instrument upon the Property, or any liens, rights, powers or remedies of Trustee or Beneficiary hereunder, and such liens, rights, powers and remedies shall continue unimpaired as before.

(f) Beneficiary may resort or cause Trustee to resort to any security given by this Instrument or any other security now given or hereafter existing to secure the Indebtedness, in whole or in part, in such portions and in such order as Beneficiary may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights or benefits granted hereunder.

(g) Acceptance of any payment after the occurrence of any Event of Default shall not be deemed a waiver or a cure of such Event of Default, and acceptance of any payment less than any amount then due shall be deemed an acceptance on account only.

(h) In the event that Trustee or Beneficiary shall have proceeded to enforce any right or remedy hereunder by foreclosure, sale, entry or otherwise, and such proceeding shall be discontinued, abandoned or determined adversely for any reason, then Grantor, Trustee or Beneficiary shall be restored to their former positions and rights hereunder with respect to the Property, subject to the lien hereof.

24.6 Waiver of Rights and Defenses. To the full extent Grantor may do so, Grantor agrees with Beneficiary as follows:

(a) Grantor will not at any time, insist on, plead, claim or take the benefit or advantage of any statute or rule of law now or hereafter in force providing for any appraisal, valuation, stay, extension, moratorium or redemption, or of any statute of limitations, and Grantor, for itself and its heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming an interest in the Property (other than Beneficiary) hereby, to the extent permitted by applicable law, waives and releases all rights of redemption, valuation, appraisal, notice of intention to mature or declare due the whole of the Indebtedness, and all rights to a marshaling of the assets of Grantor, including the Property, or to a sale in inverse order of alienation, in the event of foreclosure of the liens and security interests created hereunder.

(b) Grantor shall not have or assert any right under any statute or rule of law pertaining to any of the matters set forth in this Section 24, to the

administration of estates of decedents or to any other matters whatsoever to defeat, reduce or affect any of the rights or remedies of Trustee or Beneficiary hereunder, including the rights of Trustee or Beneficiary hereunder to a sale of the Property for the collection of the Indebtedness without any prior or different resort for collection, or to the payment of the Indebtedness out of the proceeds of sale of the Property in preference to any other person.

(c) If any statute or rule of law referred to in this Section 24.6 and now in force, of which Grantor or any of its representatives, successors or assigns and such other persons claiming any interest in the Property might take advantage despite this Section 24.6, shall hereafter be repealed or cease to be in force, such statute or rule of law shall not thereafter be deemed to preclude the application of this Section 24.6.

(d) Grantor shall not be relieved of its obligation to pay the Indebtedness at the time and in the manner provided herein and in the other Loan Documents, nor shall the lien or priority of this Instrument or any other Loan Documents be impaired by any of the following actions, non-actions or indulgences by Trustee, Beneficiary or Lender:

(i) any failure or refusal by Trustee, Beneficiary or Lender to comply with any request by Grantor (X) to consent to any action by Grantor or (Y) to take any action to foreclose this Instrument or otherwise enforce any of the provisions hereof or of the other Loan Documents;

(ii) any release, regardless of consideration, of the whole or any part of the Property or any other security for the Indebtedness or any person liable for payment of the Indebtedness;

(iii) any waiver by Beneficiary or Lender of compliance by Grantor with any provision of this Instrument or the other Loan Documents, or consent by Beneficiary or Lender to the performance by Grantor of any action which would otherwise be prohibited thereunder, or to the failure by Grantor to take any action which would otherwise be required hereunder or thereunder; and

(iv) any agreement or stipulation between Trustee, Beneficiary or Lender and Grantor, or, with or without Grantor's consent, between Trustee, Beneficiary or Lender and any subsequent owner or owners of the Property or any other security for the Indebtedness, renewing, extending or modifying the time of payment or the terms of this Instrument or any of the other Loan Documents (including a modification of any interest rate), and in any such event Grantor shall continue to be obligated to pay the Indebtedness at the time and in the manner provided herein and in the other Loan Documents, as so renewed, extended or modified, unless

expressly released and discharged by Beneficiary or Lender, as the case may be.

(e) Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Property, Beneficiary may release any person at any time liable for the payment of the Indebtedness or any portion thereof or any part of the security held for the Indebtedness and may extend the time of payment or otherwise modify the terms of this Instrument or of any of the Loan Documents, including a modification of the interest rate payable on the principal balance due with respect to the Loan Agreement, without in any manner impairing or affecting this Instrument, as so extended and modified, as security for the Indebtedness under any such subordinate lien, encumbrance, right, title or interest. Beneficiary may resort for the payment of the Indebtedness to any other security held by Beneficiary (or any trustee for the benefit of Beneficiary) in such order and manner as Beneficiary in its discretion, may elect. Beneficiary may take or cause to be taken action to recover the Indebtedness, or any portion thereof, or to enforce any provision hereof or of the other Loan Documents without prejudice to the right of Beneficiary thereafter to foreclose or cause to be foreclosed this Instrument. Beneficiary shall not be limited exclusively to the right and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or equity. The rights of Trustee and Beneficiary under this Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Trustee and Beneficiary shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

24.7 Exercise by Trustee. Notwithstanding anything herein to the contrary, Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Section 24 (other than its right to reimbursement) except upon the request of Beneficiary, and (b) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of Beneficiary and at the direction of Beneficiary as to the manner of such exercise or waiver, provided that Trustee shall have the right to decline to follow any of such request or direction if Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

24.8 Expenses. If any action is commenced upon an Event of Default to foreclose this Instrument or to enforce any other remedy of Trustee and/or Beneficiary under any of the Loan Documents, whether such action is judicial or pursuant to the power of sale contained herein or otherwise, there shall be added to the Indebtedness secured by this Instrument all costs and expenses, including attorney's fees, plus interest thereon at the Default Rate until paid, in the commencement and prosecution of such action, whether or not such action results in a foreclosure sale, foreclosure or other judicial decree or judgment.

25. ENVIRONMENTAL DEFAULT AND REMEDIES. In the event that any portion of the Property is determined to be "environmentally impaired" (as "environmentally impaired" is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as "affected parcel" is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Instrument, Beneficiary may elect to exercise its right under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected parcel portion of the Property and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against Grantor to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Grantor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant or user of any portion of the Property and Grantor knew or should have known of the activity by such lessee, occupant or user which caused or contributed to the release or threatened release. All costs and expenses, including, but not limited to, reasonable attorneys' and paralegals' fees and costs and court costs incurred by Beneficiary in connection with any action commenced under this Section 25, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate, until paid, shall be added to the Indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

26. RECONVEYANCE. Upon payment of all sums secured by this Instrument, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Instrument and all notes evidencing Indebtedness secured by this Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay Trustee's costs incurred in so reconveying the Property.

27. SUBSTITUTE TRUSTEE. In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

28. USE OF PROPERTY. The Property is not currently used for agricultural, farming, timber or grazing purposes. Grantor warrants that this Instrument is and will at all times constitute a commercial trust deed, as defined under appropriate state law.

29. **RESERVED.**

30. **IMPOSITION OF TAX BY STATE.**

30.1 State Taxes Covered. The following constitute state taxes to which this Section applies:

(a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed.

(b) A specific tax on a grantor which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a trust deed.

(c) A tax on a trust deed chargeable against the beneficiary or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor.

30.2 Remedies. If any state tax to which this Section applies is enacted subsequent to the date of this Instrument, this shall have the same effect as an Event of Default, and Beneficiary may exercise any or all of the remedies available to it unless the following conditions are met:

(a) Grantor may lawfully pay the tax or charge imposed by state tax, and

(b) Grantor pays the tax or charge within thirty (30) days after notice from Beneficiary that the tax law has been enacted.

31. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Instrument (including without limitation efforts to modify or vacate any automatic stay or injunction), the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, or in any bankruptcy proceeding including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, the fees of financial advisors and other consultants, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including but not limited to the costs of searching records, obtaining title reports, surveyor reports, title insurance, trustee fees, and other attorney fees, incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Default Rate. The term "**attorneys' fees**" as used in the Loan Documents shall be deemed to mean such fees as are reasonably incurred.

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32. GOVERNING LAW; SEVERABILITY. This Instrument shall be governed by the law of the State of California applicable to contracts made and to be performed therein (excluding choice-of-law principles). In the event that any provision or clause of this Instrument or the Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Instrument or the Loan Agreement which can be given effect without the conflicting provision, and to this end the provisions of this Instrument and the Loan Agreement are declared to be severable.

33. TIME OF ESSENCE. Time is of the essence of this Instrument.

34. CHANGES IN WRITING. This Instrument and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Grantor or Beneficiary relating to this Instrument shall be superior to the rights of the holder of any intervening lien or encumbrance.

35. NO OFFSET. Grantor's obligation to make payments and perform all obligations, covenants and warranties under this Instrument and under the Loan Agreement shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or other right that Grantor or any guarantor may have or claim against Beneficiary, Lender or any entity participating in making the loan secured hereby. The foregoing provisions of this Section, however, do not constitute a waiver of any claim or demand which Grantor or any guarantor may have in damages or otherwise against Beneficiary, Lender or any other person, or preclude Grantor from maintaining a separate action thereon; provided, however, that Grantor waive any right it may have at law or in equity to consolidate such separate action with any action or proceeding brought by Beneficiary or Lender.

36. LOAN AGREEMENT. If any conflict or inconsistency exists between the terms of this Instrument and the terms of the Loan Agreement, the terms of the Loan Agreement shall govern unless the context clearly indicates otherwise. Capitalized terms used in this Instrument without definitions shall have the meanings given to such terms in the Loan Agreement.

37. PROVISIONS REGARDING TRUSTEE. Trustee shall not be liable for any error of judgment or act done by Trustee, or be otherwise responsible or accountable under any circumstances whatsoever. Trustee shall not be personally liable in case of entry by it or anyone acting by virtue of the powers herein granted it upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other monies (except to the extent required by law) and Trustee shall be under no liability for interest on any monies received by it hereunder.

Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting, or shall fail or refuse to exercise its powers hereunder when requested by Beneficiary so to do, or if for any reason and without cause

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Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the forenamed Trustee. Upon appointment by Beneficiary, any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with the same effect as if originally named as Trustee herein.

38. REQUEST FOR NOTICE. Pursuant to California Government Code Section 27321.5(b), Grantor hereby requests that a copy of any notice of default and a copy of any notice of sale given pursuant to this Instrument be mailed to Grantor at the address set forth herein above.

39. FIXTURE FILING. Portions of the Property are goods which are or are to become fixtures relating to the Property, and Grantor covenants and agrees that the filing of this Instrument in the real estate records of the county where the Property is located shall also operate from the time of filing as a fixture filing in accordance with Section 9313 of the California Commercial Code.

40. LOCAL LAW PROVISIONS. In the event of any conflict between the terms and provisions of any other section of this Instrument, the terms and provisions of this section shall govern and continue.

(a) Without releasing Grantor from any obligation hereunder, to cure any default of Grantor and, in connection therewith, Beneficiary or its agents, acting by themselves or through a court appointed receiver, may enter upon the Premises or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including without limitation of any of its other rights:

(i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Premises under Section 2929.5 of the California Civil Code, to which the decision of Beneficiary as to whether there exists a release or threatened release of Hazardous Materials in or onto the Premises shall be deemed reasonable and conclusive as between the parties hereto; and

(ii) to the extent permitted under applicable law, to have a receiver appointed under Section 564 of the California Code of Civil Procedure to enforce Beneficiary's right to enter and inspect the Premises for Hazardous Materials. All costs and expenses reasonably incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of the engineers, laboratories, contractor, consultants, and attorneys, shall be paid by Grantor. All reimbursement costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including, without limitation, court costs, consultant fees and attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall

be added to the Loan Obligations and shall bear interest at the Default Rate from the date they are incurred until said sums have been paid if not paid within 10 days after demand.

