

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 2019A Bonds (including any original issue discount properly allocable to the owner of a Series 2019A 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. Interest on the Series 2019B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2019 Bonds is not exempt from Wisconsin income taxes or franchise tax. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

\$13,845,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019A

\$710,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019B (TAXABLE)

Dated: Date of Delivery**Due: June 1 as shown on the inside front cover**

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

The Public Finance Authority (the “Authority”), a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin (the “State”), is offering its Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019A in the aggregate principal amount of \$13,845,000 (the “Series 2019A Bonds” or the “Tax-Exempt Bonds”) and its Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019B (Taxable) in the aggregate principal amount of \$710,000 (the “Series 2019B Bonds” or the “Taxable Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”) pursuant to a Trust Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Authority will loan the proceeds of the Series 2019 Bonds to Coral Academy of Science Reno, a Nevada nonprofit corporation (the “Borrower”) pursuant to a Loan Agreement, dated as of December 1, 2019 (the “Loan Agreement”), by and between the Authority and the Borrower. The proceeds of the Series 2019 Bonds will be used to (i) finance and refinance certain costs of the acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of certain educational facilities (as more fully described herein, the “Series 2019 Facilities”); (ii) fund a debt service reserve fund for the Series 2019 Bonds; (iii) fund a deposit to the Repair and Replacement Fund (as defined herein); and (iv) pay certain costs of issuance related to the issuance of the Series 2019 Bonds.

The Series 2019 Bonds are special limited obligations of the Authority, payable solely from the Trust Estate pledged under the Indenture, which consists principally of the revenues derived from the payments made by the Borrower under the Loan Agreement and of amounts in, or required to be deposited in, certain funds and accounts held by the Trustee under the Indenture, as described herein. The obligations of the Borrower under the Loan Agreement are secured (i) by the Receipts, (ii) by the Deed of Trust and (iii) as otherwise described herein.

Interest on the Series 2019 Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2020. The Series 2019 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, New York, New York (“DTC”). DTC will act as securities depository for the Series 2019 Bonds. Purchase of beneficial interests in any Series 2019 Bonds will be made in book-entry-only form (without physical certificates) in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. See “THE SERIES 2019 BONDS – General” herein. For so long as DTC or its nominee, Cede & Co., is the registered owner of any Series 2019 Bonds, (a) payments of the principal of and premium, if any, and interest on such Bonds will be made directly to Cede & Co. for payment to its participants for subsequent disbursement to the beneficial owners; and (b) all notices, including any notice of redemption shall be mailed only to Cede & Co. See “APPENDIX G – BOOK-ENTRY SYSTEM” attached hereto.

The Series 2019 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under “THE SERIES 2019 BONDS – Redemption” herein.

THE PURCHASE AND HOLDING OF THE SERIES 2019 BONDS INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE SERIES 2019 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” OR “ACCREDITED INVESTORS” (EACH AS DEFINED HEREIN). IN ADDITION, THE INITIAL PURCHASERS OF THE SERIES 2019 BONDS WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTOR LETTER TO THE AUTHORITY, THE TRUSTEE AND BOND COUNSEL. See “NOTICE TO INVESTORS” and “TRANSFER RESTRICTIONS” herein.

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE AUTHORITY, THE STATE OF WISCONSIN, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH HEREIN. THE SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS IS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER.

The Series 2019 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, Los Angeles, California, Bond Counsel to the Authority, the approval of certain matters for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Underwriter’s Counsel and the approval of certain matters for the Borrower by Kirton McConkie PC, Lehi, Utah. It is expected that the Series 2019 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 December 20, 2019.



MATURITY SCHEDULE

\$13,845,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019A

\$1,790,000 5.000% Term Bonds Priced to Yield 3.290%[†] due June 1, 2029 CUSIP 744396FE7⁽¹⁾

\$4,245,000 5.000% Term Bonds Priced to Yield 3.720%[†] due June 1, 2039 CUSIP 744396FF4⁽¹⁾

\$7,810,000 5.000% Term Bonds Priced to Yield 3.910%[†] due June 1, 2050 CUSIP 744396FG2⁽¹⁾

\$710,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019B (TAXABLE)

\$710,000 4.500% Term Bonds Priced to Yield 4.450% due June 1, 2023 CUSIP 744396FH0⁽¹⁾

[†] Yield to call at par on June 1, 2027. The Series 2019 Bonds are subject to extraordinary redemption prior to their respective maturity dates. Redemption of Series 2019 Bonds that were purchased at a price greater than the applicable redemption price, prior to the first optional redemption date thereof, June 1, 2027, could reduce the otherwise expected yield on such Series 2019 Bonds. See “THE SERIES 2019 BONDS – Redemption” and “CERTAIN RISK FACTORS – Extraordinary Redemption of Series 2019 Bonds Prior to First Optional Redemption Date” herein.

⁽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 Underwriter, the Authority, or 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 2019 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 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 2019 Bonds, and, if given or made, such information or representation must not be relied upon.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY UNDER “THE AUTHORITY” AND “ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY” HEREIN, NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO: (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2019 BONDS; OR (III) THE TAX STATUS OF THE INTEREST ON THE SERIES 2019 BONDS.

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 2019 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 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” in this Limited Offering Memorandum. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

NOTICE TO INVESTORS

Purchase of the Series 2019 Bonds described herein involves a high degree of risk and the Series 2019 Bonds are a speculative investment. For such reason, each initial purchaser of the Series 2019 Bonds, by virtue of its purchase of the Series 2019 Bonds or any interest therein, is acknowledging, representing, warranting, and agreeing with and to the Authority, the Underwriter, the Borrower and the Trustee as follows:

The purchaser will be deemed to have acknowledged that the Series 2019 Bonds are special and limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, and that the Series 2019 Bonds and interest thereon shall never constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State of Wisconsin, and shall never constitute or give rise to a pecuniary liability of the Authority. The purchaser will be deemed to have acknowledged that neither the Authority nor any of its directors, officials, officers, agents or employees take any responsibility for, and the purchaser is not relying upon any of such parties with respect to information appearing anywhere in this Limited Offering Memorandum, and that none of such parties have participated in the preparation of this Limited Offering Memorandum.

In addition to its receipt of the Limited Offering Memorandum, the purchaser will be deemed to have acknowledged that it has received information from the Borrower relating to: (i) the sources of repayment of the Series 2019 Bonds, (ii) the Borrower (including financial and operating data), and (iii) such other material matters relating to the Series 2019 Bonds as the purchaser deemed relevant.

The purchaser acknowledges that it has either been supplied with or been given access to information (including, without limitation, financial statements and other financial information and copies of the Indenture, the Loan Agreement and the Tax Certificate (as defined in the Indenture)), to which a reasonable investor would attach significance in making investment decisions, and the purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Facilities, the Project and the Series 2019 Bonds and the security therefor so that, as a reasonable investor, the purchaser has been able to make its own independent decision to purchase the Series 2019 Bonds and to whether the Series 2019 Bonds are appropriate or proper for investment by the purchaser. The purchaser acknowledges that it has not relied upon the Authority or the Trustee for any information in connection with the purchaser's purchase of the Series 2019 Bonds.

The purchaser will be deemed to have acknowledged that it understands that the Series 2019 Bonds are a speculative investment, that there is a high degree of risk in investing in the Series 2019 Bonds; and that the purchaser is capable of suffering a loss of the entirety of its investment which is represented by the Series 2019 Bonds. The purchaser will be deemed to have acknowledged that it can bear the economic risk associated with a purchase of high risk securities such as the Series 2019 Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investment, so as to be capable of evaluating the merits and risks of an investment in the Series 2019 Bonds on the basis of the information and review described herein.

The purchaser understands that each certificate representing an interest in the Series 2019 Bonds will bear the following securities legend (among other legends to be included), unless determined otherwise in accordance with applicable law:

THIS BOND MAY BE REGISTERED ONLY IN THE NAME OF OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, EACH AS DEFINED IN THE INDENTURE, AND PURSUANT TO THE TERMS THEREOF.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General.....	1
The Series 2019 Bonds	1
Authority for Issuance	2
The Borrower.....	2
Use of Proceeds	2
Security for the Series 2019 Bonds.....	2
Redemption.....	3
Certain Risk Factors	3
Miscellaneous	3
Limited Offering of Bonds	3
Changes Since the Date of the Preliminary Limited Offering Memorandum.....	4
THE SERIES 2019 BONDS.....	4
General.....	4
Redemption.....	5
Book-Entry-Only System	9
Transfer and Exchange of Series 2019 Bonds	9
ESTIMATED SOURCES AND USES OF FUNDS	9
THE PROJECT.....	9
Prior Project.....	10
High School Project.....	14
Environmental Inspections	15
Appraisals	16
DEBT SERVICE SCHEDULE.....	18
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS.....	18
General.....	18
The Indenture.....	19
Loan Agreement	21
Certain Financial Covenants under the Loan Agreement	22
Deed of Trust	26
Debt Service Reserve Fund.....	26
Effect of Bankruptcy on Security for Series 2019 Bonds.....	27
THE AUTHORITY	27
Formation and Governance.....	27
Powers	28
Governing Body.....	28
Resolution.....	29
Special Limited Obligations of the Authority.....	29
Other Obligations.....	29
Limited Involvement of the Authority.....	29
CERTAIN RISK FACTORS	29
General.....	30
Economic and Other Factors.....	30
Operating History; Reliance on Projections	30
Income and Property Tax Exemption	31
Construction Risks.....	31
Key Management.....	32
State of Nevada Budget	32
Changes in Law; Annual Appropriation; Inadequate State Payments	32
No Taxing Authority/Dependence On State Payments.....	33

TABLE OF CONTENTS (cont'd)

	<u>Page</u>
Revocation, Non-Renewal or Expiration of Charter.....	33
Risk Factors Associated with Education.....	33
Other Schools/Competition for Students.....	34
Limitations of Appraisals.....	34
Limitations on Value of the Series 2019 Facilities and to Remedies Under the Deed of Trust.....	34
Environmental Risks.....	36
Bankruptcy.....	36
Debt Service Reserve Fund.....	37
Purchases and Transfers of Series 2019 Bonds Restricted to Qualified Institutional Buyers and Accredited Investors.....	37
Tax Related Issues.....	37
Incurrence of Additional Indebtedness.....	38
Legal Opinions.....	39
Enforcement of Remedies.....	39
Claims and Insurance Coverage.....	39
Risk of Noncontinued Philanthropy or Grants.....	39
Availability of Liquidity from Corporation.....	40
Failure to Provide Ongoing Disclosure.....	40
Secondary Market.....	40
Cautionary Statement.....	40
No Rating on the Series 2019 Bonds.....	41
Cybersecurity.....	41
Extraordinary Redemption of Bonds Prior to First Optional Redemption Date.....	41
ABSENCE OF MATERIAL LITIGATION.....	41
The Authority.....	41
The Borrower.....	41
TAX MATTERS.....	42
The Series 2019A Bonds.....	42
The Series 2019B Bonds.....	44
Changes in Federal and State Tax Law.....	47
APPROVAL OF LEGALITY.....	47
MUNICIPAL ADVISOR.....	48
NO RATING.....	48
UNDERWRITING.....	48
LIMITED OFFERING OF BONDS.....	48
CONTINUING DISCLOSURE.....	49
FINANCIAL STATEMENTS.....	49
MISCELLANEOUS.....	50
APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER.....	A-1
APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2019.....	B-1
APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.....	C-1
APPENDIX D – FORM OF OPINION OF BOND COUNSEL.....	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT.....	E-1
APPENDIX F – CHARTER SCHOOLS IN NEVADA.....	F-1
APPENDIX G – BOOK-ENTRY SYSTEM.....	G-1
APPENDIX H – FORM OF INVESTOR LETTER.....	H-1

LIMITED OFFERING MEMORANDUM

\$13,845,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019A

\$710,000
PUBLIC FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(CORAL ACADEMY OF SCIENCE RENO)
SERIES 2019B (TAXABLE)

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page, the inside cover page, and Appendices hereto (the “Limited Offering Memorandum”), is provided to furnish information with respect to the sale and delivery of the Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019A, in the aggregate principal amount of \$13,845,000 (the “Series 2019A Bonds” or the “Tax-Exempt Bonds”) and the Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019B (Taxable), in the aggregate principal amount of \$710,000 (the “Series 2019B Bonds” or the “Taxable Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”), issued by the Public Finance Authority (the “Authority”).

The Series 2019 Bonds

The Series 2019 Bonds will be issued pursuant to a Trust Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, a national banking association (the “Trustee”). Interest on the Series 2019 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2020 (each such date, an “Interest Payment Date”) and the Series 2019 Bonds will be subject to optional, mandatory and extraordinary redemption prior to maturity as set forth under “THE SERIES 2019 BONDS – Redemption” herein. The proceeds of the Series 2019 Bonds will be loaned to Coral Academy of Science Reno, a Nevada nonprofit corporation (the “Borrower”), pursuant to a Loan Agreement, dated as of December 1, 2019 (the “Loan Agreement”), by and between the Authority and the Borrower.

The Series 2019 Bonds will be issued in initial minimum denominations of \$100,000 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 2019 Bonds are to be sold (including secondary market transactions) only to Approved Institutional Buyers. Pursuant to the Indenture, “Approved Institutional Buyer” means either a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Indenture and the Series 2019 Bonds contain provisions limiting transfers of the Series 2019 Bonds and beneficial ownership interests in the Series 2019 Bonds to Approved Institutional Buyers. In addition, each initial purchaser of the Series 2019 Bonds must execute an investor letter in the form of “APPENDIX H – FORM OF INVESTOR LETTER” in connection with its initial purchase of the Series 2019 Bonds. The face of each Series 2019 Bond will contain a legend indicating that such Series 2019 Bond is subject to the transfer restrictions set forth in the Indenture. See “THE SERIES 2019 BONDS,” “TRANSFER RESTRICTIONS” and “CERTAIN RISK FACTORS – Purchases and Transfers of Series 2019 Bonds Restricted to Approved Institutional Buyers” herein.

Authority for Issuance

The Series 2019 Bonds will be issued by the Authority pursuant to a resolution of the Authority, the Statute (as defined under “THE AUTHORITY – Formation and Governance” herein) and the Indenture. See “THE AUTHORITY” herein.

The Borrower

The Borrower is a kindergarten through grade 12 public charter school with three campuses located in Reno, Nevada; serving as a public, college-prep charter school with an emphasis in the areas of science, technology, engineering, arts and mathematics. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto.

Use of Proceeds

The proceeds of the Series 2019 Bonds will be used to (i) finance and refinance certain costs of the acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of certain educational facilities located at (a) 1350 East Ninth Street in Reno, Nevada (the “Middle School Facility”), (b) 1701 Valley Road in Reno, Nevada (the “Elementary School Facility”), and (c) 6275 Neil Road in Reno, Nevada (the “High School Facility” and, together with the Middle School Facility and the Elementary School Facility, the “Series 2019 Facilities”); (ii) fund a debt service reserve fund for the Series 2019 Bonds; (iii) fund a deposit to the Repair and Replacement Fund (as defined herein); and (iv) pay certain costs of issuance related to the issuance of the Series 2019 Bonds

The Middle School Facility and the Elementary School Facility were originally financed from proceeds of The Industrial Development Authority of the County of Pima Education Facilities Revenue Bonds (Coral Academy of Science Project) Series 2008A and 2008B (the “Prior Bonds”). A portion of the proceeds of the Series 2019 Bonds will be used to refund the outstanding Prior Bonds in order to refinance the Middle School Facility and the Elementary School Facility. See “THE PROJECT” herein.

The Series 2019 Facilities are currently leased and operated by the Borrower for its charter school operations. Upon the issuance of the Series 2019 Bonds, the Borrower will own each of the Facilities in fee simple for the continued use of its charter school operations. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto and “THE PROJECT” herein.

Security for the Series 2019 Bonds

The obligations of the Borrower under the Loan Agreement are secured, subject to Permitted Encumbrances, (a) by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of December 1, 2019 (the “Deed of Trust”) from the Borrower to the trustee named therein for the benefit of the Authority encumbering each of the Facilities (as further defined in the Deed of Trust, the “Mortgaged Property”); (b) by the Receipts; and (c) otherwise as described herein. Under the Indenture, the Authority has pledged all of its right, title and interest in the Loan Agreement and the Deed of Trust, except for the Reserved Rights of the Authority, to the Trustee for the payment of debt service on the Series 2019 Bonds and any other Parity Debt. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” herein.

A Debt Service Reserve Fund will secure the Series 2019 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Debt Service Reserve Fund” herein.

Limited Obligations. The Series 2019 Bonds are special and limited obligations of the Authority and are not a debt or liability of any Member of the Authority, the State of Wisconsin (the “State”), or any political subdivision thereof; other than the Authority to the limited extent set forth herein. See “SECURITY AND

SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” herein. For information regarding the Borrower, see “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto.

Redemption

The Series 2019 Bonds will be subject to optional, special and mandatory redemption as described below under “THE SERIES 2019 BONDS – Redemption.”

Certain Risk Factors

The Series 2019 Bonds may not be a suitable investment for all investors. Prospective purchasers of the Series 2019 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 2019 Bonds.

Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Series 2019 Bonds, the Indenture, the Loan Agreement and the Borrower. All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Series 2019 Bonds are qualified in their entirety by reference to the form of the Series 2019 Bonds included in the Indenture. The Borrower maintains a website providing additional information about itself and its operations. The information on such website is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum. Any capitalized terms in this Limited Offering Memorandum that are not defined herein will have such meaning as given to them in the Indenture.

Limited Offering of Bonds

The Series 2019 Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Accredited Investors.

Purchase of the Series 2019 Bonds described herein involves a high degree of risk and the Series 2019 Bonds are a speculative investment. For such reason, each initial purchaser of the Series 2019 Bonds, by virtue of its purchase of the Series 2019 Bonds or any interest therein, is acknowledging, representing, warranting, and agreeing with and to the Authority, the Underwriter, the Borrower and the Trustee as follows:

The purchaser will be deemed to have acknowledged that the Series 2019 Bonds are special and limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, and that the Series 2019 Bonds and interest thereon shall never constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State of Wisconsin, and shall never constitute or give rise to a pecuniary liability of the Authority. The purchaser will be deemed to have acknowledged that neither the Authority nor any of its directors, officials, officers, agents or employees take any responsibility for, and the purchaser is not relying upon any of such parties with respect to information appearing anywhere in this Limited Offering Memorandum, and that none of such parties have participated in the preparation of this Limited Offering Memorandum.

In addition to its receipt of the Limited Offering Memorandum, the purchaser will be deemed to have acknowledged that it has received information from the Borrower relating to: (i) the sources of repayment of the Series 2019 Bonds, (ii) the Borrower (including financial and operating data), and (iii) such other material matters relating to the Series 2019 Bonds as the purchaser deemed relevant.

The purchaser acknowledges that it has either been supplied with or been given access to information (including, without limitation, financial statements and other financial information and copies of the Indenture, the Loan Agreement and the Tax Certificate (as defined in the Indenture)), to which a reasonable investor would attach significance in making investment decisions, and the purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Facilities, the Project and the Series 2019 Bonds and the security therefor so that, as a reasonable investor, the purchaser has been able to make its own independent decision to purchase the Series 2019 Bonds and to whether the Series 2019 Bonds are appropriate or proper for investment by the purchaser. The purchaser acknowledges that it has not relied upon the Authority or the Trustee for any information in connection with the purchaser's purchase of the Series 2019 Bonds.

The purchaser will be deemed to have acknowledged that it understands that the Series 2019 Bonds are a speculative investment, that there is a high degree of risk in investing in the Series 2019 Bonds; and that the purchaser is capable of suffering a loss of the entirety of its investment which is represented by the Series 2019 Bonds. The purchaser will be deemed to have acknowledged that it can bear the economic risk associated with a purchase of high risk securities such as the Series 2019 Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investment, so as to be capable of evaluating the merits and risks of an investment in the Series 2019 Bonds on the basis of the information and review described herein.

The purchaser understands that each certificate representing an interest in the Series 2019 Bonds will bear the following securities legend (among other legends to be included), unless determined otherwise in accordance with applicable law:

THIS BOND MAY BE REGISTERED ONLY IN THE NAME OF OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, EACH AS DEFINED IN THE INDENTURE, AND PURSUANT TO THE TERMS THEREOF.

Initial purchasers of the Series 2019 Bonds from the Underwriter will be required to deliver an Investor Letter in the form attached hereto in Appendix H in connection with such purchase providing representations and assurances to the Authority, the Borrower and the Underwriter regarding their knowledge and sophistication in the evaluation and purchase of securities such as the Series 2019 Bonds.

Changes Since the Date of the Preliminary Limited Offering Memorandum

Changes have been made to this Limited Offering Memorandum since the Preliminary Limited Offering Memorandum dated November 20, 2019, under the captions "THE SERIES 2019 BONDS – Redemption" and "THE PROJECT – Prior Project" to revise the optional redemption provisions, add descriptions of the selection of bonds for redemption and notices of redemption, and reflect that the Prior Bonds will be redeemed on the date of issuance of the Series 2019 Bonds.

THE SERIES 2019 BONDS

The following is a summary of certain provisions of the Series 2019 Bonds. Reference is made to the Series 2019 Bonds for the complete text thereof and to the Indenture for all of the provisions relating to the Series 2019 Bonds. The discussion herein is qualified by such reference. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" attached hereto.

General

The Series 2019 Bonds will be dated the date of their initial delivery and will mature on the dates and bear interest at the rates set forth on the inside front cover page hereof. Interest on the Series 2019 Bonds will

be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2020. Interest on the unpaid and outstanding principal amount of the Series 2019 Bonds shall, with respect to any such Bond, be computed by multiplying the unpaid and outstanding principal amount of such Bond by the rate of interest applicable to such Bond (on the basis of a 360-day year consisting of twelve 30-day months).

The Series 2019 Bonds initially will be sold only to Approved Institutional Buyers, which is defined in the Indenture as either qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act, or accredited investors, within the meaning of Regulation D of the Securities Act. The Series 2019 Bonds will be registered as to principal and interest in the name of Cede & Co., as nominee for DTC (hereinafter defined), or otherwise as hereinafter described. Purchases of beneficial ownership interests in the Series 2019 Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the Series 2019 Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners (as defined below under “Book-Entry Only System”) will become the registered owners.

The Series 2019 Bonds will be issued initially in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. On the date of issuance of the Series 2019 Bonds, the Series 2019 Bonds will not be rated. See “NO RATING” herein. Each initial Beneficial Owner of the Series 2019 Bonds will be required to execute an “Investor Letter” substantially in the form of APPENDIX H attached hereto.

Redemption

As described below, the Series 2019A Bonds are subject to extraordinary optional and mandatory redemption prior to their stated maturities. Extraordinary optional or mandatory redemption of Series 2019A Bonds that were purchased at a price greater than the applicable redemption price, prior to the first optional redemption date thereof, could reduce the otherwise expected yield on such Series 2019A Bonds. See “CERTAIN RISK FACTORS – Extraordinary Redemption of Bonds Prior to First Optional Redemption Date” herein.

Optional Redemption. The Series 2019A Bonds are subject to redemption prior to maturity beginning on or after June 1, 2027 at the option of the Borrower, in whole or in part on any date, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption. The Series 2019A Bonds maturing on June 1, 2029 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

Series 2019A Bonds Maturing June 1, 2029

Date (June 1)	Principal Amount
2023	\$80,000
2024	250,000
2025	265,000
2026	280,000
2027	290,000
2028	305,000
2029 [†]	320,000

[†] Maturity Date.

The Series 2019A Bonds maturing on June 1, 2039 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

Series 2019A Bonds Maturing

June 1, 2039

Date (June 1)	Principal Amount
2030	\$340,000
2031	355,000
2032	370,000
2033	390,000
2034	410,000
2035	430,000
2036	450,000
2037	475,000
2038	500,000
2039 [†]	525,000

[†] Maturity Date.