(b) Beneficiary may seek a judgment that Grantor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth in the Indemnity or herein, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to Section 736 of the California Code of Civil Procedure, whether commenced prior to foreclosure of the Premises, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred or advanced by Beneficiary (collectively, the “**Environmental Costs**”) relating to the cleanup, remediation or other response action, required by applicable law or to which Beneficiary believes necessary, to protect the Premises, it being conclusively presumed between Beneficiary and Grantor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action of or to the Premises were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including, without limitation, court costs, consultant fees and attorneys’ fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate from the date of expenditure until said sums have been paid if not paid within 10 days after demand. Beneficiary shall be entitled to bid, at the sale of the Premises, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

(c) Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or elsewhere, the Environmental Costs shall be exceptions to any limited recourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for the Environmental Costs hereunder, and such liability shall not be limited to the original principal amount of the obligations secured by this Instrument, and Grantor’s Premises or this Instrument. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

(d) Beneficiary may waive its lien against the Premises or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with Section 726.5 of the California Code of Civil Procedure and to exercise any and all rights and remedies of an unsecured creditor against Grantor and all of Grantor’s assets and property for the recovery of any deficiency and Environmental Costs, including, but not limited to, seeking an attachment order under Section 483.010 of the California Code of Civil Procedure. As between Beneficiary and Grantor, for purposes of Section 726.5 of the California Code of Civil Procedure, Grantor shall have the burden of proving that Grantor or any related party (or any affiliate or agent of Grantor or any related party) was not in any way negligent in permitting the release or threatened release of Hazardous Substances. Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or pursuant to this subsection elsewhere in the Loan Documents, all judgments and awards

entered against Grantor shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for all judgments and awards entered against Grantor hereunder notwithstanding any such provisions and such liability shall not be limited to the original principal amount of the obligations secured by this Instrument and Grantor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Premises or this Instrument. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

Grantor hereby waives all other rights it may now or hereafter have, whether or not similar to any of the foregoing, by reason of laws of the State of California pertaining to sureties, including without limitation all rights and defenses that are or may become available to Grantor by reason of Sections 2787 to 2855, inclusive, 2899, and 3433 of the California Civil Code.

41. WAIVER OF JURY TRIAL. TO THE EXTENT ENFORCEABLE BY CALIFORNIA LAW, GRANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT EACH PARTY TO THIS INSTRUMENT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE OF CALIFORNIA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING.

GRANTOR UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

[REMAINDER OF PAGE INTENTIONALLY BLANK;
EXECUTION PAGE FOLLOWS]

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, Grantor has executed this Instrument or has caused the same to be executed under seal by its representatives thereunto duly authorized.

GRANTOR:

LARCHMONT LFP LLC,
a California limited liability company

By: LARCHMONT SCHOOLS,
a California nonprofit public benefit
corporation,
its Manager

By: 
Amy Held
Executive Director

[Signature Page of Deed of Trust]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles)

On AUGUST 24, 2018 before me, Elisabeth Lee NOTARY PUBLIC
(insert name and title of the officer)

personally appeared AMY HELD
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in
~~his~~/her/~~their~~ authorized capacity(ies), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Elisabeth Lee (Seal)

EXHIBIT A**LEGAL DESCRIPTION**

THE REAL PROPERTY REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 1, OF RAMPART HEIGHTS DIVISION "B" IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 10, PAGE(S) 74 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 5155-011-001

END OF LEGAL DESCRIPTION

The following is shown for information purposes only: The mailing address of the Premises is 2801 West 6th Street, Los Angeles, California 90057.

THIS SECURITY INSTRUMENT WAS
PREPARED BY, AND UPON RECORDING
SHOULD BE RETURNED TO:

Jessica I. Shaham, Esq.
Kutak Rock LLP
777 South Figueroa Street
Suite 4550
Los Angeles, California 90017

Index this document as
(1) deed of trust and
(2) fixture filing
ASSESSOR'S PARCEL NO. 5533-007-036, 5533-008-011, -012, -014, -022, -023.

(SPACE ABOVE LINE FOR RECORDER'S USE)

**DEED OF TRUST,
FINANCING STATEMENT, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS
AND FIXTURE FILING**

LARCHMONT LFP LLC,
a California limited liability company,

(Grantor)

to

CHICAGO TITLE COMPANY,
a California corporation,

(Trustee)

in favor of

WILMINGTON TRUST, NATIONAL ASSOCIATION,
a national banking association, as Trustee

(Beneficiary)

Dated as of April 1, 2026

NOTICE: DO NOT DESTROY THIS DEED OF TRUST (IF IT IS IN YOUR POSSESSION) WHICH IT SECURES AS THESE MUST BE PRESENTED TO THE TRUSTEE FOR CANCELLATION IN ORDER TO OBTAIN A RECONVEYANCE. THE RECONVEYANCE MUST BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER.

THIS DEED OF TRUST (herein “**Instrument**”) is made as of April 1, 2026, by the Grantor, **LARCHMONT LFP LLC**, a California limited liability company, whose address is c/o Larchmont Schools, 444 North Larchmont Boulevard, Suite 207, Los Angeles, California 90004 (herein “**Grantor**”), in favor of **CHICAGO TITLE COMPANY**, a California corporation, whose address is 725 South Figueroa Street, Suite 200, Los Angeles, California 90017 (herein “**Trustee**”), for the benefit of the Beneficiary, **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association whose address is 650 Town Center Drive, Suite 600, Costa Mesa, California 92626 (herein “**Beneficiary**”).

THIS INSTRUMENT COVERS REAL PROPERTY AND PERSONAL PROPERTY AND GOODS WHICH ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE FILED FOR RECORD IN THE RECORDS WHERE DEEDS OF TRUST ON REAL ESTATE ARE RECORDED. IN ADDITION, THIS INSTRUMENT SHOULD BE APPROPRIATELY INDEXED NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FINANCING STATEMENT COVERING PERSONAL PROPERTY AND GOODS THAT ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESS OF THE GRANTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS INSTRUMENT.

Grantor, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all of Grantor’s estate, right, title and interest, now owned or hereafter acquired, including any reversion or remainder interest, in the real property located in the City of Los Angeles, County of Los Angeles, State of California described on Exhibit A attached hereto and incorporated herein including all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, reversions, remainders, appurtenances, tenements, hereditaments, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property (collectively “**Premises**”);

TOGETHER with all of Grantor’s estate, right, title and interest, now owned or hereafter acquired, in, under and to:

(a) all buildings, structures, improvements, parking areas, landscaping, equipment, fixtures and articles of property now or hereafter erected on, attached to, or used or adapted for use in the operation of the Premises; including but without being limited to, all heating, air conditioning, manufacturing and incinerating apparatus and equipment; all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, water heaters, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, freezers, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, floor coverings, underpadding, elevators,

escalators, partitions, mantels, built-in mirrors, window shades, blinds, draperies, screens, storm sash, awnings, signs, furnishings of public spaces, halls and lobbies, and shrubbery and plants, and including also all interest of any owner of the Premises in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage or other title retaining or security instrument, all of which property mentioned in this clause (a) shall be deemed part of the realty covered by this Instrument and not severable wholly or in part without material injury to the freehold of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as “**Improvements**”);

(b) all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to (i) a taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire, earthquake or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

(c) return premiums or other payments upon any insurance any time provided for the benefit of or naming Beneficiary, and refunds or rebates of taxes or assessments on the Premises;

(d) all the right, title and interest of Grantor in, to and under all written and oral leases and rental agreements, all agreements for use and occupancy of the Premises (including extensions, renewals and subleases; each of the foregoing singularly shall be referred to herein as a “**Lease**,” and all of the foregoing shall be referred to collectively herein as the “**Leases**”) now or hereafter affecting the Premises including, without limitation, all rents, issues, profits and other revenues and income therefrom and from the renting, leasing or bailment of Improvements and equipment, all guaranties of tenants’ performance under the Leases, and all rights and claims of any kind that Grantor may have against any tenant under the Leases or in connection with the termination or rejection of the Leases in a bankruptcy or insolvency proceeding;

(e) plans, specifications, contracts, documents and agreements relating to the design or construction of the Improvements, if any; Grantor’s rights under any payment, performance, or other bond in connection with the design or construction of the Improvements, if any; all landscaping and construction materials, supplies, and equipment used or to be used or consumed in connection with construction of the Improvements, if any, whether stored on the Premises or at some other location; and contracts, agreements, and purchase orders with contractors, subcontractors, suppliers, and materialmen incidental to the design or construction of the Improvements, if any;

(f) all contracts, documents, accounts, deposit accounts, rights, claims or causes of action pertaining to or affecting the Premises or the Improvements, including, without limitation, to the extent pertaining to or affecting the Premises or Improvements, all supporting obligations and any and all proceeds thereof, all options or contracts to acquire other property for use in connection with operation or development of the Premises

or Improvements, management contracts, service or supply contracts, deposits, bank accounts, general intangibles (including without limitation trademarks, trade names, symbols and payment intangibles), permits, licenses, franchises and certificates, and all commitments or agreements, now or hereafter in existence, intended by the obligor thereof to provide Grantor with proceeds to satisfy the loan evidenced hereby or improve the Premises or Improvements, and the right to receive all proceeds due under such commitments or agreements including refundable deposits and fees;

(g) all books, records, surveys, reports and other documents related to the Premises, the Improvements, the Leases, or other items of collateral described herein; and

(h) all additions, accessions, replacements, substitutions, proceeds and products of the real and personal property, tangible and intangible, described in (a) through (g) above.

The Premises, the Improvements, the Leases and all of the rest of the foregoing property are herein referred to as the “**Mortgaged Property**” or the “**Property**.”

TO SECURE TO Beneficiary, the repayment of the \$[] California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project), Series 2026 (the “**Series 2026 Bonds**”) issued pursuant to an Indenture of Trust, dated as of August 1, 2018 (the “**Original Indenture**”), as amended by the First Supplemental Indenture of Trust, dated as of April 1, 2026 (the “**First Supplemental Indenture**” and, together with the Original Indenture, the “**Indenture**”), each by and between the Beneficiary and the California School Finance Authority and its successors and assigns, whose address is 300 South Spring Street, Suite 8500, Los Angeles, California, 90013 (herein “**Lender**”), and the loan of the proceeds thereof (the “**Loan**”) pursuant to a Loan Agreement, dated as of August 1, 2018 (the “**Original Loan Agreement**”), as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020 (the “**First Amendment to Loan Agreement**”), and as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “**Second Amendment to Loan Agreement**” and, collectively with the Original Loan Agreement and the First Amendment to Loan Agreement, the “**Loan Agreement**”), each by and between the Lender and the Grantor with interest thereon as set forth in the Loan Agreement, and all renewals, extensions and modifications thereof and other obligations issued under the Indenture, referred to herein as the “**Indebtedness**.” The Loan Agreement, the Indenture, the Series 2026 Bonds, this Instrument, and all other documents evidencing, securing or guaranteeing the Indebtedness (except any Environmental Indemnity Agreement Regarding Hazardous Substances), as the same may be modified or amended from time to time, are referred to herein as the “**Loan Documents**.” The terms of the Loan Documents secured hereby may provide that the interest rate or payment terms or balance due may be indexed, adjusted, renewed, or renegotiated from time to time, and this Instrument shall continue to secure the Indebtedness notwithstanding any such indexing, adjustment, renewal or renegotiation.

Grantor represents and warrants that Grantor has good, marketable and insurable title to, and has the right to grant, convey and assign an indefeasible fee simple estate in, the Premises, Improvements, rents and leases, and the right to convey the other Property, that the Property is unencumbered, and that Grantor will warrant and forever defend unto Trustee the title to the

Property against all claims and demands, subject only to Permitted Liens (as defined in the Indenture).

Grantor represents, warrants, covenants and agrees for the benefit of Beneficiary as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST. Grantor shall promptly pay when due the principal of and interest on the Indebtedness, any prepayment and other charges provided in the Loan Documents and all other sums secured by this Instrument.

2. FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES. Upon the occurrence, but only during the continuance of an Event of Default (hereinafter defined), and at Beneficiary's sole option, Grantor shall pay one-twelfth of the annual real estate taxes, insurance premiums, assessments, water and sewer rates, ground rents and other charges (herein "**Impositions**") payable with respect to the Property (as estimated by Beneficiary), to be held by Beneficiary without interest to Grantor, for the payment of such obligations.

If the amount of such additional payments held by Beneficiary ("**Funds**") at the time of the annual accounting thereof shall exceed the amount deemed necessary by Beneficiary to provide for the payment of Impositions as they fall due, such excess shall be at Grantor's option, either repaid to Grantor or credited to Grantor on the next monthly installment or installments of Funds due. If at any time the amount of the Funds held by Grantor shall be less than the amount deemed necessary by Beneficiary to pay Impositions as they fall due, Grantor shall pay to Beneficiary any amount necessary to make up the deficiency within 30 days after notice from Beneficiary to Grantor requesting payment thereof.

Upon Grantor's breach of any covenant or agreement of Grantor in this Instrument, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any Funds held by Beneficiary at the time of application (i) to pay Impositions which are now or will hereafter become due, or (ii) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Beneficiary shall refund to Grantor any Funds held by Beneficiary. If requested by Beneficiary, Grantor shall promptly furnish to Beneficiary all notices of Impositions which become due, and in the event Grantor shall make payment directly, Grantor shall promptly furnish to Beneficiary receipts evidencing such payments.