The Series 2019A Bonds maturing on June 1, 2050 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

Series 2019A Bonds Maturing

June 1, 2050

Date (June 1)	Principal Amount
2040	\$550,000
2041	580,000
2042	605,000
2043	635,000
2044	670,000
2045	700,000
2046	735,000
2047	775,000
2048	810,000
2049	855,000
2050 [†]	895,000

[†] Final Maturity Date.

The Series 201BA Bonds maturing on June 1, 2023 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

Series 2019B Bonds Maturing

June 1, 2023

Date (June 1)	Principal Amount
2020	\$100,000
2021	220,000
2022	230,000
2023 [†]	160,000

[†] Maturity Date.

Extraordinary Redemption. The Series 2019 Bonds are subject to redemption prior to maturity at any time as a whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, from funds deposited in the Redemption Fund (created by the Indenture) from (i) the proceeds of any Property taken in the exercise of the power of eminent domain, condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Borrower, a local governmental authority or the State, and (ii) any insurance proceeds payable in connection with the loss, damage or destruction of any Property.

Extraordinary Optional Construction Related Redemption. The Series 2019 Bonds are subject to redemption in part prior to their stated maturities, at the option of the Borrower, from excess funds on deposit in the Project Fund following the Completion Date as provided in the Indenture, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption Upon Determination of Taxability. The Series 2019 Bonds are subject to mandatory redemption in whole at a redemption price equal to the principal amount of the Series 2019 Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within 45 days after the occurrence of a Determination of Taxability; provided, however, that if mandatory redemption on account of a Determination of Taxability of less than all of the Series 2019 Bonds would result, in the opinion of Bond Counsel, in the interest on the Series 2019A Bonds Outstanding following such mandatory redemption not being includable in the gross income of the Holders of such Series 2019A Bonds Outstanding, then the Series 2019 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” shall occur upon (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 eliminating the exclusion from federal income taxation of interest paid on a Tax-Exempt Bond, or (ii) the receipt by the Authority of a proposed adverse determination by the Internal Revenue Service with respect to any Tax-Exempt Bond, or receipt by the Bondholder or the Trustee of a statutory notice of deficiency by the Internal Revenue Service, a ruling from the National Office of the Internal Revenue Service, or a final decision of a court of competent jurisdiction which holds in effect that interest payable on any Tax-Exempt Bond is no longer excludable for federal income tax purposes in the gross income of a Bondholder; provided, however, that the Borrower shall have an opportunity for no more than one hundred (100) days after receipt by the Trustee to initiate an appeal of any such legislation, regulation, proposed determination, statutory notice, ruling or final decision and that no such legislation, regulation, proposed

determination, statutory notice, ruling or final decision shall be deemed a “Determination of Taxability” if the Borrower is appealing the same during such one hundred (100) day period in good faith until the earliest of (i) abandonment of the appeals process by the Borrower, (ii) the date on which such appeals process has been concluded adversely to the Borrower and no further appeals are possible, or (iii) six (6) months after the initial receipt by the Trustee of such proposed determination, statutory notice, ruling or final decision.

Notice of Redemption. The Trustee shall mail notice of the call for any redemption by first class mail at least 30 days before the redemption date to the registered owners of the Series 2019 Bonds to be redeemed; provided, however, that so long as the Series 2019 Bonds are maintained in Book-Entry Form, notice of the call for redemption required to be given to the registered owners shall be given only to the Depository or its nominee in whose name such Series 2019 Bonds are registered. The failure to mail any such notice to any registered owner of Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2019 Bonds.

Each notice of redemption of Series 2019 Bonds shall set forth (i) the maturities of the Series 2019 Bonds to be redeemed; (ii) the date fixed for redemption; (iii) any conditions to the redemption; (iv) the CUSIP numbers of the Series 2019 Bonds or portions thereof to be redeemed; (v) the Redemption Price to be paid; (vi) that such Series 2019 Bonds will be redeemed at the Designated Office of the Trustee; (vii) if fewer than all of the Series 2019 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2019 Bonds to be redeemed; (viii) in the case of Series 2019 Bonds to be redeemed in part, only the portion of the principal amount thereof to be redeemed; and (ix) that on the redemption date, there shall become due and payable upon all Series 2019 Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. If any Series 2019 Bonds is to be redeemed in part only, the notice of redemption that relates to such Series 2019 Bonds shall state also that on or after the redemption date, upon surrender of such Series 2019 Bonds to the Trustee at its Designated Office, a new Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any Authorized Denomination will be issued in Aggregate principal amount equal to the unredeemed portion of such Series 2019 Bonds.

Effect of Call for Redemption. On the date designated for redemption, notice having been given as provided herein and in the Indenture, the Series 2019 Bonds or portions of Series 2019 Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Series 2019 Bonds or such portions thereof on such date and, if moneys for the payment of the Redemption Price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2019 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2019 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2019 Bonds or such portions thereof so called for redemption except to receive payment of the Redemption Price thereof and the accrued interest thereon so held by the Trustee. If a portion of this bond shall be called for redemption, a new Series 2019 Bonds or Series 2019 Bonds in the aggregate principal amount equal to the unredeemed portion hereof, of the same series and maturity and bearing interest at the same rate, shall be issued to the registered owner upon the surrender hereof.

Selection of Bonds for Redemption. Except in the case of a partial redemption of Series 2019 Bonds upon a Mandatory Redemption Upon Determination of Taxability, if fewer than all of the Series 2019 Bonds shall be called for redemption, the particular maturities of such Series 2019 Bonds to be redeemed shall be selected by the Borrower. Except in the case of a partial redemption of Series 2019 Bonds upon a Mandatory Redemption Upon Determination of Taxability, if fewer than all of the Series 2019 Bonds of any one maturity shall be called for redemption, the Trustee shall select the particular Series 2019 Bonds or portions thereof to be redeemed from such maturity in such manner as the Trustee in its discretion may deem appropriate and fair. The portion of any Series 2019 Bonds to be redeemed shall be in an Authorized Denomination; provided, however, no redemption shall be permitted if such redemption would result in a Series 2019 Bonds in a denomination of less than the minimum Authorized Denomination.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for the Series 2019 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 D herein.

Transfer and Exchange of Series 2019 Bonds

As long as the Series 2019 Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the Series 2019 Bonds through the facilities of DTC as described in “Book-Entry Registration of Series 2019 Bonds” in the Indenture. If the book-entry system is discontinued, exchanges of Series 2019 Bonds may be made at the principal corporate trust office of the Trustee in Authorized Denominations, bearing interest at the same rate and having the same stated maturity date, in an aggregate principal amount equal to the principal amount of the Series 2019 Bonds so surrendered, upon reimbursement to the Authority or the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of proceeds of the Series 2019 Bonds.

	<u>Series 2019A</u>	<u>Series 2019B</u>	<u>Total</u>
Sources:			
Bond Principal	\$13,845,000.00	\$710,000.00	\$14,555,000.00
Original Issue Premium	1,096,402.65	1,100.50	1,097,503.15
Prior Bond Indenture Funds	302,733.76	--	302,733.76
Total Sources	<u>\$15,244,136.41</u>	<u>\$711,100.50</u>	<u>\$15,955,236.91</u>
Uses:			
Refunding of Prior Bonds ⁽¹⁾	\$6,278,804.10	--	\$6,278,804.10
Project Costs ⁽²⁾	7,692,345.00	--	7,692,345.00
Deposit to Repair and Replacement Fund	100,000.00	\$200,000.00	300,000.00
Deposit to Debt Service Reserve Fund	897,000.00	46,000.00	943,000.00
Costs of Issuance ⁽³⁾	275,987.31	465,100.50	741,087.81
Total Uses	<u>\$15,244,136.41</u>	<u>\$711,100.50</u>	<u>\$15,955,236.91</u>

(1) See “THE PROJECT – Refunding of Prior Bonds” below.

(2) See “THE PROJECT – Prior Project” and “— High School Project” below.

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

THE PROJECT

General. The proceeds of the Series 2019 Bonds will be used to (i) finance and refinance certain costs of the acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of the Series 2019 Facilities; (ii) fund a debt service reserve fund for the Series 2019 Bonds; (iii) fund a deposit to the Repair and Replacement Fund; and (iv) pay certain costs of issuance related to the issuance of the Series 2019 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” above.

The Project to be financed or refinanced with the Series 2019 Bonds comprises the Prior Project and the High School Project (each as described below). The following table provides an overview of each portion of the Project.

SUMMARY OF THE PROJECT

Project	Location of Facilities	Use of Facilities	Description of Project	Cost
Prior Project	1701 Valley Road, Reno, Nevada (“Elementary School Facility”)	Operation of kindergarten through grade 4 at the Elementary School Facility, currently serving 518 students in the 2019-20 school year.	Acquisition of the Prior Facilities pursuant to the refinancing of the Prior Bonds, which financed the construction of the Prior Facilities.	\$6,278,804
	1350 East Ninth Street, Reno, Nevada (“Middle School Facility” and, together with the Elementary School Facility, the “Prior Facilities”)	Operation of grades 5 through 8 at the Middle School Facility, currently serving 604 students in the 2019-20 school year.	Improvements to Prior Facilities	\$478,000
High School Project	6275 Neil Road, Reno, Nevada (the “High School Facility”)	Operation of grades 9 through 12 at the High School Facility, currently serving 315 students in the 2019-20 school year.	Acquisition of the High School Facility	\$5,692,345
			Improvements to High School Project	\$1,522,000

Source: The Borrower.

Prior Project

General. A portion of the proceeds of the Series 2019 Bonds will be used to redeem the outstanding Prior Bonds on the date of issuance of the Series 2019 Bonds.

Acquisition of the Prior Facilities. The proceeds of the Prior Bonds were loaned (the “Loan”) to Coral Education Corporation, a Nevada nonprofit corporation (the “Corporation”), pursuant to that certain Loan Agreement, by and between The Industrial Development Authority of the County of Pima and the Corporation (the “Prior Loan Agreement”), and used by the Corporation to finance the acquisition, construction, renovation and equipping of the Prior Facilities. In connection with the issuance of the Prior Bonds, the Corporation and the Borrower entered into that certain Lease Agreement, by and between the Corporation, as lessor, and the Borrower, as lessee, dated as of June 1, 2008 (the “Lease”), pursuant to which the Borrower has occupied the Prior Facilities and operated its elementary school and middle school campuses.

The Lease provides for an option for the Borrower to purchase the Corporation’s right, title and interest in the Prior Facilities at a price equal to the amount required to prepay the Prior Loan and the Prior Bonds in accordance with the Prior Loan Agreement. The Corporation and the Borrower have entered into that certain Agreement of Purchase and Sale, dated October 15, 2019, as subsequently amended by the First Amendment to the Agreement of Purchase and Sale, dated November 22, 2019 (as amended, the “Corporation Purchase Agreement”), pursuant to which the Borrower will acquire the Prior Facilities, along with all personal property located therein, simultaneously with the issuance of the Series 2019 Bonds, for a purchase price equal to the lesser of (a) \$6,800,000 and (b) the amounts due and owing under the Prior Loan Agreement. Upon acquisition of the Corporation’s interest in the Prior Facilities, the Lease will be terminated, and any remaining assets of the Corporation will be used for the benefit of the Borrower.

Pursuant to the Corporation Purchase Agreement, following the acquisition of the Prior Facilities, the Corporation will use any remaining assets it has for the benefit of the Borrower or required expenses, consistent with its status as a nonprofit corporation. Also pursuant to the Corporation Purchase Agreement, In the event the Borrower believes it will not meet the Loan Agreement’s liquidity covenant requiring the Borrower to maintain 45 Days Cash on Hand as calculated as of the last day of each Fiscal Year, the Corporation will be required to transfer funds on hand to the Borrower in an amount necessary for the Borrower to meet a projected Days Cash On Hand of 45 days as of the last day of such Fiscal Year. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Certain Financial

Covenants under the Loan Agreement – Liquidity” and “CERTAIN RISK FACTORS – Availability of Liquidity from Corporation” herein, and “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – PROJECTIONS AND COVERAGE RATIOS” attached hereto.