3. APPLICATION OF PAYMENTS. Each complete installment payment received by Beneficiary from Grantor under or with respect to the Loan Agreement, or from Grantor under or with respect to this Instrument or the other Loan Documents, shall be applied by Beneficiary to the Indebtedness in such order as set forth in the Loan Documents.

4. CHARGES, LIENS. Grantor shall pay all Impositions attributable to the Property in the manner provided under Section 2 hereof or, if not paid in such manner, by Grantor making payment, when due, directly to the payee thereof, or in such other manner as Beneficiary may designate in writing. If requested by Beneficiary, Grantor shall promptly furnish to Beneficiary all notices of Impositions which become due under this Section 4, and in the event Grantor shall

make payment directly, Grantor shall promptly furnish to Beneficiary receipts evidencing such payments. Grantor shall promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Instrument, and Grantor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Beneficiary's prior written permission, Grantor shall not allow any lien inferior to this Instrument to be perfected against the Property other than Permitted Liens (as defined in the Indenture). If any such lien is filed against the Property without Beneficiary's prior written permission and without the consent of Grantor, Grantor shall, within 60 days after receiving notice of the filing of such lien, cause such lien to be released of record or bonded off and deliver evidence of such release to Beneficiary.

5. INSURANCE. Grantor shall obtain and maintain the types of insurance upon and relating to the Property as required by the Loan Agreement, and, upon the damage or destruction of the Property, insurance proceeds shall be disbursed as provided in the Loan Agreement.

6. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS. Grantor (a) shall not commit waste or permit impairment or deterioration of the Property, ordinary wear and tear excepted, (b) shall not abandon the Property, (c) shall, subject to Beneficiary's making available the proceeds of all casualty and similar insurance policies applicable thereto, restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Beneficiary may approve in writing, in the event of any damage, injury or loss thereto, ordinary wear and tear excepted, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (d) shall, following completion of the construction of Improvements, if any; keep the Property, including all improvements, fixtures, equipment, machinery and appliances thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, working order and condition, in each case, ordinary wear and tear excepted, (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property where the failure to comply with the same could reasonably be expected to have a material adverse affect on the Property or on the financial condition, operations, business or prospects of Borrower, (f) if all or part of the Property is for rent or lease, to a party or parties other than Larchmont Schools ("**Larchmont**"), then Beneficiary, at its option after the occurrence of an Event of Default which is continuing, may require Grantor to provide for professional management of the Property by a property manager satisfactory to Beneficiary pursuant to a contract approved by Beneficiary in writing, unless such requirement shall be waived by Beneficiary in writing, (g) if all or part of the Property is for rent or lease to a party other than Larchmont, then Grantor shall generally operate and maintain the Property in a manner to ensure maximum rentals, and (h) shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property, the security of this Instrument or the rights or powers of Beneficiary hereunder. Neither Grantor nor any tenant or other person shall remove, demolish or alter any improvement now existing or hereafter erected on the Property or any fixture, equipment, machinery or appliance in or on the Property except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind and value.

7. USE OF PROPERTY. Grantor shall not allow changes in the use for which all or any part of the Property was intended at the time this Instrument was executed. Grantor shall not,

without Beneficiary's prior written consent, (a) initiate or acquiesce in a change in the zoning classification (including any variance under any existing zoning ordinance applicable to the Property), (b) permit the use of the Property to become a non-conforming use under applicable zoning ordinances, (c) file any subdivision or parcel map affecting the Property, or (d) amend, modify or consent to any easement or covenants, conditions and restrictions pertaining to the Property.

8. RESERVED.

9. INSPECTION. Beneficiary may, upon reasonable notice, make or cause to be made entries upon the Property to inspect the interior and exterior thereof; provided that Beneficiary shall make (or cause to be made) all diligent and reasonable efforts not to interfere with the operations or activities at the Property in the course of such entries and inspections.

10. CONDEMNATION. If the Property, or any part thereof, shall be condemned for any reason, including, without limitation, fire or earthquake damage, or otherwise taken for public or quasi-public use under the power of eminent domain, or be transferred in lieu thereof, all damages or other amounts awarded for the taking of, or injury to, the Property shall be paid to Beneficiary and applied as provided in the Loan Agreement.

11. GRANTOR AND LIEN NOT RELEASED. From time to time, Beneficiary may, at Beneficiary's option, without giving notice to or obtaining the consent of Grantor, Grantor's successors or assigns or of any junior lienholder or guarantors, without liability on Beneficiary's part and notwithstanding Grantor's breach of any covenant or agreement of Grantor in this Instrument, extend the time for payment of the Indebtedness or any part thereof, reduce the payments thereon, release anyone liable on any of the Indebtedness (including, but not limited to, any guarantor), accept an extension or modification or renewal note or notes therefor, modify the terms and time of payment of the Indebtedness, release from the lien of this Instrument any part of the Property, accept or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement and agree in writing with Grantor to modify the rate of interest or period of amortization set forth in the Loan Agreement or change the amount of the monthly installments payable thereunder. Grantor shall pay Beneficiary a service charge, together with such title insurance premiums and attorneys' fees as may be incurred at Beneficiary's option, for any such action if taken at Grantor's request or for other servicing requests, including, but not limited to, name changes, prepayments of the Indebtedness and loan pay-off statement requests. Such service charge is exclusive of any legal fees which may be incurred by Beneficiary in connection with Grantor's request.

12. FORBEARANCE BY BENEFICIARY NOT A WAIVER. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Instrument after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the Indebtedness secured by this Instrument, nor

shall Beneficiary's receipt of any awards, proceeds or damages under Sections 5 and 10 hereof operate to cure or waive Grantor's default in payment of sums secured by this Instrument.

13. CALIFORNIA COMMERCIAL CODE SECURITY AGREEMENT. This Instrument is intended to be a security agreement pursuant to the California Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the California Commercial Code, and Grantor hereby grants and conveys to Beneficiary a first and prior security interest in all of the Property that constitutes personalty, whether now owned or hereafter acquired (for purposes of this Section 13, "**Collateral**"). Grantor agrees that Beneficiary may file this Instrument, or a reproduction thereof, in the real estate records or other appropriate index, as a financing statement for any of the items specified above as part of the Collateral. The address of Grantor, as debtor under the Uniform Commercial Code, and Beneficiary, as secured party under the Uniform Commercial Code, are set forth on the first page hereof. Grantor is the record owner of the Collateral. Any reproduction of this Instrument or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Beneficiary may submit for filing any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Instrument in such form as Beneficiary may deem appropriate to perfect a security interest with respect to the Collateral. Grantor shall not file in the real estate records or any other index or record any financing statement, amendment, termination statement or other record pertaining to the Collateral and/or Beneficiary's interest therein without Beneficiary's prior written consent. Grantor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all costs and expenses of any record searches for financing statements Beneficiary may require. Without the prior written consent of Beneficiary, Grantor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in said items, including replacements and additions thereto. Grantor has authorized Beneficiary to file financing statements, and such financing statements when filed will be sufficient to perfect the security interest created pursuant to this Instrument. When such financing statements are filed in the offices noted therein, Beneficiary will have a valid and perfected security interest in the Collateral, subject to no other security interest, assignment, lien or encumbrance. Upon Grantor's breach of any covenant or agreement of Grantor contained in this Instrument, including the covenants to pay when due all sums secured by this Instrument, Beneficiary shall have the remedies of a secured party under the California Commercial Code, and Beneficiary may also invoke the remedies provided in Section 24 of this Instrument as to such items. In exercising any of said remedies Beneficiary may proceed against the items of real property and any items of personal property specified above separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Commercial Code or of the remedies provided in Section 24 of this Instrument. Within 10 days following any request therefor by Beneficiary, Grantor shall prepare and deliver to Beneficiary a written inventory specifically listing all of the personal property covered by the security interest herein granted, which inventory shall be certified by Grantor as being true, correct, and complete.

14. LEASES OF THE PROPERTY. Grantor shall comply with and observe Grantor's obligations as landlord under all Leases of the Property or any part thereof. All Leases now or hereafter entered into will be in form and substance subject to the approval of Beneficiary.

All Leases of the Property, or any portion thereof, shall specifically provide for subordination language in form and substance satisfactory to Beneficiary in all respects, such language to include at Beneficiary's option, without limitation, language to the effect that such Leases are subordinated to this Instrument; that the tenant attorns to Beneficiary, such attornment to be effective upon either Beneficiary's or any other party's acquisition of the Property, or any portion thereof, either by foreclosure or deed-in-lieu thereof; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; and that the attornment of the tenant shall not be terminated by foreclosure or a deed-in-lieu thereof. Grantor shall not, without Beneficiary's written consent, request or consent to the subordination of any Lease of all or any part of the Property to any lien subordinate to this Instrument. If Grantor becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Grantor shall (a) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent, (b) immediately notify Beneficiary thereof in writing and of the amount of said set-offs, and (c) within 10 days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such setoff and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction. Upon Beneficiary's receipt of notice of the occurrence of any default or violation by Grantor of any of its obligations under the Leases, Beneficiary shall have the immediate right, but not the duty or obligation, following not less than 10 days prior written notice to Grantor, to enter upon the Property and to take such actions as Beneficiary may deem necessary to cure the default or violation by Grantor under the Leases. The costs incurred by Beneficiary in taking any such actions pursuant to this paragraph shall become part of the Indebtedness, shall bear interest at a rate equal to the rate on the Loan Repayments (the "**Default Rate**"), and shall be payable by Grantor to Beneficiary on demand. Beneficiary shall have no liability to Grantor or to any third party for any actions taken by Beneficiary or not taken pursuant to this paragraph except to the extent caused solely and directly by Beneficiary's gross negligence or willful misconduct. Upon the recordation of this Instrument at the closing of the Indebtedness secured hereby, Beneficiary shall be deemed to have approved in all respects the lease dated April 1, 2026, between Grantor, as landlord, and Larchmont, as tenant of the Property.

15. REMEDIES CUMULATIVE. Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.

16. TRANSFERS OF THE PROPERTY; ASSUMPTION. Beneficiary may, at its option, declare all sums secured by this Instrument to be immediately due and payable, and Beneficiary may invoke any remedies permitted by Section 24 hereof, if title to the Property is changed or there is any transfer of any interest in the Property or in the income therefrom, by sale, lease, contract, mortgage, deed of trust, further encumbrance or otherwise (including any such transfers as security for additional financing of the Property).

17. NOTICE. Except for any notice required under applicable law to be given in another manner, any and all notices, elections, demands, or requests permitted or required to be made under this Instrument shall be in writing, signed by the party giving such notice, election, demand or request, and shall be delivered personally, or sent by registered, certified, or Express United States mail, postage prepaid, or by Federal Express or similar nationally recognized

delivery service requiring a receipt, to the other party at the address stated above, or to such other party and at such other address within the United States of America as any party may designate in writing as provided herein. The date of receipt of such notice, election, demand or request shall be the earliest of (i) the date of actual receipt, (ii) three (3) days after the date of mailing by registered or certified mail, (iii) one (1) day after the date of sending via overnight delivery by Express Mail, Federal Express or another similar service requiring a receipt, or (iv) the date of personal delivery (or refusal by or on behalf of the addressee upon presentation for delivery of a properly addressed notice).

18. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, successors and assigns of Beneficiary and Grantor, subject to the provisions of Section 16 hereof. If Grantor is comprised of more than one person or entity, whether as individuals, partners, partnerships or corporations, each such person or entity shall be jointly and severally liable for Grantor's obligations hereunder. In exercising any rights hereunder or taking any actions provided for herein, Beneficiary may act through its employees, agents or independent contractors as authorized by Beneficiary. The captions and headings of the sections of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

19. WAIVER OF STATUTE OF LIMITATIONS. Grantor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Loan Agreement or any other obligation secured by this Instrument.

20. WAIVER OF MARSHALING. Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the Indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Grantor, any party who consents to this Instrument and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

21. COSTS AND EXPENSES. Grantor shall pay within 10 days after written demand from Beneficiary all sums advanced by Beneficiary and all costs and expenses incurred by Beneficiary in taking any actions pursuant to the Loan Documents including attorneys' fees and disbursements, accountants' fees, appraisal and inspection fees and the costs for title reports and guaranties, together with interest thereon at the Default Rate from the date such costs were advanced or incurred. All such costs and expenses incurred by Beneficiary, and advances made, shall constitute advances under this Instrument to protect the Property and shall be secured by and have the same priority as the lien of this Instrument. If Grantor fails to pay any such advances, costs and expenses and interest thereon, Beneficiary may apply any undisbursed loan proceeds to pay the same, and, without foreclosing the lien of this Instrument, Beneficiary may at its option commence an independent action against Grantor for the recovery of the costs, expenses and/or

advances, with interest, together with costs of suit, costs of title reports and guaranty of title, disbursements of counsel and attorneys' fees incurred therein or in any appeal therefrom.