Elementary School Facility. The Elementary School Facility was acquired by the Corporation in June 2008 at a cost of approximately \$2.7 million, financed with proceeds of the Prior Bonds. Approximately \$2.7 million in additional proceeds of the Prior Bonds was used to make improvements to the approximately 1.6 acres of land. As improved, the Elementary School Facility consists of an approximately 22,350 square foot one-story building constructed in 1965. The Elementary School Facility is constructed on reinforced concrete slab foundation, with wood framing and exterior concrete block walls. The exterior grounds of the Elementary School Facility include a playground, an asphalt paved parking lot with 39 parking spaces, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping.

The Borrower expects to continue operating kindergarten through grade 4 of its charter school operations at the Elementary School Facility, with an enrollment of approximately 518 students and related faculty and administrative staff in the 2019-20 school year.



External View of Elementary School Facility



External View of Elementary School Facility



Typical Classroom at Elementary School Facility



Playground at Elementary School Facility

Middle School Facility. The Middle School Facility was acquired by the Corporation in June 2008 at a cost of approximately \$1.97 million, financed with proceeds of the Prior Bonds. Approximately \$900,000 million in additional proceeds of the Prior Bonds was used to make improvements to the approximately 1.59 acres of land. As improved, the Middle School Facility consists of an approximately 25,420 square foot one-

story building constructed in 1977. The Middle School Facility is constructed on reinforced concrete slab foundation, with wood framing and exterior masonry and stucco walls. The exterior grounds of the Middle School Facility include an asphalt paved parking lot with 43 parking spaces, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping.

The Borrower expects to continue operating grades 5-8 of its charter school operations at the Middle School Facility, with an enrollment of approximately 604 students and related faculty and administrative staff in the 2019-20 school year.



External View of Middle School Facility



External View of Middle School Facility



Gymnasium at Middle School Facility



Hallway in Middle School Facility

Middle School Facility Access and Middle School Annex Site. The Borrower currently occupies approximately 7,993 rentable square feet in a building located at 798 Sutro Street, along with non-exclusive access to surrounding exterior pad sites, parking areas and a common driveway servicing the building, to the south and directly adjacent to the Middle School Facility (collectively, the “Middle School Annex Site”), pursuant to a Lease, dated as of January 1, 2016 (the “Middle School Annex Lease”), by and between the Borrower and BHC Health Services of Nevada, Inc. d/b/a West Hills Hospital (the “Middle School Annex Lessor”). Approximately 150 of the students currently enrolled by the Borrower at the Middle School Facility are housed in classrooms at the Middle School Annex Site.

The Middle School Annex Lease has an initial term expiring on June 30, 2020, and will automatically renew for an additional five-year term thereafter. The Middle School Annex Lessor or the Borrower may

terminate the Middle School Annex Lease at any time after June 30, 2020, upon 6 months' notice to the other party.

The Middle School Facility is currently accessible by Ninth Street at both the northwest and northeast corners of the parcel. However, as currently laid out, only egress from the Middle School Facility is made via Ninth Street via the northwest corner of the parcel; the driveway existing to the northeast corner of the Middle School Facility is gated, and the paved western side of the school building is used as a play area. Ingress to the Middle School Facility is currently made from Sutro Street, to the east of the Middle School Facility, across the Middle School Annex Site.

The Borrower is currently negotiating with the Middle School Annex Lessor and the owner of the property to the east of the Middle School Annex Site to secure a permanent easement to provide access to the Middle School Facility from Sutro Street. However, if such an easement is not secured and the Middle School Annex Lease is not renewed by its terms, or is terminated prior to the expiration of its renewal term, or is not renewed or otherwise extended following the expiration of its renewal term, the Borrower would no longer have ingress access to the Middle School Facility from Sutro Street that is currently provided by the Middle School Annex Lease. In such an event, the Borrower currently plans that it would repurpose its existing exterior improvements on the parcel of the Middle School Facility to provide ingress to the Middle School Facility from Ninth Street at the northwest corner of the parcel, and egress from the Middle School Facility from Ninth Street at the northeast corner of the parcel. Such repurposing would require the Borrower to re-stripe the asphalt exterior of the site to convert the existing play area and basketball court to a driveway and vehicle parking and provide for ingress and egress over the existing driveways to Ninth Street.

As no changes would be required to the existing curb cuts and gutter along Ninth Street, the Borrower would not need approval from the City of Reno (the "City") to change the ingress point from Sutro Street to Ninth Street. However, the City may, in its discretion, mandate a traffic report and require City approval for projects of regional significance or projects that impact intersection capacity, safety, neighborhood or other concerns. Prior to 2007, the Borrower used Ninth Street for both ingress and egress to the Middle School Facility, and the Borrower does not believe the City would object to such use in the future if needed. See "CERTAIN RISK FACTORS – Limitations on Value of the Series 2019 Facilities and to Remedies Under the Deed of Trust – Middle School Facility Access" herein.

Additionally, if the Middle School Annex Lease is not renewed by its terms, or is terminated prior to the expiration of its renewal term, or is not renewed or otherwise extended following the expiration of its renewal term, the Borrower will no longer have use of the enrollment and school operations capacity offered by the Middle School Annex Lease. In such an event, the Borrower currently plans that it would repurpose an existing gymnasium and conference room in the Middle School Facility into additional classrooms to accommodate the students currently housed in the Middle School Annex Site. The Borrower believes that such repurposing would cost between \$150,000 to \$200,000, and that such changes would not result in a decrease in the projected enrollment of the Middle School Facility set forth in "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto. In the event the Borrower does not have the necessary cash on hand to undertake such renovations, the Corporation Purchase Agreement requires the Corporation to provide such funds to the Borrower if available.

Improvements to Prior Facilities. Approximately \$189,000 of the proceeds of the Series 2019 Bonds is expected to be used by the Borrower to make certain improvements to the Elementary School Facility, including purchasing a portable classroom, replacing HVAC units and installing an electronic billboard. Approximately \$289,000 of the proceeds of the Series 2019 Bonds is expected to be used by the Borrower to make certain improvements to the Middle School Facility, including replacing HVAC units, replacing the roof, and installing security fencing and an electronic billboard.

High School Project

General. The Borrower currently operates its high school campus at a leased charter school facility located at 6275 Neil Road, Reno, Nevada (as described herein, the “High School Facility”). The Borrower currently occupies the High School Facility pursuant to a Land and Building Lease, dated January 22, 2015 (the “High School Lease”), by and between the Borrower and HFH Commercial, LLC, Series 2 (the “High School Lessor”).

The High School Campus includes a three-story building containing a total of 27,000 square feet of floor area constructed in 1995. The High School Facility is constructed on reinforced concrete slab foundation, structural steel with masonry and concrete encasement framing and exterior glass curtainwall and precast concrete walls, and includes two elevators. The exterior grounds of the High School Facility include an asphalt paved parking lot with 94 parking spaces, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping.



External View of High School Facility



Lobby of High School Facility



Typical Classroom at High School Facility



Exterior of High School Facility

The High School Lease provides for an option for the Borrower to purchase the High School Facility at a price equal to the base rent due thereunder during the 12-month period following the acquisition divided by 0.0725. The Borrower and the High School Lessor entered into that certain Agreement of Purchase and Sale, dated as of October 22, 2019 (the “High School PSA”), whereby the High School Lessor will agree to sell, and the Borrower will agree to purchase, the High School Facility for a purchase price of \$5,692,344.83.

The “High School Project” includes the acquisition of the High School Facility pursuant to the High School PSA. The Borrower expects to continue operating grades 9-12 of its charter school operations at the High School Facility, with an enrollment of approximately 315 students and related faculty and administrative staff in the 2019-20 school year. The Borrower expects enrollment at the High School Facility to increase to 385 in the 2020-21 school year following the completion of the improvements.

Improvements to High School Facility. Approximately \$1,522,000 of the proceeds of the Series 2019 Bonds is expected to be used by the Borrower to make certain improvements to the High School Facility, including approximately \$1,300,000 for a soft structure gymnasium, as well as replacing an existing broiler, converting the current gymnasium into three classrooms, and installing an electronic billboard. The construction of the new gymnasium and conversion of the existing gymnasium into classrooms is expected to be completed by summer 2020.

Currently, the High School Facility can accommodate a maximum enrollment of 340 students. Upon the completion of the gymnasium and conversion of the current gymnasium into three classrooms as described above, the High School Facility is expected to accommodate a maximum enrollment of 400 students. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto. If the gymnasium project were to not be completed as expected, the Borrower can accommodate its projected maximum enrollment of 400 students by adding additional portable classrooms to the exterior of the High School Facility.

Environmental Inspections

McGinley & Associates, Inc. (“McGinley”) performed Phase I Environmental Site Assessments of each Series 2019 Facility. In that connection, McGinley prepared a report dated October 11, 2019 for each Series 2019 Facility (the “Elementary School Phase I Report”, the “Middle School Phase I Report” and the “High School Phase I Report” and, collectively, the “Phase I Reports”). Each Phase I Report states its purpose was to identify recognized environmental conditions, historical recognized environmental conditions, and/or controlled recognized environmental conditions on the subject property.

McGinley’s scope of work performed and procedures utilized and included the following tasks: (1) site reconnaissance of the subject property and observation of adjoining properties and vicinity by a qualified person under the direct supervision of a McGinley Certified Environmental Manager; (2) environmental setting review to determine potential pathways for the migration of contaminants including solids and liquids at the surface or subsurface, and vapor in the subsurface; (3) review of site history/land use through city directory listings, historical aerial photographs, historical topographic maps, local jurisdiction records, and personal interviews/questionnaires; (4) review of regulatory agency records to identify and assess any listings of regulatory permits, registrations, or enforcement actions at the subject property, adjoining properties, or proximal sites (if necessary), through both a commercial database search and agency inquiries; and (4) preparation of the Phase I Reports that describe all work performed and presents a discussion of the findings and conclusions. The Phase I Reports are subject to a number of limitations and disclaimers, and were prepared for, and may solely be relied upon by, the Borrower.

The Elementary School Phase I Report and the Middle School Phase I Report did not identify any recognized environmental conditions, historical recognized environmental conditions or controlled recognized environmental conditions at the subject site and did not recommend any further investigation. The High School Phase I Report did not identify and recognized environmental conditions or controlled recognized environmental conditions at the subject site; however it did identify the following historical recognized environmental condition:

A release of gasoline to the soil and groundwater was discovered at the west-adjoining site in 1992, which resulted in impacts extending towards the western portion of the subject property. Quarterly groundwater monitoring was performed from 1993 through 2008 and remediation systems operated

from 1993 through 1995 and from 2004 to 2007. According to the report for the final groundwater monitoring event conducted in October 2008, contaminant concentrations were below laboratory detection limits or well below regulatory action levels; the results from the two wells within the subject property were below laboratory detection limits. Additionally, the north-adjointing Truckee Meadows Water Authority production well was sampled annually from 2001 through 2008 and detectable concentrations of petroleum constituents were not identified. On December 1, 2008, the Washoe County Health District granted approval to cease soil and groundwater remediation, assessment, and monitoring activities and issued a no further action determination.

The Phase I Reports speak only as of their date, and McGinley has not been asked to perform any additional assessments since the time of the assessments described in the Phase I Reports. Further, the Phase I Reports are subject to the limitations specified in such reports. Potential investors may refer to the complete Phase I Reports for a full understanding of such limitations, and for additional information pertinent to the assessments. Copies of the Phase I Reports are available upon request from the Underwriter. Costs incurred by the Borrower with respect to environmental remediation or liability could adversely affect its financial condition. See “CERTAIN RISK FACTORS – Limitations on Value of the Series 2019 Facilities and on Remedies Under the Deed of Trust” herein.

Appraisals

Elementary School Facility. Colliers International Valuation & Advisory Services (“Colliers”) appraised the site and the buildings comprising the Elementary School Facility. In that connection, Colliers prepared an as-is market value of the fee interest in the Elementary School Facility, with an effective date of September 16, 2019 (the “Elementary School Appraisal”).

The Elementary School Appraisal employed two different approaches: (i) the sales comparison approach, which analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison (the “Sales Approach”); and (ii) the cost approach, which is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value (the “Cost Approach”).