22. ASSIGNMENT OF LEASES AND RENTS. Grantor, for good and valuable consideration, the receipt of which is hereby acknowledged, to secure the Indebtedness, does hereby absolutely and unconditionally grant, bargain, sell, transfer, assign, convey, set over and deliver unto Beneficiary all right, title and interest of Grantor in, to and under the Leases of the Property, whether now in existence or hereafter entered into, and all guaranties, amendments, extensions and renewals of said Leases and any of them, and all rents, income and profits which may now or hereafter be or become due or owing under the Leases, and any of them, or on account of the use of the Property.

Grantor represents, warrants, covenants and agrees with Beneficiary as follows:

(a) The sole ownership of the entire lessor's interest in the Leases is vested in Grantor, and Grantor has not, and shall not, perform any acts or execute any other instruments which might prevent Beneficiary from fully exercising its rights with respect to the Leases under any of the terms, covenants and conditions of this Instrument.

(b) The Leases are and shall be valid and enforceable in accordance with their terms and have not been and shall not be altered, modified, amended, terminated, canceled, renewed or surrendered, except as approved in writing by Beneficiary. The terms and conditions of the Leases have not been and shall not be waived in any manner whatsoever except as approved in writing by Beneficiary.

(c) Without limiting the foregoing, Grantor shall not materially alter the term or the amount of rent payable under any Lease without prior written notice to Beneficiary and Beneficiary's consent.

(d) There are no defaults now existing under any of the Leases and there exists no state of facts which, with the giving of notice or lapse of time or both, would constitute a default under any of the Leases.

(e) Grantor shall give prompt written notice to Beneficiary of any notice received by Grantor claiming that a default has occurred under any of the Leases on the part of Grantor, together with a complete copy of any such notice.

(f) Each of the Leases shall remain in full force and effect irrespective of any merger of the interest of lessor and any lessee under any of the Leases.

(g) Grantor will not permit any Lease to become subordinate to any lien other than the lien of this Instrument and the lien of property taxes and assessments affecting the Property.

(h) Grantor shall not permit or consent to the assignment by any tenant of its rights under the Lease. Without limitation of the foregoing, Grantor shall not permit or

consent to the filing of any encumbrance against the tenant's interest under any Lease including (without limitation) any leasehold mortgage.

(i) The Beneficiary has duly accepted the estate, rights, title and interest granted to the Beneficiary pursuant to this Deed of Trust.

This assignment is absolute, is effective immediately, and is irrevocable by Grantor so long as the Indebtedness remains outstanding. Notwithstanding the foregoing, until a Notice is sent to Grantor in writing that an Event of Default has occurred (which notice is hereafter called a "**Notice**"), Grantor, pursuant to a revocable license granted to Grantor by Beneficiary hereunder, may receive, collect and enjoy the rents, income and profits accruing from the Property. Grantor's right to collect the rents, income and profits shall not constitute Beneficiary's consent to the use of the cash collateral in any bankruptcy proceeding.

Upon the occurrence of an Event of Default hereunder and so long as the same is continuing, Beneficiary may, at its option, after service of a Notice, receive and collect all such rents, income and profits from the Property as they become due. Beneficiary shall thereafter continue to receive and collect all such rents, income and profits, as long as such default or defaults shall exist, and during the pendency of any foreclosure proceedings.

Grantor hereby irrevocably appoints Beneficiary as its true and lawful attorney with power of substitution and with full power for Beneficiary in its own name and capacity or in the name and capacity of Grantor, from and after service of a Notice, to demand, collect, receive and give complete acquittances for any and all rents, income and profits accruing from the Property, either in its own name or in the name of Grantor or otherwise, which Beneficiary may deem necessary or desirable in order to collect and enforce the payment of the rents, income and profits of and from the Property. Lessees of the Property are hereby expressly authorized and directed, following receipt of a Notice from Beneficiary to pay any and all amounts due Grantor pursuant to the Leases to Beneficiary or such nominee as Beneficiary may designate in a writing delivered to and received by such lessees, and the lessees of the Property are expressly relieved of any and all duty, liability or obligation to Grantor in respect of all payments so made.

Upon the occurrence of any Event of Default (but only so long as the same is continuing), from and after service of a Notice, Beneficiary is hereby vested with full power to use all measures, legal and equitable, deemed by it to be necessary or proper to enforce this Section 22 and to collect the rents, income and profits assigned hereunder, including the right of Beneficiary or its designee, to enter upon the Property, or any part thereof, and take possession of all or any part of the Property together with all personal property, fixtures, documents, books, records, papers and accounts of Grantor relating thereto, and Beneficiary may exclude Grantor, its agents and servants, wholly therefrom. Grantor hereby grants full power and authority to Beneficiary to exercise all rights, privileges and powers herein granted at any and all times after service of a Notice, with full power to use and apply all of the rents and other income herein assigned to the payment of the costs of managing and operating the Property and of any Indebtedness or liability of Grantor to Beneficiary, including but not limited to the payment of taxes, special assessments, insurance premiums, damage claims, the costs of maintaining, repairing, rebuilding and restoring the improvements on the Property or of making the same rentable, reasonable attorneys' fees incurred in connection with the enforcement of this Instrument, and of principal and interest payments due from Grantor

to Beneficiary under or with respect to the Loan Agreement and this Instrument, all in such order as Beneficiary may determine. Beneficiary shall be under no obligation to exercise or prosecute any of the rights or claims assigned to it hereunder or to perform or carry out any of the obligations of the lessor under any of the Leases and does not assume any of the liabilities in connection with or arising or growing out of the covenants and agreements of Grantor in the Leases. It is further understood that the assignment set forth in this Section 22 shall not operate to place responsibility for the control, care, management or repair of the Property, or parts thereof, upon Beneficiary, nor shall it operate to make Beneficiary liable for the performance of any of the terms and conditions of any of the Leases, or for any waste of the Property by any lessee under any of the Leases, or any other person, or for any dangerous or defective condition of the Property or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee or stranger.

23. DEFAULT. The following shall each constitute an event of default (“**Event of Default**”):

- (a) Failure of Grantor within the time required by this Instrument or the Loan Agreement to make any payment for taxes or insurance;
- (b) Failure by Grantor to observe or perform any of its material obligations under any of the Leases and such failure continues for 30 days after written notice thereof;
- (c) The Property is transferred or any agreement to transfer any part or interest in the Property in any manner whatsoever is made or entered into, except as specifically allowed under this Instrument or the Loan Agreement, including, without limitation, creating or allowing any liens on the Property or leasing any portion of the Property;
- (d) An Event of Default shall occur under the Loan Agreement.

24. RIGHTS AND REMEDIES ON DEFAULT.

24.1 Remedies. Upon the occurrence and continuance of any one or more Events of Default, Trustee and/or Beneficiary may (but shall not be obligated), in addition to any rights or remedies available to them hereunder or under the other Loan Documents, take such action personally or by their agents or attorneys, with or without entry, and without notice, demand, presentment or protest (each and all of which are hereby waived to the extent permitted by law) as they deem necessary or advisable to protect and enforce Beneficiary’s rights and remedies against Grantor and in and to the Property, including the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Trustee and/or Beneficiary may determine, in their sole discretion, without impairing or otherwise affecting its or their other rights or remedies:

- (a) Beneficiary may declare all sums secured by this Instrument immediately due and payable, including any prepayment premium which Grantor would be required to pay.

(b) Trustee and Beneficiary shall have the right to cause any or all of the Property to be sold under the power of sale granted herein or any of the other documents executed or delivered in connection herewith in any manner permitted by applicable law, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. For any sale under the power of sale granted by this Instrument, Trustee or Beneficiary must record and give all notices required by law and then, upon the expiration of such time as is required by law, may sell the Property, and all estate, right, title, interest, claim and demand of Grantor therein, and all rights of redemption thereof, at one or more sales, as an entirety or in parcels, with such elements of real and/or personal property (and, to the extent permitted by applicable law, may elect to deem all of the Property to be real property for purposes thereof), and at such time or place and upon such terms as Trustee and Beneficiary may determine and shall execute and deliver to the purchaser or purchasers thereof a deed or deeds conveying the property sold, but without any covenant or warranty, express or implied, and the recitals in the deed or deeds of any facts affecting the regularity or validity of the sale will be conclusive against all persons. In the event of a sale, by foreclosure or otherwise, of less than all of the Property, this Instrument shall continue as a lien and security interest on the remaining portion of the Property.

(c) Trustee and Beneficiary may institute a proceeding or proceedings for the partial foreclosure of this Instrument under any applicable provision of law for the portion of the Indebtedness then due and payable, subject to the lien of this Instrument continuing unimpaired and without loss of priority so as to secure the balance of the Indebtedness not then due and payable.

(d) If this Instrument is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for any amount by which the unpaid balance of the obligations secured by this Instrument exceeds the net sale proceeds payable to Beneficiary.

(e) With respect to all or any part of the Property that constitutes personalty, Beneficiary shall have all rights and remedies of secured party under the California Commercial Code.

(f) Beneficiary may apply (whether by noticed motion or by ex parte application) to a court of competent jurisdiction for the appointment of a receiver designated by Beneficiary of and for the Property (including, without limitation, all rents, issues, profits, revenues, earnings and income arising therefrom) in accordance with the provisions below and to which appointment Beneficiary shall be entitled as a matter of right, without bond, and without regard to or the necessity to disprove the adequacy of the security for the Indebtedness or the solvency of Grantor or any other person liable for the payment or performance of the Indebtedness; and Grantor, each other person claiming any interest in the Property, or any portion thereof, by or through Grantor and every other person liable for the

payment or performance of the Indebtedness hereby waives and consents to, or shall be conclusively deemed to have waived and consented to such appointment, whether such application be made by noticed motion or by an ex parte application.

In every instance when a receiver is appointed with respect to all or any portion of the Property, the receiver may be authorized, among such other duties and powers as may be ordered or granted by the court, to take possession of the Property; to manage, control and protect the Property; to collect the rents, issues, profits, revenues, earnings and income arising therefrom, and to apply the same toward the payment of expenses, including management and operating expenses, taxes, assessments, utilities, mortgage payments and insurance premiums of or in connection with the Property; to maintain the Property in a reasonable state of repair so that there will be no excessive depreciation or devaluation thereof arising from lack of prudent management; to enter into such lease agreements or rental agreements with new tenants for the Property as such receiver deems reasonable and prudent; to amend, extend or renew existing Leases upon such terms as such receiver deems reasonable and prudent; to, if necessary, retain a property management firm to assist in such duties upon such terms as such receiver deems reasonable and appropriate; and to take such other action as is necessary in order to provide services to the tenants under any existing or future Leases or as is necessary to accomplish any of the foregoing. Beneficiary shall also have all rights described in Section 22 above with respect to the Property.

(g) In the event Grantor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay a reasonable rental for use of the Property while in Grantor's possession.

(h) Trustee, Beneficiary and Lender shall have any other right or remedy provided in this Instrument, the Loan Agreement, or any other Loan Document or instrument delivered by Grantor in connection therewith, or available at law, in equity or otherwise.

(i) Beneficiary, as the case may be, may institute an action, suit or proceeding in equity for the specific performance of any of the provisions contained in the Loan Documents.

(j) Beneficiary may release any portion of the Property for such consideration as Beneficiary may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Indebtedness shall have been reduced by the actual monetary consideration, if any, received by Trustee and/or Beneficiary for such release, and may accept by assignment, pledge or otherwise any other property in place thereof

as Trustee and/or Beneficiary may require without being accountable for so doing to any other lienholder.

(k) Beneficiary shall have all the rights and remedies set forth in Sections 21 and 22.

In the event that Trustee and/or Beneficiary shall exercise any of the rights or remedies set forth in this Section 24 neither Trustee nor Beneficiary shall be deemed to have entered upon or taken possession of the Property except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall it be deemed a beneficiary or mortgagee in possession by reason of such entry or taking possession, unless applicable law requires that it be deemed to be a beneficiary or mortgagee in possession. Neither the Trustee nor Beneficiary shall be liable to account for any action taken pursuant to any such exercise other than for rents actually received by such party, nor liable for any loss sustained by Grantor resulting from any failure to let the Property, or from any other act or omission of Trustee and/or Beneficiary, except to the extent such loss is caused by the willful misconduct or bad faith of such party or such liability may not be waived under applicable law. Grantor hereby consents to, ratifies and confirms the exercise by Trustee and/or Beneficiary of said rights and remedies.