Middle School Facility. Colliers appraised the site and the buildings comprising the Middle School Facility. In that connection, Colliers prepared an as-is market value of the fee interest in the Middle School Facility, with an effective date of September 16, 2019 (the “Middle School Appraisal”).

The Middle School Appraisal employed two different approaches: the Sales Approach and the Cost Approach.

High School Facility. Colliers appraised the site and the buildings comprising the High School Facility. In that connection, Colliers prepared an as-is market value of the fee interest in the High School Facility, with an effective date of September 16, 2019 (the “High School Appraisal”).

The High School Appraisal employed two different approaches: (i) the Sales Approach; and (ii) the income approach, which represents the decision making process of knowledgeable buyers and sellers of property of the same type as the High School Facility.

Appraisal Amounts. The Elementary School Appraisal estimates that the as-is market value of the fee interest in the Elementary School Facility, as of September 16, 2019, is \$3,100,000. The Middle School Appraisal estimates that the as-is market value of the fee interest in the Middle School Facility, as of September 16, 2019, is \$3,450,000. The High School Appraisal estimates that the as-is market value of the fee interest in the High School Facility, as of September 16, 2019, is \$5,750,000.

The following table summarizes the appraised value of the Facilities. The appraised values set forth herein do not take into account the capital improvements being financed with proceeds of the Series 2019 Bonds and described above.

THE FACILITIES
Appraised Value Summary

<i>Facility</i>	<i>Property Interest</i>	<i>Appraised Value</i>	<i>Date of Value</i>
Elementary School Facility	Fee simple	\$3,100,000	September 16, 2019
Middle School Facility	Fee simple	3,450,000	September 16, 2019
High School Facility	Fee simple	5,750,000	September 16, 2019
Total Appraised Value		\$12,300,000	

Source: The Borrower.

The total appraised value of the Facilities of \$12,300,000 is equal to approximately 84.5% of the par amount of the Series 2019 Bonds. See “CERTAIN RISK FACTORS – Limitations of Appraisals” herein.

Limitations. The summaries of the Appraisals contained in this section are not meant to be exhaustive, and reference should be made to such reports for a complete recital of their respective terms. Complete copies of the Appraisals are available upon request from the Underwriter. The value of each portion of the Project as estimated in the Appraisals represents only the opinion of the Appraiser, and only as of the effective dates. The Appraiser has not been engaged to update or revise the estimates contained in the Appraisals since their effective dates. See “CERTAIN RISK FACTORS – Limitations of Appraisals” herein.

[REMAINDER OF PAGE LEFT BLANK]

DEBT SERVICE SCHEDULE

The following table sets forth, for each year ended June 1, the principal and interest required each year to be paid with respect to the Series 2019 Bonds, assuming no prepayment other than for scheduled mandatory sinking fund redemptions.

<i>Period Ending June 1</i>	<i>Series 2019A Bonds⁽¹⁾</i>		<i>Series 2019B Bonds⁽¹⁾</i>		<i>Total Bonds Debt Service</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2020	--	\$309,589.58	\$100,000	\$14,288.75	\$423,878.33
2021	--	692,250.00	220,000	27,450.00	939,700.00
2022	--	692,250.00	230,000	17,550.00	939,800.00
2023	\$80,000	692,250.00	160,000	7,200.00	939,450.00
2024	250,000	688,250.00	--	--	938,250.00
2025	265,000	675,750.00	--	--	940,750.00
2026	280,000	662,500.00	--	--	942,500.00
2027	290,000	648,500.00	--	--	938,500.00
2028	305,000	634,000.00	--	--	939,000.00
2029	320,000	618,750.00	--	--	938,750.00
2030	340,000	602,750.00	--	--	942,750.00
2031	355,000	585,750.00	--	--	940,750.00
2032	370,000	568,000.00	--	--	938,000.00
2033	390,000	549,500.00	--	--	939,500.00
2034	410,000	530,000.00	--	--	940,000.00
2035	430,000	509,500.00	--	--	939,500.00
2036	450,000	488,000.00	--	--	938,000.00
2037	475,000	465,500.00	--	--	940,500.00
2038	500,000	441,750.00	--	--	941,750.00
2039	525,000	416,750.00	--	--	941,750.00
2040	550,000	390,500.00	--	--	940,500.00
2041	580,000	363,000.00	--	--	943,000.00
2042	605,000	334,000.00	--	--	939,000.00
2043	635,000	303,750.00	--	--	938,750.00
2044	670,000	272,000.00	--	--	942,000.00
2045	700,000	238,500.00	--	--	938,500.00
2046	735,000	203,500.00	--	--	938,500.00
2047	775,000	166,750.00	--	--	941,750.00
2048	810,000	128,000.00	--	--	938,000.00
2049	855,000	87,500.00	--	--	942,500.00
2050	895,000	44,750.00	--	--	939,750.00
Totals	\$13,845,000	\$14,003,839.58	\$710,000	\$66,488.75	\$28,625,328.33

⁽¹⁾ Totals may not add due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

As further described herein, the obligations of the Borrower under the Loan Agreement, which represents the source of payment for the Series 2019 Bonds, are general obligations of the Borrower and the full faith and credit of the Borrower is pledged to the payments required thereunder. The sources of security for the Series 2019 Bonds include a pledge of the Borrower's Gross Revenues, along with a Deed of Trust (as defined herein) on each of the Series 2019 Facilities.

The Series 2019 Bonds will be issued under and, together with any other Parity Debt, will be equally and ratably secured by the Indenture. The Series 2019 Bonds are special, limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, which consists principally of the Revenues

derived under the Loan Agreement and amounts in, or required to be deposited in, certain funds and accounts held by the Trustee under the Indenture.

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND, EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY MEMBER (AS DEFINED IN THE LOAN AGREEMENT), ANY SPONSOR (AS DEFINED IN THE LOAN AGREEMENT), ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2019 BONDS ARE NOT A DEBT OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2019 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS, NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PARTY, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2019 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

The Indenture

The Series 2019 Bonds are issued under and secured by the Indenture. The Indenture provides that all Bonds issued thereunder will be limited obligations of the Authority, and will be secured on a parity with all other Parity Debt by the Trust Estate, including without limitation all of the Authority's right title and interest in and to (i) the Loan Agreement, together with all moneys due and to become due to the Authority thereunder, and all remedies of the Authority thereunder, (ii) the Deed of Trust, together with all moneys due and to become due to the Authority thereunder, and all remedies of the Authority thereunder and (iii) the Revenues and the Revenue Fund and all other moneys and securities from time to time held by the Trustee under the terms of the Indenture, except for moneys and securities on deposit from time to time in the Rebate Fund and the Reserved Rights of the Authority. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE" attached hereto.

Revenue Fund; Allocation of Revenues. There is created under the Indenture, for the benefit of the holders of all Parity Debt Outstanding under the Loan Agreement and the Indenture (including the Series 2019 Bonds), and shall be held and maintained by the Trustee, the Revenue Fund. All amounts on deposit in the Revenue Fund are pledged to the payment of the principal of and interest on all Outstanding Parity Debt.

The Revenues and any other moneys that are required to be deposited in the Revenue Fund shall be promptly deposited by the Trustee to the credit of the Revenue Fund.

Except as otherwise expressly provided in the Indenture, the Trustee shall transfer moneys in the Revenue Fund upon deposit thereof as follows and in the following order of priority:

FIRST; to the Interest Account, the amount, if any, necessary to make the amount on deposit therein equal to the amount of accrued and unpaid interest on the Series 2019 Bonds Outstanding as of the first day of the immediately succeeding month;

SECOND; commencing on December 25, 2019, to the Sinking Fund Account, one-sixth of the Sinking Fund Installment becoming due on the Series 2019 Bonds on June 1, 2020, and commencing June 25, 2020, to the Sinking Fund Account, the lesser of (i) one-twelfth of the amount of any Sinking Fund Installment for the Series 2019 Bonds Outstanding becoming due on the immediately succeeding June 1, and (ii) the amount required to make the amount credited to the Sinking Fund Account equal to the Sinking Fund Installment, if any, becoming due on the Series 2019 Bonds on the immediately succeeding June 1;

THIRD; to the applicable Debt Service Reserve Funds, beginning in the month immediately succeeding any month in which the Borrower receives notice of any deficiency in such Debt Service Reserve Fund, (i) one-fourth of the amount of such deficiency if the value of the assets credited to the applicable Debt Service Reserve Fund is less than 90% of the corresponding Debt Service Reserve Fund Requirement and such deficiency results from a decline in the value of the assets of the applicable Debt Service Reserve Fund, and (ii) one-twelfth of the amount of such deficiency if such deficiency results from any withdrawal from the applicable Debt Service Reserve Fund or from any other cause, in either case until the amount credited to such Debt Service Reserve Fund equals the applicable Debt Service Reserve Fund Requirement; and

FOURTH, to the Repair and Replacement Fund, (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 the Indenture, 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).

After making the payments required above, any balance remaining in the Revenue Fund on the last day of any month shall be paid to the Borrower unless such amount constitutes sale proceeds of Bonds or the investment earnings thereon, in which case such amount shall be transferred to such funds and accounts as Bond Counsel shall direct in writing.

The Trustee shall deposit into the Revenue Fund any moneys paid by the Borrower or the Authority pursuant to the Loan Agreement and transfer the same (i) to the applicable Interest Accounts, to the extent of the amount of such proceeds that represents interest accruing on the Bonds for the period covered by such payment; and (ii) to the applicable Sinking Fund Account, as appropriate, to the extent of the amount of such proceeds that represents the amount, if any, payable by the Borrower during the period covered by such payment in respect of the Sinking Fund Installments for the Bonds.

Moneys deposited at any time in the Revenue Fund as the result of voluntary payments made by the Borrower to the Trustee in accordance with the prepayment provisions of the Loan Agreement shall be paid to the applicable Redemption Fund as directed by the Borrower immediately upon deposit thereof.

In the event there are insufficient moneys in the Revenue Fund to make any deposit required above, the Trustee shall transfer such moneys as follows:

(i) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause FIRST above, moneys shall be deposited to the Interest Accounts pro rata, based on the ratio of the accrued and unpaid interest payable on a particular Series of Bonds to the aggregate amount of accrued and unpaid interest on the Bonds Outstanding;

(ii) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause SECOND above, moneys shall be deposited to the Sinking Fund Accounts pro rata, based on the ratio of the principal amount, if any, due on a particular Series of Bonds to the aggregate amount of principal due on the Bonds Outstanding; and

(iii) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause THIRD above, moneys shall be deposited to the Debt Service Reserve Funds pro rata, based on the ratio of the amount to be deposited in each Debt Service Reserve Fund to the aggregate amount to be deposited to both Debt Service Reserve Funds.

Repair and Replacement Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the “Repair and Replacement Fund,” which shall be used solely for the purposes set forth in the Indenture. Amounts held in the Repair and Replacement Fund shall be applied by the Trustee upon receipt of a requisition of the Borrower for costs of operating and maintaining the Facilities, including without limitation, performing capital maintenance.

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and the 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 Debt Service required under the Loan Agreement.

Pursuant to the Indenture, the Repair and Replacement Fund Requirement means an amount equal to \$300,000; provided, however, that the Repair and Replacement Fund Requirement shall be adjusted to reflect the amount recommended by the Facilities Consultant as provided below.

No later than July 1, 2024, 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 Facilities. 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.

Loan Agreement

General. The Loan Agreement will be an unconditional general obligation of the Borrower and will remain in full force and effect until all of the principal of all Parity Debt and Subordinate Obligations and the interest thereon have been paid or provision for the payment thereof has been made in accordance with the Indenture. The Loan Agreement will require the Borrower to make payments in such amounts as shall be sufficient to provide for the payment of the principal of and the redemption premium, if any, and interest on the Parity Debt when due, to pay to the Trustee the Administrative Expenses and to maintain the Debt Service Reserve Fund for the Series 2019 Bonds at the Debt Service Reserve Fund Requirement for the Series 2019 Bonds. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LOAN AGREEMENT — Loan Payments” attached hereto. Pursuant to the Indenture, the Authority will assign all of its right, title and interest in and to the Loan Agreement, including its right to receive loan payments thereunder (other than the Reserved Rights of the Authority), as security for the Parity Debt and Subordinate Obligations, all to the extent provided in the Indenture. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE” attached hereto.

Security Interest in Gross Revenues. Under the Loan Agreement, the Borrower will grant to the Authority a security interest in the Gross Revenues, subject to the Permitted Encumbrances, to secure all of the Borrower's obligations under the Loan Agreement, including, without limitation, the Borrower's obligation to make timely payment of all amounts due thereunder.

In order to secure further the punctual payment of amounts due under the Loan Agreement, the Borrower will agree in the Loan Agreement that, upon the written request of the Trustee following the occurrence of any Event of Default thereunder, and only for so long as such Event of Default continues, any Receipts that are then held by the Borrower shall immediately, and any Receipts thereafter received shall upon their receipt, be transferred to the Trustee, deposited in the Revenue Fund and applied pursuant to the Indenture. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE — Events of Default and Remedies — Enforcement and Priority of Payments Following Default" attached hereto. Nothing contained in this paragraph shall be construed as precluding the Borrower from applying the Receipts to its own uses so long as no Event of Default shall have occurred and be continuing.

General Obligation of Borrower; Pledge of Gross Revenues; Liens and Encumbrances. The Loan Agreement is a general obligation of the Borrower and the full faith and credit of the Borrower is pledged to the payments required thereunder.

To secure the payment and performance of Borrower's obligations under the Loan Agreement, the Borrower has pledged and granted to the Authority a security interest in Gross Revenues.

Except as otherwise specifically permitted by the Loan Agreement, the Borrower shall neither create any lien or encumbrance nor allow any lien to remain against any portion of the assets or Gross Revenues of the Borrower other than Permitted Encumbrances.

The Borrower shall execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the Deed of Trust and any rights, security interests in Gross Revenues and other moneys, securities, funds and assets pledged or assigned to the Authority or the Trustee, or intended to be, or that the Borrower may become bound to mortgage, pledge or assign.

"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 the Loan pursuant to the Loan Agreement; (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.

Certain Financial Covenants under the Loan Agreement

Limitation on Incurrence of Additional Indebtedness. The Indenture and the Loan Agreement allow the issuance of Additional Bonds and Parity Obligations. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE — Additional Bonds" and "— THE LOAN AGREEMENT —

Parity Obligations” attached hereto for a more detailed description of certain provisions of the Indenture and the Loan Agreement relating to the issuance of Additional Bonds and Parity Obligations.

Pursuant to the Loan Agreement, The Borrower shall not assume or guaranty any additional Indebtedness (secured or unsecured) except for purposes specifically benefiting the Borrower 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 Debt Service 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 Income Available for Debt Service), 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 Debt Service 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 School, (ii) projected enrollment of the School, and (iii) Gross Borrower 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 this Loan Agreement, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under this Loan Agreement, has occurred and is continuing, Borrower may incur Short-Term Indebtedness for working capital purposes which the Borrower in its judgement deems expedient, or Interim Indebtedness to finance and refinance existing capital needs which the Borrower in its judgement deems expedient, in each case which Short-Term Indebtedness or Interim Indebtedness constitutes Nonrecourse Indebtedness, so long such proposed Indebtedness, together

with all Short-Term Indebtedness and Interim Indebtedness then outstanding, exceed the maximum amount of advance apportionment and principal apportionment due to the Borrower in any fiscal year

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

(e) Indebtedness consisting of leases which are considered operating leases for a charter school facility under general accepted accounting principles, the term of which does not exceed two years, may be incurred without limitation.

Indebtedness consisting of operating leases for a charter school facility under generally accepted accounting principles, the term of which exceeds two years, may be incurred if, prior to the incurrence of such Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee indicating that the Debt Service Coverage Ratios required to be met under the Long-Term Indebtedness provisions set forth in paragraph (a) above are satisfied, assuming only for the purposes of such calculation that such operating lease Indebtedness constitutes additional Long-Term Indebtedness.

(f) Subordinated Indebtedness may be incurred without limitation.

“Debt Service Coverage Ratio” means for any Fiscal Year the ratio determined by dividing (a) Net Income Available for Debt Service, by (b) Debt Service.

“Net Income Available for Debt Service” means Gross Borrower Revenue 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 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.

“Gross Borrower Revenues” means all revenue, income, receipts and money received by the Borrower or on behalf of the Borrower 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 Act 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 payments under the Loan Agreement or operating expenses. Any other income, revenue, receipts, contributions or other monies received by the Borrower not specifically described in the immediately preceding sentence shall not constitute Gross Borrower Revenues.

“Operating Expenses” means except as provided below, all unrestricted expenses of Borrower, attributable to operations of its charter schools, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Debt Service), 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 Borrower, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Borrower 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, if any, (b) depreciation and amortization, (c) expenses or other amounts

paid into and from the Repair and Replacement Fund and the Debt Service Reserve Fund, and (d) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

Each Series of Additional Bonds shall be on a parity with the Series 2019 Bonds, and shall be entitled to the same benefit and security of the Indenture, including (without limitation) the pledge of the Revenues made thereby, as the Series 2019 Bonds, and any other Series of Additional Bonds that may be issued from time to time on a parity with such Bonds to the extent provided in the Indenture. Parity Obligations, as the case may be, shall rank equally and ratably with the Series 2019 Bonds as to the security of the Trust Estate, to the extent provided in the Indenture and in the Loan Agreement.

Debt Service Coverage Ratio. The Borrower covenants and agrees to calculate for each Fiscal Year its Debt Service Coverage Ratio based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation for such period to the Borrower and the Trustee annually commencing with the Fiscal Year ending June 30, 2020. The Borrower also covenants to maintain its Net Income Available for Debt Service so that its Debt Service Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, Borrower's failure to achieve the required Debt Service Coverage Ratio will not constitute an Event of Default under the Loan Agreement if Borrower promptly engages an Independent Consultant to prepare a report, to be delivered to the Trustee within 45 days of engagement, with recommendations for meeting the required Debt Service 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 Borrower 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, Borrower 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 Borrower 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 Borrower by the Authority or the Trustee, such failure shall constitute an Event of Default under the Loan Agreement. Borrower will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

Notwithstanding the foregoing, Borrower's failure to achieve a Debt Service Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under the Loan Agreement.

Liquidity. The Borrower 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 Borrower will maintain Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days.

The Borrower 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 Borrower has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, Borrower covenants to retain an Independent Consultant at the expense of Borrower, 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 Borrower 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, Borrower 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 Borrower 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 Borrower by the Authority or the Trustee, such failure shall constitute an Event of Default under the Loan Agreement.

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 Nevada Department of Education).

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

“Days Cash on Hand” means (a) the sum of Cash and Cash Equivalents of the Borrower, as shown on Borrower’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 Borrower (as calculated for the most recent Fiscal Year ending before such date).

“Average Daily Expenses for the Borrower” means (a) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Borrower (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 Borrower; (ii) CMO Management Fees, if any; and (iii) Debt Service for that year or any other year, divided by (b) 365.

Deed of Trust

Under the Deed of Trust, the Borrower will grant for the benefit of holders of the Series 2019 Bonds a first priority lien on the Mortgaged Property and all improvements thereon, including the Facilities. The Deed of Trust will be subject to Permitted Encumbrances and the right of the Borrower, under certain conditions, to dispose of portions of its assets. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE LOAN AGREEMENT — Disposition of Assets” and “— Partial Release of Liens” and “— THE MORTGAGE” attached hereto.

Debt Service Reserve Fund

Upon the delivery of the Series 2019 Bonds, the Trustee will deposit in the Debt Service Reserve Fund from the proceeds of the sale of the Series 2019 Bonds an amount equal to the Debt Service Reserve Fund Requirement for the Series 2019 Bonds. Under the Indenture, the “Debt Service Reserve Fund Requirement” means, as of any particular date of computation for any Debt Service Reserve Fund, an amount which will be equal to the least of (a) ten percent (10%) of the original principal amount of the Bonds; (b) Maximum Annual Debt Service with respect to the Bonds Outstanding; (c) one hundred twenty-five percent (125%) of average annual Debt Service with respect to the Bonds, or (d) for the last Bond Year only, the total Debt Service with respect to the Bonds Outstanding.

The Borrower may deliver to the Trustee a Debt Service Reserve Fund Credit Facility to be held in a Debt Service Reserve Fund as a credit against the corresponding Debt Service Reserve Fund Requirement; provided the conditions for delivery of such Debt Service Reserve Fund Credit Facility are satisfied, including but not limited to consent of the Holders of a majority of the Series 2019 Bonds prior to the delivery of the Debt Service Reserve Fund Credit Facility for the Debt Service Reserve Fund securing the Series 2019 Bonds. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE — Deposit and Application of Moneys in Revenue Fund” and “— Application of Moneys in Debt Service Reserve Funds; Deficiencies and Surpluses” attached hereto.

If as a result of any withdrawal from a Debt Service Reserve Fund, the amount credited thereto is less than the corresponding Debt Service Reserve Fund Requirement, the Borrower is required under the Loan Agreement to make equal monthly payments in such amounts as will cure the deficiency within 12 months. The Indenture and the Loan Agreement also contain provisions which require the Borrower to make certain payments in the event of decline in the value of the assets of any Debt Service Reserve Fund or in the event that any Debt Service Reserve Fund Credit Facility fails to qualify to be credited to any Debt Service Reserve Fund. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — THE INDENTURE — Application of Moneys in Debt Service Reserve Funds; Deficiencies and Surpluses” and “— THE LOAN AGREEMENT — Loan Payable” attached hereto.

Effect of Bankruptcy on Security for Series 2019 Bonds

Enforceability of the Indenture, the Loan Agreement and the Series 2019 Bonds is subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors’ rights and to general principles of equity. A claim for payment of the principal of premium, if any, or interest on the Series 2019 Bonds could be made subject to any statutes that may be constitutionally enacted by the United States Congress or the Wisconsin General Assembly affecting the time and manner of payment or imposing other constraints upon enforcement.

The United States Bankruptcy Code (the “Bankruptcy Code”) permits a bankruptcy court to modify the rights of a secured creditor. In the event of a bankruptcy proceeding involving the Borrower or the Authority, the Trustee could be treated under the Bankruptcy Code as one holding a secured claim, to the extent provided in the Loan Agreement. The potential effects of the bankruptcy of the Borrower could be to delay substantially enforcement of remedies otherwise available to the Authority or the Trustee and to allow the bankruptcy court, under certain circumstances (i) to substitute other assets of the Borrower for collateral under the Loan Agreement, (ii) to sell all or part of the collateral under the Loan Agreement without application of the proceeds to the payment of Parity Debt, including, without limitation, the Series 2019 Bonds, (iii) to subordinate the Loan Agreement to liens securing borrowings approved by the bankruptcy court, (iv) to permit the Borrower to cure defaults and reinstate the Loan Agreement, (v) to compel termination of the Loan Agreement by payment of an amount determined by the bankruptcy court to be the value of the collateral pledged by the Borrower thereunder (even though less than the total amount of Parity Debt outstanding) or (vi) to modify the terms of or payments due under the Loan Agreement. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. §§101 *et seq.* See “CERTAIN RISK FACTORS” herein.

THE AUTHORITY

Formation and Governance

In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 (“Act 205”), which was signed into law by the Governor of Wisconsin on April 21, 2010. Act 205 added Section 66.0304 to the Wisconsin Statutes (the “Statute”) authorizing two or more political subdivisions to create a commission to issue bonds under the Statute. Before an agreement for the creation of such a commission could take effect, Act 205 required that such agreement be submitted to the Attorney General of the State of Wisconsin to determine whether the agreement is in proper form and compatible with the laws of the State of Wisconsin. The Authority was formed upon execution of a Joint Exercise of Powers Agreement relating to the Public Finance Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated September 28, 2010 (as so amended and restated, and as may be further amended and restated from time to time, the “Joint Exercise Agreement”) among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each a “Member” and, collectively, the “Members,” which term shall include any political subdivision designated in the future as a “Member” of the Authority pursuant to the Joint Exercise Agreement). The Joint Exercise Agreement was approved by the Attorney

General of the State of Wisconsin on September 30, 2010. The Statute provides that only one commission may be formed thereunder.