24.2 *Rights Pertaining to Sales.* Subject to the provisions or other requirements of law, the following provisions shall apply to any sale or sales of the Property under or by virtue of this Section 24, whether made under the power of sale herein granted or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale:

(a) Trustee, at the request of Beneficiary, may conduct any number of sales from time to time. The power of sale set forth in this Section 24 hereof shall not be exhausted by any one or more such sales as to any part of the Property which shall not have been sold, nor by any sale which is not completed or is defective in Trustee's or Beneficiary's opinion, until the Indebtedness shall have been paid in full.

(b) Any sale may be postponed or adjourned by public announcement at the time and place appointed for such sale or for such postponed or adjourned sale without further notice.

(c) After each sale, Trustee, or an officer of any court empowered to do so, shall execute and deliver to the purchaser or purchasers at such sale a good and sufficient instrument or instruments granting, conveying, assigning and transferring all right, title and interest of Grantor in and to the property and rights sold and shall receive the proceeds of said sale or sales and apply the same as herein provided. Trustee is hereby appointed the true and lawful attorney-in-fact of Grantor, which appointment is irrevocable and shall be deemed to be coupled with an interest, in Grantor's name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the property and rights so sold, and for that purpose Trustee may execute all necessary instruments of conveyance, assignment, transfer and delivery, and may substitute one or more persons with like power, Grantor

hereby ratifying and confirming all that said attorney or such substitute or substitutes shall lawfully do by virtue thereof. Nevertheless, Grantor, if requested by Trustee or Beneficiary, shall ratify and confirm any such sale or sales by executing and delivering to Trustee or such purchaser or purchasers all such instruments as may be advisable, in Trustee's or Beneficiary's judgment, for the purposes as may be designated in such request.

(d) Any and all statements of fact or other recitals made in any of the instruments referred to in this Section 24 given by Trustee and/or Beneficiary as to nonpayment of the Indebtedness, or as to the occurrence of any Event of Default, or as to Beneficiary having declared all or any of the Indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the property or rights to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee, or as to the appointment of any substitute or successor Trustee, or as to any other act or thing having been duly done by Grantor, Beneficiary, or by such Trustee, shall be taken as conclusive and binding against all persons as to evidence of the truth of the facts so stated and recited. Trustee and/or Beneficiary may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale so held, including the posting of notices and the conduct of sale, but in the name and behalf of Trustee or Beneficiary, as applicable.

(e) The receipt of Trustee for the purchase money paid at any such sale, or the receipt of any other person authorized to receive the same, shall be sufficient discharge therefor to any purchaser of any property or rights sold as aforesaid, and no such purchaser, or its representatives, grantees or assigns, after paying such purchase price and receiving such receipt, shall be bound to see to the application of such purchase price of any part thereof upon or for any trust or purpose of this Instrument or, in any manner whatsoever, be answerable for any loss, misapplication or non-application of any such purchase money, or part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

(f) Any such sale or sales shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Grantor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against Grantor and any and all persons claiming or who may claim the same, or any part thereof or any interest therein, by, through or under Grantor to the fullest extent permitted by applicable law.

(g) Upon any such sale or sales, Beneficiary may bid for and acquire the Property and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the Indebtedness the amount of the bid made therefor, after deducting therefrom the expenses of the sale, the cost of any enforcement proceeding hereunder and any other sums which Trustee or Beneficiary is

authorized to deduct under the terms hereof, to the extent necessary to satisfy such bid.

(h) In the event that Grantor, or any person claiming by, through or under Grantor, shall transfer or refuse or fail to surrender possession of the Property after any sale thereof, then Grantor, or such person shall be deemed a tenant at sufferance of the purchaser at such sale, subject to eviction by means of forcible entry and detainer proceedings, or subject to any other right or remedy available hereunder or under applicable law.

(i) Upon any such sale, it shall not be necessary for Trustee, Beneficiary or any public officer acting under execution or order of court to have present or constructively in its possession any of the Property.

(j) In the event of any sale referred to in this Section 24, the entire Indebtedness, if not previously due and payable, immediately thereupon shall, notwithstanding anything to the contrary herein or in the other Loan Documents, become due and payable.

(k) In the event a foreclosure hereunder shall be commenced by Trustee at the request of Beneficiary, Trustee or Beneficiary may at any time before the sale of the Property abandon the sale, and may institute suit for the collection of the Indebtedness and for the foreclosure of this Instrument, or in the event that Trustee or Beneficiary should institute a suit for collection of the Indebtedness, and for the foreclosure of this Instrument, Beneficiary may at any time before the entry of final judgment in said suit dismiss the same and sell or require Trustee to sell the Property in accordance with the provisions of this Instrument.

24.3 Application of Proceeds. The purchase money, proceeds or avails of any sale referred to in this Section 24, together with any other sums which may be held by Trustee or Beneficiary hereunder, whether under the provisions of this Section 24 or otherwise, shall except as herein expressly provided to the contrary, be applied as follows:

(a) *First:* To the payment of the costs and expenses of any such sale, including compensation to Trustee and/or Beneficiary, their agents and counsel, and of any judicial proceeding wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Trustee and/or Beneficiary hereunder, together with interest thereon as provided herein, and all taxes, assessments and other charges, except any taxes, assessments or other charges subject to which the Property shall have been sold.

(b) *Second:* To the payment in full of the Indebtedness (including principal, interest, premium and fees) in such order as Beneficiary may elect.

(c) *Third:* To the payment of any other sums secured hereunder or required to be paid by Grantor pursuant to any provisions of the Loan Documents.

(d) *Fourth*: To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

24.4 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or other intended disposition of the personal property is to be made. Reasonable notice shall mean notice given in accordance with applicable law, including notices given in the manner and at the times required for notices in a nonjudicial foreclosure.

24.5 Additional Provisions as to Remedies.

(a) No right or remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and continuing, shall be in addition to every other right or remedy given hereunder, or under the other Loan Documents or now or hereafter existing at law or in equity, and may be exercised from time to time and as often as may be deemed expedient by Trustee or Beneficiary.

(b) No delay or omission by Trustee or Beneficiary to exercise any right or remedy hereunder upon any Event of Default shall impair such exercise, or be construed to be a waiver of any such Event of Default or an acquiescence therein.

(c) The failure, refusal or waiver by Trustee or Beneficiary of its right to assert any right or remedy hereunder upon any Event of Default or other occurrence shall not be construed as waiving such right or remedy upon any other or subsequent Event of Default or other occurrence.

(d) Neither the Trustee nor Beneficiary shall have any obligation to pursue any rights or remedies they may have under any other agreement prior to pursuing their rights or remedies hereunder or under the other Loan Documents.

(e) No recovery of any judgment by Trustee or Beneficiary and no levy of an execution upon the Property or any other property of Grantor shall affect, in any manner or to any extent, the lien of this Instrument upon the Property, or any liens, rights, powers or remedies of Trustee or Beneficiary hereunder, and such liens, rights, powers and remedies shall continue unimpaired as before.

(f) Beneficiary may resort or cause Trustee to resort to any security given by this Instrument or any other security now given or hereafter existing to secure the Indebtedness, in whole or in part, in such portions and in such order as Beneficiary may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights or benefits granted hereunder.

(g) Acceptance of any payment after the occurrence of any Event of Default shall not be deemed a waiver or a cure of such Event of Default, and

acceptance of any payment less than any amount then due shall be deemed an acceptance on account only.

(h) In the event that Trustee or Beneficiary shall have proceeded to enforce any right or remedy hereunder by foreclosure, sale, entry or otherwise, and such proceeding shall be discontinued, abandoned or determined adversely for any reason, then Grantor, Trustee or Beneficiary shall be restored to their former positions and rights hereunder with respect to the Property, subject to the lien hereof.

24.6 Waiver of Rights and Defenses. To the full extent Grantor may do so, Grantor agrees with Beneficiary as follows:

(a) Grantor will not at any time, insist on, plead, claim or take the benefit or advantage of any statute or rule of law now or hereafter in force providing for any appraisalment, valuation, stay, extension, moratorium or redemption, or of any statute of limitations, and Grantor, for itself and its heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming an interest in the Property (other than Beneficiary) hereby, to the extent permitted by applicable law, waives and releases all rights of redemption, valuation, appraisalment, notice of intention to mature or declare due the whole of the Indebtedness, and all rights to a marshaling of the assets of Grantor, including the Property, or to a sale in inverse order of alienation, in the event of foreclosure of the liens and security interests created hereunder.

(b) Grantor shall not have or assert any right under any statute or rule of law pertaining to any of the matters set forth in this Section 24, to the administration of estates of decedents or to any other matters whatsoever to defeat, reduce or affect any of the rights or remedies of Trustee or Beneficiary hereunder, including the rights of Trustee or Beneficiary hereunder to a sale of the Property for the collection of the Indebtedness without any prior or different resort for collection, or to the payment of the Indebtedness out of the proceeds of sale of the Property in preference to any other person.

(c) If any statute or rule of law referred to in this Section 24.6 and now in force, of which Grantor or any of its representatives, successors or assigns and such other persons claiming any interest in the Property might take advantage despite this Section 24.6, shall hereafter be repealed or cease to be in force, such statute or rule of law shall not thereafter be deemed to preclude the application of this Section 24.6.

(d) Grantor shall not be relieved of its obligation to pay the Indebtedness at the time and in the manner provided herein and in the other Loan Documents, nor shall the lien or priority of this Instrument or any other Loan Documents be impaired by any of the following actions, non-actions or indulgences by Trustee, Beneficiary or Lender:

(i) any failure or refusal by Trustee, Beneficiary or Lender to comply with any request by Grantor (X) to consent to any action by Grantor or (Y) to take any action to foreclose this Instrument or otherwise enforce any of the provisions hereof or of the other Loan Documents;

(ii) any release, regardless of consideration, of the whole or any part of the Property or any other security for the Indebtedness or any person liable for payment of the Indebtedness;

(iii) any waiver by Beneficiary or Lender of compliance by Grantor with any provision of this Instrument or the other Loan Documents, or consent by Beneficiary or Lender to the performance by Grantor of any action which would otherwise be prohibited thereunder, or to the failure by Grantor to take any action which would otherwise be required hereunder or thereunder; and

(iv) any agreement or stipulation between Trustee, Beneficiary or Lender and Grantor, or, with or without Grantor's consent, between Trustee, Beneficiary or Lender and any subsequent owner or owners of the Property or any other security for the Indebtedness, renewing, extending or modifying the time of payment or the terms of this Instrument or any of the other Loan Documents (including a modification of any interest rate), and in any such event Grantor shall continue to be obligated to pay the Indebtedness at the time and in the manner provided herein and in the other Loan Documents, as so renewed, extended or modified, unless expressly released and discharged by Beneficiary or Lender, as the case may be.

(e) Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Property, Beneficiary may release any person at any time liable for the payment of the Indebtedness or any portion thereof or any part of the security held for the Indebtedness and may extend the time of payment or otherwise modify the terms of this Instrument or of any of the Loan Documents, including a modification of the interest rate payable on the principal balance due with respect to the Loan Agreement, without in any manner impairing or affecting this Instrument, as so extended and modified, as security for the Indebtedness under any such subordinate lien, encumbrance, right, title or interest. Beneficiary may resort for the payment of the Indebtedness to any other security held by Beneficiary (or any trustee for the benefit of Beneficiary) in such order and manner as Beneficiary in its discretion, may elect. Beneficiary may take or cause to be taken action to recover the Indebtedness, or any portion thereof, or to enforce any provision hereof or of the other Loan Documents without prejudice to the right of Beneficiary thereafter to foreclose or cause to be foreclosed this Instrument. Beneficiary shall not be limited exclusively to the right and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or

equity. The rights of Trustee and Beneficiary under this Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Trustee and Beneficiary shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

24.7 Exercise by Trustee. Notwithstanding anything herein to the contrary, Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Section 24 (other than its right to reimbursement) except upon the request of Beneficiary, and (b) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of Beneficiary and at the direction of Beneficiary as to the manner of such exercise or waiver, provided that Trustee shall have the right to decline to follow any of such request or direction if Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

24.8 Expenses. If any action is commenced upon an Event of Default to foreclose this Instrument or to enforce any other remedy of Trustee and/or Beneficiary under any of the Loan Documents, whether such action is judicial or pursuant to the power of sale contained herein or otherwise, there shall be added to the Indebtedness secured by this Instrument all costs and expenses, including attorney's fees, plus interest thereon at the Default Rate until paid, in the commencement and prosecution of such action, whether or not such action results in a foreclosure sale, foreclosure or other judicial decree or judgment.