Pursuant to the Statute, the Authority is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State of Wisconsin and the Members. The Authority was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently and reliably finance projects that benefit local governments, nonprofit organizations and other eligible private borrowers in the State of Wisconsin and throughout the country.

Powers

Under the Statute, the Authority has all of the powers necessary or convenient to any of the purposes of Act 205, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to, and enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Authority may be used for a project in the State of Wisconsin or any other state or territory of the United States, or outside the United States if a participating borrower is incorporated and maintains its principal place of business in, the United States or its territories. The Statute defines “project” as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside the State of Wisconsin.

Governing Body

The Joint Exercise Agreement provides for a Board of Directors of the Authority (the “Board”) consisting of seven directors (each a “Director” and collectively, the “Directors”), a majority of whom are required to be public officials or current or former employees of a political subdivision located in the State of Wisconsin. The Directors serve staggered three-year terms. The Directors are selected by majority vote of the Board based upon nomination from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties and the League of Wisconsin Municipalities (collectively, the “Sponsors” and each a “Sponsor”). Each of the nominating organizations may also nominate an alternate Director for each Director it nominates to serve on the Board in place of and in the absence or disability of a Director. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the Sponsor that nominated such Director.

The Directors as of the date of this Limited Offering Memorandum are identified in the table below. There is currently one vacant Board seat (representing the nominee of the National League of Cities) and one Alternate Director (nominated by the Wisconsin Counties Association).

<i>Name</i>	<i>Title</i>	<i>Position</i>
William Kacvinsky	Chair	Former Board Chair – Bayfield County, Wisconsin
Jerome Wehrle	Vice Chair	Former Mayor – City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	Finance Director – Waupaca County, Wisconsin
Allen Buechel	Secretary	County Executive – Fond du Lac County, Wisconsin
Del Twidt	Director	Former Board Chair – Buffalo County, Wisconsin
Michael Gillespie	Director	Former Chair – Madison County, Alabama Board of Commissioners
John West	Alternate Director **	Board Chair – Adams County, Wisconsin

** Mr. West is an alternate for Directors Buechel, Dombrowski and Twidt.

The Authority has no employees and contracts with a full-service program management firm, GPM Municipal Advisors, LLC, to manage the day-to-day operations of the Authority including, but not limited to, staff and administrative support and ongoing compliance matters. All of the services provided by GPM Municipal Advisors, LLC are subject to review and approval by the Board.

Resolution

The Board adopted a resolution approving the issuance of the Series 2019 Bonds on October 2, 2019.

Special Limited Obligations of the Authority

THE SERIES 2019 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY SPONSOR, ANY MEMBER, ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE) THE STATE OF WISCONSIN, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL THEREOF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2019 BONDS ARE NOT A DEBT OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2019 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2019 BONDS, NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PARTY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2019 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

Other Obligations

The Authority has issued, sold and delivered in the past, and expects to issue, sell and deliver in the future, obligations other than the Series 2019 Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Series 2019 Bonds. The holders of such other obligations of the Authority will have no claim on the security for the Series 2019 Bonds, and the owners of the Series 2019 Bonds will have no claim on the security for such other obligations issued by the Authority.

Limited Involvement of the Authority

The Authority has not participated in the preparation of or reviewed any appraisal for the Series 2019 Facilities or any portion of any Series 2019 Facilities or any feasibility study or other financial analysis of the Project (as defined herein) or the Series 2019 Facilities or any portion of the Series 2019 Facilities and has not undertaken to review or approve expenditures for the Project, to supervise the construction of the Series 2019 Facilities, or to review or obtain any financial statements of the Borrower.

The Authority has not participated in the preparation of this Limited Offering Memorandum and is not responsible for any information contained herein, except under this section captioned "THE AUTHORITY" and under the section captioned "ABSENCE OF MATERIAL LITIGATION – The Authority" (collectively, the "Authority Portion") and, except for the Authority Portion, the Authority has not reviewed or approved and is not responsible for any information in this Limited Offering Memorandum.

CERTAIN RISK FACTORS

Investment in the Series 2019 Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating the Series 2019 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 Series 2019 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 Borrower and a corresponding reduction in payments made to the Authority are discussed herein.

General

The Series 2019 Bonds are special and limited obligations of the Authority and are not a debt or liability of any Member, the State of Wisconsin, or any political subdivision or agency thereof; other than the Authority to the limited extent set forth herein. The Series 2019 Bonds are secured by and payable solely from funds payable by the Borrower under the terms and conditions of the Loan Agreement, as described herein. The Borrower believes, based upon present circumstances (i.e., executed charter contract and current and projected enrollment), that it will generate sufficient revenues to meet its obligations under the Loan Agreement; however, the Borrower's charter contract may be terminated or not renewed, or the basis of the assumptions utilized by the Borrower to formulate this belief may otherwise change. NO REPRESENTATION OR ASSURANCE CAN BE MADE THAT THE BORROWER WILL CONTINUE TO GENERATE SUFFICIENT GROSS REVENUES TO MEET ITS OBLIGATIONS.

THE SERIES 2019 BONDS ARE NOT AN OBLIGATION OF THE STATE OF NEVADA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF.

Economic and Other Factors

Future economic and other factors may adversely affect the Borrower's revenues and expenses and, consequently, the Borrower's ability to make payments under the Loan Agreement. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the Borrower at optimum levels for each grade level; decreases in the level of payments from the State of Nevada or other student enrollment-based funding by the federal government; decline in the ability of the Borrower and its management to provide education desired and accepted by the population served; economic developments in the affected service area, including inflation and interest rates; diminishment of the standing of the Borrower in its field; revocation of the Borrower's charter contract; competition from other educational institutions, including other borrowers, private schools, and schools in their respective school districts; lessened ability of the Borrower to attract and retain qualified teachers and staff at salaries that permit payment of debt service and expenses; increased costs associated with technological advances; changes in government regulation of the education industry or in the State charter school statutes; future claims for accidents or other torts at the Borrower's site and the extent of insurance coverage for such claims; and the occurrence of natural disasters, such as floods.

Operating History; Reliance on Projections

See Appendix A for information regarding current and projected enrollment of the Borrower. No assurance is given that such projections will be met, or that the number of students attending the Borrower's charter school operations 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 by the Borrower and were prepared by the Borrower and have not been independently verified by any other party.

No feasibility studies have been conducted with respect to operations of the Series 2019 Facilities. The projections included in this Limited Offering Memorandum and the appendices thereto 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 Series 2019 Bonds will be outstanding.

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

Income and Property Tax Exemption

Under present State of Nevada law and rulings, the Borrower is exempt from property taxes levied by political subdivisions of the State of Nevada so long as such property is used for charter school purposes (although such property may be subject to special assessments for local improvements to the property). The political subdivisions where the Borrower's charter school facilities are located, including the Series 2019 Facilities, have recognized such exemption.

Construction Risks

The construction of the improvements to the Prior Facilities and the High School Facility described under the headings "THE PROJECT – Prior Project – Improvements to Prior Facilities" and "THE PROJECT – High School Project – Improvements to High School Facility" being financed with proceeds of the Series 2019 Bonds is generally subject to all typical construction related risks. Such risks include, among others, labor disputes, defective building materials, schedule delays, shortages in various labor trades, fire or other property or casualty damage, unanticipated subsoil conditions and financial difficulties on the part of or disputes with a construction manager, key suppliers, contractors or subcontractors. There can be no assurance that construction problems of the types described above, or other problems, will not frustrate the planned completion of any improvements to the Series 2019 Facilities.

High School Facility. The current enrollment capacity of the High School Facility is 340 students. Upon the completion of the construction of a new gymnasium and conversion of the existing gymnasium into classrooms at the High School Facility, which improvements are being financed with proceeds of the Series 2019 Bonds and described herein under the heading "THE PROJECT – High School Project – Improvements to High School Facility," the enrollment capacity of the High School Facility will expand to 400 students. The enrollment projections for the Borrower's high school set forth in "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto project an enrollment of 385 students in the 2020-21 school year and 400 students thereafter at the High School Facility.

If the planned improvements to the High School Facility described above are for any reason completed late, or not completed at all, the Borrower may have to install additional portable classrooms

outside the High School Facility in order to meet its projected enrollment levels set forth in Appendix A attached hereto.

Key Management

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

State of Nevada Budget

Like many states, the State of Nevada has experienced financial stress due to declining revenues from time to time. Financial stress could lead the legislature to reduce education funding levels which could have a material adverse effect on the Borrower’s financial results and ability to pay debt service on the Series 2019 Bonds.

Changes in Law; Annual Appropriation; Inadequate State Payments

The Nevada Legislature has amended the Charter School Law a number of times since it was first enacted. Future amendments to the law may adversely affect the Borrower by withholding a percentage of the state payments if a charter school is deemed not to be in compliance with contract or charter provisions or State of Nevada and federal laws; by decreasing the charter term from six years to some other term; by requiring a State of Nevada body to make an assessment of each school’s effectiveness every year; by limiting the number of students for which State of Nevada funds are available; by mandating new facilities or programs which may increase costs beyond projections; by reducing the maximum amount payable by the State of Nevada for students enrolled by the Borrower; by revising the relative responsibilities between public schools and the State of Nevada for financing schools (including the Borrower); or by eliminating the authority for State of Nevada funding to the Borrower.

In June 2019, the Nevada Legislature passed and the Governor approved Assembly Bill 462 (“AB 462”), which was originally introduced as a measure to enact a moratorium on all new charter schools until January 1, 2021, but was subsequently amended before enactment. As enacted, AB 462 requires the State Public Charter School Authority to establish a plan to manage the growth of charter schools, makes certain amendments to the criteria by which charter school authorizers evaluate an application to establish a new charter school, and adds certain additional oversight responsibilities to charter school authorizers. See “APPENDIX F – CHARTER SCHOOLS IN NEVADA” herein.

In addition, the Nevada Legislature must appropriate funds for public education – including district schools and charter schools – each year, and it may not appropriate sufficient funds to enable the Borrower to pay debt service on the Series 2019 Bonds and meet budgeted expenses. Similarly, the State of Nevada allocation per student may be reduced or may not keep pace with expenses such that the aggregate state payments to the Borrower are inadequate to allow the Borrower to pay debt service on the Series 2019 Bonds and its operating expenses. If the state payments are insufficient, the Borrower may be unable to make all Loan Repayments, as and when required. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – OPERATING AND FINANCIAL INFORMATION” and “APPENDIX F – CHARTER SCHOOLS IN NEVADA” attached hereto.

No Taxing Authority/Dependence On State Payments

The Borrower may not charge tuition and has no taxing authority. The primary source of revenues for payment of the Loan Payments are payments made by the State of Nevada to the Borrower relating to the Borrower's charter school operations, which are currently based on the Borrower's quarterly average daily enrollment. The obligation of the State of Nevada to make state payments or otherwise provide funds to the Borrower is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. The State of Nevada may experience downturns in its economy and tax revenues in the future, and there is a risk that the Nevada Legislature may not appropriate funds for such payments, or may not appropriate funds in a sufficient amount, to enable the Borrower to meet its general operating expenses and to make payments under the Loan Agreement representing debt service on the Series 2019 Bonds. In addition to general State of Nevada economic conditions, State of Nevada budget considerations may also adversely affect appropriations for charter school funding. Such state payments could be reduced or not keep pace with expenses such that the Borrower's revenues are inadequate to allow it to pay its operating expenses and to make payments under the Loan Agreement.

Additionally, if funds are not allocated and available for the continuance of a charter school contract, the Borrower contract may be terminated by the charter school's sponsor at the end of the period for which funds are available. No liability would accrue to the charter school's sponsor, the Nevada State Board of Education or the State of Nevada in such event, and the State of Nevada will not be obligated or liable for any future payments or any damages as a result of such termination.