25. ENVIRONMENTAL DEFAULT AND REMEDIES. In the event that any portion of the Property is determined to be "environmentally impaired" (as "environmentally impaired" is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as "affected parcel" is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Instrument, Beneficiary may elect to exercise its right under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected parcel portion of the Property and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against Grantor to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Grantor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant or user of any portion of the Property and Grantor knew or should have known of the activity by such lessee, occupant or user which caused or contributed to the release or threatened release. All costs and expenses, including, but not limited to, reasonable attorneys' and paralegals' fees and costs and court costs incurred by Beneficiary in connection with any action commenced under this Section 25, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the Default Rate, until paid, shall be added to the Indebtedness secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

26. RECONVEYANCE. Upon payment of all sums secured by this Instrument related to the Series 2026 Bonds, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Instrument and all notes evidencing Indebtedness related to the Series 2026 Bonds secured by this Instrument to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay Trustee's costs incurred in so reconveying the Property.

27. SUBSTITUTE TRUSTEE. In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

28. USE OF PROPERTY. The Property is not currently used for agricultural, farming, timber or grazing purposes. Grantor warrants that this Instrument is and will at all times constitute a commercial trust deed, as defined under appropriate state law.

29. RESERVED.

30. IMPOSITION OF TAX BY STATE.

30.1 *State Taxes Covered.* The following constitute state taxes to which this Section applies:

(a) A specific tax upon trust deeds or upon all or any part of the indebtedness secured by a trust deed.

(b) A specific tax on a grantor which the taxpayer is authorized or required to deduct from payments on the indebtedness secured by a trust deed.

(c) A tax on a trust deed chargeable against the beneficiary or the holder of the note secured.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor.

30.2 *Remedies.* If any state tax to which this Section applies is enacted subsequent to the date of this Instrument, this shall have the same effect as an Event of Default, and Beneficiary may exercise any or all of the remedies available to it unless the following conditions are met:

(a) Grantor may lawfully pay the tax or charge imposed by state tax, and

(b) Grantor pays the tax or charge within thirty (30) days after notice from Beneficiary that the tax law has been enacted.

31. ATTORNEYS' FEES. In the event suit or action is instituted to enforce or interpret any of the terms of this Instrument (including without limitation efforts to modify or vacate any automatic stay or injunction), the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, or in any bankruptcy proceeding including, without limitation, attorneys' fees, witness fees (expert and otherwise), deposition costs, the fees of financial advisors and other consultants, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including but not limited to the costs of searching records, obtaining title reports, surveyor reports, title insurance, trustee fees, and other attorney fees, incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Default Rate. The term "**attorneys' fees**" as used in the Loan Documents shall be deemed to mean such fees as are reasonably incurred.

32. GOVERNING LAW; SEVERABILITY. This Instrument shall be governed by the law of the State of California applicable to contracts made and to be performed therein (excluding choice-of-law principles). In the event that any provision or clause of this Instrument or the Loan Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Instrument or the Loan Agreement which can be given effect without the conflicting provision, and to this end the provisions of this Instrument and the Loan Agreement are declared to be severable.

33. TIME OF ESSENCE. Time is of the essence of this Instrument.

34. CHANGES IN WRITING. This Instrument and any of its terms may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Grantor or Beneficiary relating to this Instrument shall be superior to the rights of the holder of any intervening lien or encumbrance.

35. NO OFFSET. Grantor's obligation to make payments and perform all obligations, covenants and warranties under this Instrument and under the Loan Agreement shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or other right that Grantor or any guarantor may have or claim against Beneficiary, Lender or any entity participating in making the loan secured hereby. The foregoing provisions of this Section, however, do not constitute a waiver of any claim or demand which Grantor or any guarantor may have in damages or otherwise against Beneficiary, Lender or any other person, or preclude Grantor from maintaining a separate action thereon; provided, however, that Grantor waive any right it may have at law or in equity to consolidate such separate action with any action or proceeding brought by Beneficiary or Lender.

36. LOAN AGREEMENT. If any conflict or inconsistency exists between the terms of this Instrument and the terms of the Loan Agreement, the terms of the Loan Agreement shall

govern unless the context clearly indicates otherwise. Capitalized terms used in this Instrument without definitions shall have the meanings given to such terms in the Loan Agreement.

37. PROVISIONS REGARDING TRUSTEE. Trustee shall not be liable for any error of judgment or act done by Trustee, or be otherwise responsible or accountable under any circumstances whatsoever. Trustee shall not be personally liable in case of entry by it or anyone acting by virtue of the powers herein granted it upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other monies (except to the extent required by law) and Trustee shall be under no liability for interest on any monies received by it hereunder.

Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting, or shall fail or refuse to exercise its powers hereunder when requested by Beneficiary so to do, or if for any reason and without cause Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named herein, or any prior successor or substitute trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the forenamed Trustee. Upon appointment by Beneficiary, any new Trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with the same effect as if originally named as Trustee herein.

38. REQUEST FOR NOTICE. Pursuant to California Government Code Section 27321.5(b), Grantor hereby requests that a copy of any notice of default and a copy of any notice of sale given pursuant to this Instrument be mailed to Grantor at the address set forth herein above.

39. FIXTURE FILING. Portions of the Property are goods which are or are to become fixtures relating to the Property, and Grantor covenants and agrees that the filing of this Instrument in the real estate records of the county where the Property is located shall also operate from the time of filing as a fixture filing in accordance with Section 9313 of the California Commercial Code.

40. LOCAL LAW PROVISIONS. In the event of any conflict between the terms and provisions of any other section of this Instrument, the terms and provisions of this section shall govern and continue.

(a) Without releasing Grantor from any obligation hereunder, to cure any default of Grantor and, in connection therewith, Beneficiary or its agents, acting by themselves or through a court appointed receiver, may enter upon the Premises or any part thereof and perform such acts and things as Beneficiary deems necessary or desirable to inspect, investigate, assess, and protect the security hereof, including without limitation of any of its other rights:

(i) to obtain a court order to enforce Beneficiary's right to enter and inspect the Premises under Section 2929.5 of the California Civil Code, to which the decision of Beneficiary as to whether there exists a release or threatened release of Hazardous Materials in or onto the Premises shall be deemed reasonable and conclusive as between the parties hereto; and

(ii) to the extent permitted under applicable law, to have a receiver appointed under Section 564 of the California Code of Civil Procedure to enforce Beneficiary's right to enter and inspect the Premises for Hazardous Materials. All costs and expenses reasonably incurred by Beneficiary with respect to the audits, tests, inspections, and examinations which Beneficiary or its agents or employees may conduct, including the fees of the engineers, laboratories, contractor, consultants, and attorneys, shall be paid by Grantor. All reimbursement costs and expenses incurred by Trustee and Beneficiary pursuant to this subparagraph (including, without limitation, court costs, consultant fees and attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall be added to the Loan Obligations and shall bear interest at the Default Rate from the date they are incurred until said sums have been paid if not paid within 10 days after demand.

(b) Beneficiary may seek a judgment that Grantor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth in the Indemnity or herein, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to Section 736 of the California Code of Civil Procedure, whether commenced prior to foreclosure of the Premises, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred or advanced by Beneficiary (collectively, the "**Environmental Costs**") relating to the cleanup, remediation or other response action, required by applicable law or to which Beneficiary believes necessary to protect the Premises, it being conclusively presumed between Beneficiary and Grantor that all such Environmental Costs incurred or advanced by Beneficiary relating to the cleanup, remediation, or other response action of or to the Premises were made by Beneficiary in good faith. All Environmental Costs incurred by Beneficiary under this subparagraph (including, without limitation, court costs, consultant fees and attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate from the date of expenditure until said sums have been paid if not paid within 10 days after demand. Beneficiary shall be entitled to bid, at the sale of the Premises, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

(c) Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or elsewhere, the Environmental Costs shall be exceptions to any limited recourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for the Environmental Costs hereunder, and such liability shall not be limited to the original principal amount of the obligations secured by this Instrument, and Grantor's Premises or this Instrument. For the purposes of any action

brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

(d) Beneficiary may waive its lien against the Premises or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with Section 726.5 of the California Code of Civil Procedure and to exercise any and all rights and remedies of an unsecured creditor against Grantor and all of Grantor's assets and property for the recovery of any deficiency and Environmental Costs, including, but not limited to, seeking an attachment order under Section 483.010 of the California Code of Civil Procedure. As between Beneficiary and Grantor, for purposes of Section 726.5 of the California Code of Civil Procedure, Grantor shall have the burden of proving that Grantor or any related party (or any affiliate or agent of Grantor or any related party) was not in any way negligent in permitting the release or threatened release of Hazardous Substances. Grantor acknowledges and agrees that notwithstanding any term or provision contained herein or pursuant to this subsection elsewhere in the Loan Documents, all judgments and awards entered against Grantor shall be exceptions to any nonrecourse or exculpatory provision of the Loan Documents, and Grantor shall be fully and personally liable for all judgments and awards entered against Grantor hereunder notwithstanding any such provisions and such liability shall not be limited to the original principal amount of the obligations secured by this Instrument and Grantor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance, or any other transfer of the Premises or this Instrument. For the purposes of any action brought under this subparagraph, Grantor hereby waives the defense of laches and any applicable statute of limitations.

Grantor hereby waives all other rights it may now or hereafter have, whether or not similar to any of the foregoing, by reason of laws of the State of California pertaining to sureties, including without limitation all rights and defenses that are or may become available to Grantor by reason of Sections 2787 to 2855, inclusive, 2899, and 3433 of the California Civil Code.

41. WAIVER OF JURY TRIAL. TO THE EXTENT ENFORCEABLE BY CALIFORNIA LAW, GRANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT EACH PARTY TO THIS INSTRUMENT MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE STATE OF CALIFORNIA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS INSTRUMENT, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING.

GRANTOR UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

[REMAINDER OF PAGE INTENTIONALLY BLANK;
EXECUTION PAGE FOLLOWS]

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, Grantor has executed this Instrument or has caused the same to be executed under seal by its representatives thereunto duly authorized.

GRANTOR:

LARCHMONT LFP LLC,
a California limited liability company

By: **LARCHMONT SCHOOLS,**
a California nonprofit public benefit
corporation,
its Manager

By: _____
[Amy Held]
Executive Director

[Signature Page of Deed of Trust]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____,
notary public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1: (5533-008-011)

THE WEST 85 FEET OF THE NORTH 150 FEET OF THE SOUTH 160 FEET OF LOT 6, IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2: (5533-008-012)

THE EASTERLY 60 FEET OF THE NORTH 150 FEET OF THE SOUTH 160 FEET OF THE WEST 145 FEET OF LOT 6, IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3: (5533-008-014)

THE NORTH 45 FEET OF LOT 6, IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION THEREOF, INCLUDED IN PUBLIC ROAD.

PARCEL 4: (5533-008-022)

THE NORTH 50 FEET OF THE SOUTH 95 FEET OF THE NORTH 140 FEET OF LOT 6, IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION THEREOF, INCLUDED IN LILLIAN WAY.

PARCEL 5: (5533-008-023)

THE SOUTH 45 FEET OF THE NORTH 140 FEET OF LOT 6, IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10, OF

MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION THEREOF, INCLUDED IN LILLIAN WAY.

PARCEL 6: (5533-007-036)

THAT PORTION OF LOT 7 IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTH LINE OF THE 10 FOOT STRIP OF LAND CONVEYED TO THE COUNTY OF LOS ANGELES FOR WIDENING SANTA MONICA BOULEVARD, BY DEED RECORDED IN BOOK 3155 PAGE 150 OF DEEDS, DISTANT WESTERLY 184 FEET FROM THE INTERSECTION OF SAID NORTH LINE WITH THE EAST LINE OF SAID LOT 7, THENCE NORTH PARALLEL WITH THE EAST LINE OF SAID LOT 7, 140 FEET; THENCE WEST PARALLEL WITH THE SOUTH LINE OF SAID LOT 7, 36 FEET; THENCE SOUTH PARALLEL WITH THE EAST LINE OF SAID LOT 7, 140 FEET TO THE NORTH LINE OF SAID 10 FOOT STRIP OF LAND CONVEYED FOR THE WIDENING OF SANTA MONICA BOULEVARD, THENCE EAST ALONG THE NORTH LINE OF SAID STRIP 36 FEET TO THE PLACE OF BEGINNING.

PARCEL 6A:

THAT PORTION OF LOT 7 IN BLOCK 18 OF COLEGROVE, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 53, PAGE 10 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF NORTH LINE OF THE 10 FOOT STRIP OF LAND CONVEYED TO THE COUNTY OF LOS ANGELES FOR WIDENING SANTA MONICA BOULEVARD, BY DEED RECORDED IN BOOK 3155 PAGE 150 OF DEEDS, WITH THE EAST LINE OF THE STRIP OF LAND CONVEYED TO THE COUNTY OF LOS ANGELES BY DEED RECORDED IN BOOK 2903 PAGE 170 OF DEEDS; THENCE NORTH ALONG SAID LAST MENTIONED STRIP 140 FEET TO THE SOUTHWEST CORNER OF THE LAND CONVEYED TO W.E. STRADLEY, BY DEED RECORDED IN BOOK 7385 PAGE 277 OF SAID DEED RECORDS; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LAND OF STRADLEY 50 FEET; THENCE SOUTHERLY PARALLEL WITH THE FIRST ABOVE DESCRIBED COURSE, 140 FEET TO A POINT IN THE NORTH LINE OF SAID SANTA MONICA BOULEVARD; THENCE WESTERLY ALONG THE NORTH LINE OF SAID BOULEVARD 50 FEET TO A POINT OF BEGINNING.

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APPENDIX D

SUMMARY OF THE LEASE

The following is a brief summary of the Lease (as defined below). 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 [Preliminary] 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 [Preliminary] Limited Offering Memorandum).

“Condemnation” means if the Facilities 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 Facilities) to the Facilities 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 Larchmont LFP LLC, a California limited liability company.

“Lease” means that certain Lease Agreement dated as of August 1, 2018, between the Landlord and the Tenant, as amended by that certain Amendment to Lease Agreement dated as of May 1, 2020[, and by that certain Second Amendment to Lease Agreement dated as of April 1, 2026].

“Lease Commencement Date” means the date of the funding under the Loan Agreement.

“School” means Larchmont Charter School, which operates under a charter issued to Tenant by the Los Angeles Unified School District.

“Tenant” means Larchmont Schools, a California nonprofit public benefit corporation in its capacity as operator of and holder of the charter for the School.

PROVISIONS RELATED TO THE LEASE

Parties. Tenant shall lease the Facilities from the Landlord pursuant to the Lease.

The Facilities. The “Facilities” consist of Landlord’s interest in all of the land and all of the current and future buildings and improvements, on the parcels of real property commonly referred to as 2801 West 6th Street, Los Angeles, California, in the County of Los Angeles, California (the “Series 2018 Facilities”), and 6325, 6331, 6363 Santa Monica Boulevard, and 1115, 1123, 1125 Lillian Way, Los Angeles, California, in the County of Los Angeles, California (the “Series 2026 Facilities”).

Term. The initial term of the Lease, with respect to the Series 2018 Facilities, commenced with the funding under the Original Loan Agreement for approximately thirty (30) years and ending on June 30, 2048 (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”), and, with respect to the Series 2026 Facilities, shall commence with the

funding under the Second Amendment to Loan Agreement for approximately forty (40) Years and ending on June 30,, 2066.

Extension Options. Tenant shall have three (3) six-year options to extend the Initial Term for the Lease of the Series 2018 Facilities (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, and (iii) 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.

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 all costs and expenses of the ownership, operation, maintenance, repair, or replacement, and insurance of the Facilities, 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) (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 components 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.

(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.

(b) “General Expenses” means all of the following, to the extent not included in Maintenance Expenses:

(i) Gross receipts taxes, whether assessed against Landlord or assessed against Tenant and collected by Landlord.

(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 Landlord for operating expenses, including the day-to-day management (if any), including the cost of management personnel (if any), together with any of Landlord’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) Subject to Section 4.6 of the Lease, Real Property Taxes (as defined in the Lease) and personal property taxes (as described in the Lease), if any.

(x) Amounts required to be paid as deductibles in connection with any insurance required under the Bond Documents.

(xi) Any other costs or expenses incurred by Landlord under the Lease.

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 Notice, cause the State Controller to transfer the portion of the State Apportionment described in the Intercept Notice and attributable to the School 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 Facilities described in the Lease, the Property shall be used by Tenant for the School 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 Facilities 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 Facilities as residential rental property to others, or permit any subtenant to rent the Facilities as residential rental property to others.

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 and Bondholder Representative 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 Facilities 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 Facilities, which claims are or may be secured by any mechanic's or materialmen's lien against the Facilities or any interest therein. Tenant shall give Landlord, the Bond Trustee, and the Bondholder Representative not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Facilities, 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 and the Facilities

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.

Facilities. 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 Facilities. 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.

DAMAGE OR DESTRUCTION

(a) Definitions

(i) "Damage" shall mean damage or destruction to the improvements on the Facilities 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, Bondholder Representative, 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 Facilities, 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 Facilities 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, 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 Facilities through the Tax-Exempt Bonds may restrict the assignees which could be approved by Landlord. In addition, Tenant shall not sublease, assign, mortgage, pledge, hypothecate, or encumber the Lease unless it receives an Opinion of Bond Counsel confirming that such action will not result in use or operation of the Facilities not in conjunction with a charter school under the Act.

By Landlord. Tenant acknowledges that Landlord's interest in the Facilities 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.

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 Facilities.

(b) The failure of Tenant to make any payment of Rent required to be made by Tenant under the Lease, 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, where such failure continues for a period of ten (10) business days following written notice to Tenant.

(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 (d) 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 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 Facilities 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 Facilities 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 the 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 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:

(a) Terminate Tenant’s right to possession of the Facilities 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 Facilities, expenses of reletting, including necessary renovation and alteration of the Facilities, 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 Facilities 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 Facilities 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 Facilities.

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 Facilities.

PLEDGE AND SECURITY AGREEMENT

To secure the payment and performance of its obligations under the Lease, the Tenant pledges to Landlord and grants Landlord a security interest in the Gross School Revenues. From time to time, Tenant 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 Tenant 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 will 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 Tenant 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.

For purposes of the Lease, "Gross School Revenues" means all revenue, income, receipts and money received by the Tenant or on behalf of Tenant from all lawfully available sources attributable to its operation of the School and to any other charter school operated by Tenant in the property subject to the 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 Tenant not specifically described in the immediately preceding sentence shall not constitute Gross Revenues of the School.

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, 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, 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 under the Lease. 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 contained in the Lease, 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 under the Lease, and in such event Landlord 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 – Financial Covenants and THE LEASE – Financial Reporting.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of April 1, 2026, is executed and delivered by and between Larchmont LFP LLC, a California limited liability company (the “Borrower”), Larchmont Schools, a California nonprofit public benefit corporation (“Larchmont”) and Wilmington Trust, National Association, as trustee and dissemination agent (the “Trustee” and “Dissemination Agent”) in connection with the issuance by the California School Finance Authority (the “Authority”) of its Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026 (the “Bonds”). The Bonds are being issued pursuant to an Indenture dated as of August 1, 2018, as amended by a First Supplemental Indenture, dated as of April 1, 2026 (collectively, the “Indenture”) each by and between the Authority and the Trustee. The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of August 1, 2018, as amended pursuant to a First Amendment to Loan Agreement, dated as of May 1, 2020, and a Second Amendment to Loan Agreement, dated as of April 1, 2026 (collectively, 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 Larchmont 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 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 Larchmont 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 Authority’s Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026.

“*Borrower*” means Larchmont LFP LLC, a California limited liability company.

“*Disclosure Representative*” shall mean the executive director of Larchmont or such other officer, agent or employee as Larchmont shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means the Trustee, 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 Larchmont pursuant to Section 5 of this Disclosure Agreement.

“Indenture” means the Indenture of Trust, dated as of August 1, 2018, as amended by a First Supplemental Indenture, dated as of April 1, 2026, each by and between the Authority and the Trustee.

“Fiscal Year” means the twelve month accounting period used with respect to the operations of Larchmont ending June 30 of each year; provided, however, Larchmont, 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” mean that certain Lease Agreement, dated as of April 1, 2026, by and between the Borrower and Larchmont, as tenant.

“Limited Offering Memorandum” means the Limited Offering Memorandum dated March __, 2026, relating to the Bonds.

“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 School 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 School 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.

“School” shall mean Larchmont Charter.

“SEC” means the Securities and Exchange Commission, its successors and assigns.

“Trustee” means Wilmington Trust, National Association, its successors and assigns.

Section 3. Provision of Annual Reports.

(a) Larchmont shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 180 days after the end of Larchmont’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2026 (except as hereinafter provided), 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 Larchmont (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 Larchmont’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 Larchmont any information required from the Borrower for the Annual Report. The Annual Report shall be submitted on a

standard from in use by industry participants or other appropriate form and shall identify Bonds by name and CUSIP number, if available.

(b) Larchmont 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, Larchmont 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 Larchmont to determine if Larchmont 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 Larchmont for the prior Fiscal Year beginning with the Fiscal Year ending June 30, 2026, prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(ii) For the Fiscal Years ended June 30, 2026 and thereafter, an Executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(iii) For the Fiscal Years ended June 30, 2026 and thereafter, (A) the enrollment data with respect to the School provided to the State of California under the Charter School Law, and (B) a copy of all annual charter school reports with respect to the School required to be prepared by Larchmont under California law.

(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. Larchmont shall clearly identify each such other document so included by reference. Larchmont 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) Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Charter School 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, Larchmont 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 2026 Bonds or other events affecting the tax exempt status of Series 2026 Bonds;
 - (v) release, substitution or sale of property securing repayment of Bonds;
 - (vi) the consummation of a merger, consolidation or acquisition involving the Borrower or Larchmont or the sale of all or substantially all of the assets of the Borrower or Larchmont (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; or
 - (vii) appointment of a successor or additional trustee or change in name of a trustee.
- (b) Pursuant to the provisions of this Section 5, Larchmont 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 2026 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; and
 - (ix) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower or Larchmont.

For purposes of the event identified in clause (ix) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for Larchmont or 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 Larchmont 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 Larchmont or the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), Larchmont shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If Larchmont 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), Larchmont 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 Larchmont to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter in a timely manner not in excess of ten business days after the occurrence of the event.

(f) The Borrower hereby agrees to provide to Larchmont 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) Larchmont 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 Larchmont's fiscal quarters, commencing with the fiscal quarter ending June 30, 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 agrees to provide to Larchmont any information required from the Borrower for the Quarterly Reports.

(b) Larchmont 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, Larchmont 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 Larchmont to determine if Larchmont 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) Larchmont's Quarterly Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) A construction progress report with respect to any Facilities being constructed, until such construction is substantially complete.

(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 Larchmont for the prior Fiscal Year.

(iii) For the School, enrollment data and waitlist data by grade for the previous fiscal quarter.

(iv) For the last fiscal quarter of each Fiscal Year, a copy of Larchmont'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.

(vi) Recommendations of any consultant received in accordance with the Loan Agreement 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 Larchmont or the School, or of the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to Larchmont 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 Larchmont, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of Larchmont.

(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 Larchmont's Executive Team as shown on pages A-22 and A-23 of Appendix A to the Limited Offering Memorandum.

(x) The amount and repayment terms of any Additional Indebtedness (as defined in the Loan Agreement) of the Borrower, or any debt or capital leases of Larchmont entered into after the date of this Disclosure Agreement.

(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 School 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. Larchmont shall clearly identify each such other document so included by reference. Larchmont 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 Larchmont, 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, Larchmont 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. Larchmont 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.

Section 11. Failure to File. If Larchmont 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, Larchmont and the Participating

Underwriter in substantially the form attached as Exhibit B. If the Borrower or Larchmont files any report directly with MSRB, the Borrower 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.

Section 12. Dissemination Agent. Larchmont 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 Larchmont pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, Larchmont shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee. Any person succeeding to all or substantially all of the Trustee's corporate trust business shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to Larchmont.

Section 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, Larchmont, 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 Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with Larchmont, 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, Larchmont 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 Larchmont. 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 Larchmont 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 Larchmont 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, Larchmont 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 Larchmont, 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 Larchmont 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 Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of Larchmont 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 Larchmont 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. Larchmont 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 Larchmont 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 Larchmont's failure to report any event or any financial information or operating data as to which Larchmont 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 Larchmont 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 Larchmont. Larchmont shall not be liable for the fees and expenses of any such counsel consulted by the Dissemination Agent without the prior consent of Larchmont. 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 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 Larchmont or the Borrower: Larchmont Schools
Attn: Executive Director
444 N. Larchmont Blvd., #207
Los Angeles, CA 90004

To Dissemination Agent: Wilmington Trust, National Association
650 Town Center Drive, Suite 600
Costa Mesa, California 92626

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 2150
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 Larchmont, 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.

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 Larchmont 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. Larchmont 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.

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IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

**WILMINGTON TRUST, NATIONAL
ASSOCIATION**, as Trustee and Dissemination Agent

By: _____
Its: Authorized Officer

LARCHMONT SCHOOLS, a California nonprofit public
benefit corporation

By: _____
Its: Authorized Officer

LARCHMONT LFP LLC, a California limited liability
company

By: _____
Its: Authorized Officer

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 (Larchmont Charter School Project) Series 2026

Dissemination Agent: Wilmington Trust, National Association

Name of Borrower: Larchmont LFP LLC

Date of Issuance: April __, 2026

The undersigned authorized representative of Larchmont Schools (“Larchmont”), is providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of April 1, 2026 (the “Disclosure Agreement”), between the Dissemination Agent, the Borrower and Larchmont. 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 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, Larchmont 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. Financial Covenants As of June 30, 20__:

- (a) Days Cash on Hand was ____ days, which [does/does not] comply with the liquidity covenant in Exhibit C of the Lease.
- (b) The Lessee’s Base Rent Coverage Ratio pursuant to Exhibit C of the Lease for the Fiscal Year ended June 30, 20__ was ____x.

4. 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 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 Larchmont to the Dissemination Agent on a date which is [within][outside] of 180 days from the end of its prior fiscal year.

Dated: _____

LARCHMONT SCHOOLS

By: _____
Its: _____

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
(Larchmont Charter School Project) Series 2026

Dissemination Agent: Wilmington Trust, National Association

Name of Borrower: Larchmont LFP LLC

Name of Charter School: Larchmont Charter School

Date of Issuance: April __, 2026

NOTICE IS HEREBY GIVEN that the Borrower 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 April 1, 2026, between the undersigned Dissemination Agent, the Borrower and Larchmont. The Borrower anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

WILMINGTON TRUST, 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 believes to be reliable, but neither the Authority nor the Borrower take responsibility for the accuracy thereof.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

California School Finance Authority
Los Angeles, California

April __, 2026

\$ _____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(LARCHMONT CHARTER SCHOOL PROJECT),
SERIES 2026

Ladies and Gentlemen:

We have acted as Bond Counsel to the California School Finance Authority (the “Authority”), a public body corporate and politic organized pursuant to the laws of the State of California (the “State”), in connection with the issuance of \$ _____ California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026 (the “Series 2026 Bonds”).

The Series 2026 Bonds are being issued by the Authority pursuant to the provisions of (i) 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 of California (the “Act”), (ii) an Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture”), as supplemented by the First Supplemental Indenture, dated as of April 1, 2026 (the “Supplemental Indenture” and, together with the Original Indenture, the “Indenture”) by and between the Authority and Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and (iii) a resolution duly adopted by the Authority on February 26, 2026. The Series 2026 Bonds are being issued for the purpose of loaning the proceeds therefrom to Larchmont LFP LLC (the “Borrower”), for the purpose of financing the Series 2026 Project (as defined in the Indenture). The Series 2026 Project is subject to the terms of the Tax Regulatory Agreement dated as of the date hereof (the “Tax Regulatory Agreement”). Capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Series 2026 Bonds are issued only as fully registered bonds without coupons in denominations as provided in the Indenture. The Series 2026 Bonds are dated and mature as set forth in the Indenture.

The proceeds from the sale of the Series 2026 Bonds will be loaned to the Borrower pursuant to the Loan Agreement, dated as of August 1, 2018 (the “Original Loan Agreement”), as amended by that certain Amendment to Loan Agreement, dated as of May 1, 2020 (the “First Amendment to Loan Agreement”), as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “Second Amendment to Loan Agreement” and, collectively with the Original Loan Agreement and the First Amendment to Loan Agreement, the “Loan Agreement”), each by and between the Authority and the Borrower. The Series 2026 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 Series 2026 Facilities (as defined in the Indenture) will be leased by the Borrower to Larchmont Schools, (the “Lessee”), a California nonprofit public benefit corporation designated as an organization described in Section 501(c)(3) of the Internal Revenue Code (the “Code”), under that certain Lease Agreement dated as of August 1, 2018, as

amended by the First Amendment to Lease Agreement, dated as of May 1, 2020 and by that certain Second Amendment to Lease Agreement, dated as of April 1, 2026 (collectively, the “Lease Agreement”). The Series 2026 Bonds and the payment of amounts owed thereon are secured by the Indenture and, upon recordation, by those certain Deed of Trust, Financing Statement, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of April 1, 2026 (the “Deed of Trust”). As Bond Counsel, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates and documents (including all documents constituting the record of proceedings with respect to the issuance of the Series 2026 Bonds) as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon the aforesaid instruments, certificates and documents.

Based on the foregoing, we are of the opinion that:

1. The Second Amendment to Loan Agreement, the Tax Regulatory Agreement and the Supplemental Indenture, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Authority and are enforceable against the Authority in accordance with their terms.

2. The Series 2026 Bonds have been duly issued by the Authority in accordance with applicable law and are valid and binding special limited obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the revenues and other moneys of the Authority pledged therefor pursuant to the Indenture. The Series 2026 Bonds are enforceable in accordance with their terms and are entitled to the benefit of the Act and the Indenture.

3. The Series 2026 Bonds do not constitute or give rise to a general obligation or liability of the Authority or a charge against its general credit. Neither the faith and credit nor the taxing power of the State or any public agency or any member of the Authority is pledged to the payment of the principal of or interest or any redemption premium on the Series 2026 Bonds. The Authority has no taxing power. Payment of the principal of or interest or any redemption premium on the Series 2026 Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

4. Under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the interest on the Series 2026 Bonds (including any original issue discount property allocable to the owners of a Series 2026 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Authority, Borrower and Lessee with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2026 Bonds. Failure to comply with such requirements could cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The Authority, Borrower and Lessee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds. Interest on the Series 2026 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

5. The interest on the Series 2026 Bonds is exempt from State of California personal income taxes.

In rendering the opinions expressed in numbered paragraph 4 above, we have relied on representations of the Authority, the Borrower and the Lessee with respect to matters solely within the knowledge of the

Authority, the Borrower and the Lessee which we have not independently verified. We have assumed continuing compliance with covenants in the Indenture, the Loan Agreement, the Lease Agreement and the Tax Regulatory Agreement pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Series 2026 Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Authority, the Borrower or the Lessee fail to comply with the foregoing covenants in the Indenture, the Loan Agreement, the Lease Agreement and the Tax Regulatory Agreement, interest on the Series 2026 Bonds could become included in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Although we have rendered an opinion that interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2026 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2026 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2026 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2026 Bonds.

In addition, the possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change of the Borrower' or the Lessee's method of operations, purposes or character or other factors could result in loss by the Borrower of the Lessee; of their respective tax-exempt status. The Borrower and the Lessee are subject to a number of requirements affecting their operations to maintain its exempt status and not to be considered a "private foundation" (as defined in Section 509(a) of the Code). The failure of the Borrower or the Lessee to maintain their tax-exempt status could result in the loss of the exemption of interest on the Bonds from federal income taxation.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2026 Bonds, the Indenture and the other instruments enumerated above may be subject to valid bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt and other laws affecting creditors' rights and laws affecting the remedies for the enforcement of the rights and security provided for therein, including the remedy of specific performance, and that their enforcement may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

In rendering the foregoing opinions, we are not passing upon the matters of: (i) the legal entity status of the Borrower or of the Lessee; (ii) the power of the Borrower or the Lessee to execute and deliver any document; or (iii) the accuracy, completeness or sufficiency of the Limited Offering Memorandum distributed in connection with the Series 2026 Bonds, or any other statements made in connection with the offer and sale of the Series 2026 Bonds. In addition, we have relied upon, and assumed the accuracy of, the opinions, dated this date, of Musick, Peeler & Garrett LLP, as counsel to the Borrower and the Lessee, in all respects, including with respect to (a) each Borrower being a disregarded entity for federal income tax purposes whose sole member is the Lessee, (b) the Lessee being an organization described in Section 501(c)(3) of the Code which does not have "unrelated business taxable income" as defined in Section 512 of the Code in an amount that would have a material adverse effect on its status as an organization described in Section 501(c)(3) of the Code, and (c) the leasing of facilities financed with proceeds of the Series 2026 Bonds by the Borrower and the use thereof by Lessee, respectively, are in furtherance of the Lessee's exempt purpose.

In rendering the opinion set forth in numbered paragraph 1 above, concerning each party's execution and delivery of the documents to which it is a party, we have not observed the execution or delivery by such party of the documents but have relied exclusively upon representations regarding such party's execution and delivery of the documents made to us in a certificate and our review of copies and .pdf files of executed signature pages delivered to us by representatives of such party or its agents. We have assumed that any electronic signature (including, without limitation, via DocuSign, One Span or other similar method) on any document submitted to us for review is fully effective and enforceable to the same extent as an original signature thereto.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent.

Respectfully submitted,

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

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

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Re: \$_____ California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026

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 (Larchmont Charter School Project) Series 2026 (the “Bonds”), issued pursuant to an Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture”), as amended by the First Supplemental Indenture, dated as of April 1, 2026 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), each between the Authority and Wilmington Trust, 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 March __, 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”), Larchmont LFP LLC, a California limited liability company (the “Borrower”), and Larchmont Schools (dba Larchmont Charter School), a California nonprofit public benefit corporation (the “Lessee”).

The undersigned acknowledges that the Bonds are being delivered for the purpose of financing, refinancing and/or reimbursing the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Los Angeles, California (the “Project”) on behalf of the Borrower, as more particularly described in the Loan Agreement, dated as of August 1, 2018, as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020 (the “Original Loan Agreement”), as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “Second Amendment to Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”), each by and between the Authority and the Borrower. The undersigned further acknowledges that the Borrower will lease the charter school facilities 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. The Indenture, the Loan Agreement, and the Lease 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 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 March __, 2026 (the “Preliminary Limited Offering Memorandum”), and the Limited Offering Memorandum, dated March __, 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 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 Loan Agreement and the Lease.

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.

13. The Investor hereby expressly consents to the changes to the Original Loan Agreement set forth in Sections 12(e) and (f) of the form of Second Amendment to Loan Agreement included in Appendix C the Limited Offering Memorandum and the changes to the Original Lease set forth in Sections 3(d) and (e) of the Second Amendment to Lease, as summarized in Appendix D to the Limited Offering Memorandum, which amendments will be effective concurrently with the issuance of the Series 2026 Bonds.

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: April __, 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

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

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Re: \$ _____ California School Finance Authority Charter School Revenue Bonds (Larchmont Charter School Project) Series 2026

Ladies and Gentlemen:

In connection with the sale of \$ _____ in principal amount (the “Purchased Bonds”) of the \$ _____ California School Finance Authority (the “Authority”) Charter School Revenue Bonds (Larchmont Charter School Project), Series 2026 (the “Bonds”), issued pursuant to an Indenture of Trust, dated as of August 1, 2018 (the “Original Indenture”), as amended by the First Supplemental Indenture, dated as of April 1, 2026 (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”), each between the Authority and Wilmington Trust, National Association (the “Trustee”), the undersigned acknowledges that the Bonds are being delivered for the purpose of financing, refinancing and/or reimbursing the costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Los Angeles, California (the “Project”) on behalf of the Borrower, as more particularly described in the Loan Agreement, dated as of August 1, 2018, as amended by the First Amendment to Loan Agreement, dated as of May 1, 2020 (the “Original Loan Agreement”), as further amended by the Second Amendment to Loan Agreement, dated as of April 1, 2026 (the “Second Amendment to Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”), each by and between the Authority and the Borrower. The undersigned further acknowledges that the Borrower will lease the charter school facilities to the Lessee pursuant to those certain lease agreements (collectively, the “Lease”) between the Borrower and the Lessee. 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 March __, 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”), Larchmont LFP LLC (the “Borrower”) and Larchmont Schools (dba Larchmont Charter School), a California nonprofit public benefit corporation (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. The Indenture, the Loan Agreement, and the Lease 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 an “accredited investor” as described in Rule 501 of Regulation D promulgated under the Act, or a “qualified institutional buyer” as defined in Rule 144A of 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 March __, 2026 (the “Preliminary Limited Offering Memorandum”), and the Limited Offering Memorandum, dated March __, 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 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 Loan Agreement and the Lease.

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 Bondholder Representative, on behalf of itself and each Owner, hereby expressly consents to the changes to the Original Loan Agreement set forth in Sections 12(e) and (f) of the form of Second Amendment to Loan Agreement included in Appendix C the Limited Offering Memorandum and the changes to the Original Lease set forth in Sections 3(d) and (e) of the Second Amendment to Lease, as summarized in Appendix D to the Limited Offering Memorandum, which amendments will be effective concurrently with the issuance of the Series 2026 Bonds.

15. 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: April __, 2026

Very truly yours,

NAME OF BONDHOLDER REPRESENTATIVE

By: _____

Name: _____