Any event that would cause a delay, reduction or termination of payments from the State of Nevada would likely have a material adverse effect on the ability of the Borrower to make payments under the Loan Agreement representing debt service on the Series 2019 Bonds. In the event the State of Nevada were to withhold the payment of monies from the Borrower for any reason – even a reason that is ultimately determined to be invalid or unlawful – it is likely the Borrower would be forced to cease operations.

Revocation, Non-Renewal or Expiration of Charter

The Borrower currently holds a charter contract that expires by its terms on June 30, 2024. The charter contract may be renewed. In addition, the Charter may be terminated as a result of a material breach of the Charter or the Charter's authorizer may elect to revoke a charter contract upon the failure of the Borrower to meet academic standards.

While the Borrower believes it enjoys a good relationship with its authorizer, the Washoe County School District ("Washoe CSD"), and does not anticipate any non-renewal or revocation of its Charter, and the Borrower has covenanted in the Loan Agreement to seek renewals, there can be no assurance that Washoe CSD will renew the Borrower's Charter upon expiration or not revoke the Borrower's charter. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

Risk Factors Associated with Education

There are a number of factors affecting schools in general, including the Borrower, that could have an adverse effect on the Borrower's financial position and its ability to make the payments required under the Loan Agreement. These factors include, but are not limited to, increased costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the Borrower's work force with consequent impact on wage scales and operating costs of the Borrower; the inability to attract a sufficient number of students or teachers; federal requirements to provide services to special education students; unfavorable changes to existing statutes pertaining to the powers of the Borrower and legislation or regulations which may affect program funding; and disruption of the Borrower's operations

by real or perceived threats against the Borrower, its employees or students. The Borrower cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Other Schools/Competition for Students

The Borrower receives payments from the State of Nevada based on student enrollment. The Borrower competes for students with district schools, other charter schools and private schools. There can be no assurance that the Borrower will attract and retain the number of students that are needed to produce the Gross Revenues that are necessary to pay the debt service on the Series 2019 Bonds. Subjective factors such as reputational concerns could affect the ability of the Borrower to attract and retain students at levels that will provide the Borrower with revenues sufficient to pay debt service and other expenses. Among other things, the number of schools in proximity with the Borrower could increase substantially. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto for information regarding certain other schools in the Borrower’s service areas.

Limitations of Appraisals

Appraisals are estimates of value and not an assurance of what any particular property would bring on sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the appraised values set forth in “THE PROJECT” represent reliable estimates of what such Facilities would bring in liquidation following an Event of Default. Moreover, the appraised values for the Borrower’s interest in the Series 2019 Facilities as reflected in the Appraisals, \$12,300,000, is equal to approximately 84.5% of the aggregate par amount of the Series 2019 Bonds. See “THE PROJECT – Appraisals” herein.

The value of the Series 2019 Facilities at any given time will be directly affected by market and financial conditions that are not in the control of the parties involved in this transaction. The Series 2019 Facilities are designed for use as educational facilities, and there is nothing associated with the Series 2019 Facilities that would suggest that their value would remain stable or would increase if the general values of property in the Borrower’s service areas were to decline. The Series 2019 Facilities also require ongoing capital repairs and improvements and, although the Borrower intends to maintain the Series 2019 Facilities in good condition, no assurance can be given that the Borrower will have sufficient revenue to maintain a regular capital improvements program for the Series 2019 Facilities in the future.

Limitations on Value of the Series 2019 Facilities and to Remedies Under the Deed of Trust

Maintenance of Value. There can be no assurance made that, should the Borrower default in making the payments due under the Loan Agreement, the Series 2019 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 Series 2019 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. Nevada laws with regard to hazardous substances are stringent and similar to certain federal acts. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had or has anything to do with the creation or handling of the hazardous substance. The effect, therefore, should the Series 2019 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” and “CERTAIN RISK FACTORS – Environmental Risks” herein.

Damage, Destruction or Condemnation. Although the Borrower will be required to obtain certain insurance against damage or destruction as set forth in the Loan Agreement and the Deed of Trust, there can be no assurance that any portion of the Series 2019 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 Series 2019 Facilities or other properties operated by the Borrower, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Series 2019 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 Series 2019 Facilities, or any portion thereof, must be applied as provided in the Loan Agreement to restore or rebuild the Series 2019 Facilities or to redeem Series 2019 Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the Series 2019 Facilities, or any portion thereof, or to redeem Series 2019 Bonds will be sufficient for that purpose, or that any remaining portion of the Series 2019 Facilities will generate revenues sufficient to pay the expenses of the Borrower and the Loan Repayments.

Inability or Delay in Liquidating a Series 2019 Facility at an Adequate Sale Price. An Event of Default gives the Trustee the right to possession of, and the right to sell the Series 2019 Facilities pursuant to a foreclosure sale under the Deeds of Trust. The Series 2019 Facilities have been constructed or renovated for use as schools and may not be readily adaptable and marketable for other uses. Furthermore, while the Borrower considers the locations of the Series 2019 Facilities to be desirable for its purposes, there can be no assurance that potential purchasers will consider the locations desirable for other purposes. Accordingly, there can be no assurance that the sale of the Series 2019 Facilities could be accomplished rapidly, or at all. Any sale of the Series 2019 Facilities may require compliance with the laws of the State of Nevada. Such compliance may be difficult, time-consuming and/or expensive. Any delays in the ability of the Trustee to foreclose under the Deed of Trust could result in delays in the payment of the Series 2019 Bonds. Further, attempts to foreclose under the Deed of Trust or to obtain other remedies under the Deed of Trust, the Indenture, the Loan Agreement, or any other documents relating to the Series 2019 Bonds may be met with protracted litigation and/or bankruptcy proceedings, which could cause delays, and a court may decide not to order specific performance of covenants contained in such documents.

Factors That Could Affect the Security Interest in the Series 2019 Facilities; Superior Liens. The Trustee’s security interest in the Series 2019 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 Nevada Uniform Commercial Code as from time to time in effect, and (viii) construction or mechanics liens, including any such liens arising in connection with the capital improvements financed with proceeds of the Series 2019 Bonds. See “THE PROJECT” herein.

Middle School Facility Access. The Middle School Facility is currently accessible by Ninth Street at both the northwest and northeast corners of the parcel. However, as currently laid out, only egress from the Middle School Facility is made via Ninth Street via the northwest corner of the parcel; the driveway existing to the northeast corner of the Middle School Facility is gated, and the paved western side of the school building is used as a play area. Ingress to the Middle School Facility is currently made from Sutro Street, to the east of the Middle School Facility, across the Middle School Annex Site. The Middle School Annex Lease has an

initial term expiring on June 30, 2020, and will automatically renew for an additional five-year term thereafter. The Middle School Annex Lessor or the Borrower may terminate the Middle School Annex Lease at any time after June 30, 2020, upon 6 months' notice to the other party.

The Borrower is currently negotiating with the Middle School Annex Lessor and the owner of the property to the east of the Middle School Annex Site to secure a permanent easement to provide access to the Middle School Facility from Sutro Street. However, if such an easement is not secured and the Middle School Annex Lease is not renewed by its terms, or is terminated prior to the expiration of its renewal term, or is not renewed or otherwise extended following the expiration of its renewal term, the Borrower would no longer have ingress access to the Middle School Facility from Sutro Street that is currently provided by the Middle School Annex Lease. In such an event, the Borrower currently plans that it would repurpose its existing exterior improvements on the parcel of the Middle School Facility to provide ingress to the Middle School Facility from Ninth Street at the northwest corner of the parcel, and egress from the Middle School Facility from Ninth Street at the northeast corner of the parcel. Such repurposing would require the Borrower to re-stripe the asphalt exterior of the site to convert the existing play area and basketball court to a driveway and vehicle parking and provide for ingress and egress over the existing driveways to Ninth Street.

As no changes would be required to the existing curb cuts and gutter along Ninth Street, the Borrower would not need approval from the City to change the ingress point from Sutro Street to Ninth Street. However, the City may, in its discretion, mandate a traffic report and require City approval for projects of regional significance or projects that impact intersection capacity, safety, neighborhood or other concerns. Prior to 2007, the Borrower previously used Ninth Street for both ingress and egress to the Middle School Facility, and the Borrower does not believe the City would object to such use in the future if needed.

Environmental Risks

There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property. If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances which costs and liabilities could exceed the value of the Series 2019 Facilities or any portion thereof. In connection with the Project, the Borrower obtained certain environmental inspections relating to the Series 2019 Facilities. See "THE PROJECT – Environmental Inspections" herein.

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 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 Series 2019 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 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.

Debt Service Reserve Fund

The Indenture has established the Debt Service Reserve Fund for payment of principal and interest due to the Owners of the Series 2019 Bonds to the extent pledged revenues are insufficient to make such payments. Although the Borrower believes such reserve to be reasonable, and anticipates that pledged revenues will be sufficient to cover the debt service on the Series 2019 Bonds, there is no assurance that funds reserved and future pledged revenues will be sufficient to cover debt service on the Series 2019 Bonds.

Purchases and Transfers of Series 2019 Bonds Restricted to Qualified Institutional Buyers and Accredited Investors

As described in the “NOTICE TO INVESTORS” that precedes the Table of Contents of this Limited Offering Memorandum, the Series 2019 Bonds are to be sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The Indenture contains provisions limiting transfers of the Series 2019 Bonds and beneficial interests therein to Qualified Institutional Buyers or Accredited Investors. The face of each Series 2019 Bond will contain a legend indicating that the Series 2019 Bond is subject to transfer restrictions as set forth in the Indenture. The Series 2019 Bonds will be issued in minimum denominations of \$100,000 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 Series 2019 Bonds.

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2019 Bonds, and there may be no market for the Series 2019 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 Series 2019 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 Series 2019 Bonds, the secondary market price of the Series 2019 Bonds may be affected as a result of the restrictions. If a trading market for the Series 2019 Bonds develops, future trading prices of such Series 2019 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 Series 2019 Bonds may trade at a discount from their principal amount.

Tax Related Issues

Tax-Exempt Status of Interest on the Series 2019A Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2019A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2019A Bond proceeds, limitations on the investment earnings of Series 2019A Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2019A Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information return with the Internal Revenue Service (the “IRS”). The Authority and the Borrower 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 interest on

the Series 2019A Bonds being included in federal gross income, retroactively to the date of issuance of the Series 2019A Bonds.

The Series 2019A Bonds are subject to mandatory redemption upon a Determination of Taxability. See “THE SERIES 2019 BONDS – Redemption” and “CERTAIN RISK FACTORS – Extraordinary Redemption of Bonds Prior to First Optional Redemption Date” herein.

Maintenance of Tax-Exempt Status. The excludability from gross income for federal income taxation purposes of the interest on the Series 2019A Bonds is based on the continuing compliance by the Borrower and the Authority with certain covenants contained in the Indenture, the Loan Agreement and the Tax Certificate and Agreement, dated as of the date of delivery of the Series 2019 Bonds (the “Tax Certificate”), and executed by the Authority and the Borrower. These covenants relate generally to restrictions on the use of the Series 2019 Facilities, restrictions on use of the Series 2019 Facilities by organizations other than the Borrower, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Series 2019A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2019A Bonds.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding exempt organizations and, in particular, charter schools. As a result, exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to an exempt entity engaged in unlawful private benefit is the revocation of exempt status. Loss of exempt status by the Borrower could potentially result in the interest on the Series 2019A Bonds and other existing and future tax-exempt debt of the Borrower, if any, being included in federal gross income, and defaults in covenants regarding the Series 2019A Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

State Income Tax Exemption. The State of Nevada also may scrutinize the tax-exempt status of non-profit organizations. It is likely that the loss by the Borrower of federal tax exemption also would trigger a challenge to the State or local tax exemption of the Borrower. Depending on the circumstances, such event could be adverse and material including, without limitation, possibly subjecting the Series 2019 Facilities to local property taxation.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of non-profit corporations. There can also be no assurance that future change of circumstance or changes in the laws and regulations of federal, State of Nevada, or local governments will not materially adversely affect the operations and financial condition of the Borrower by requiring the Borrower to pay income or local property taxes

Unrelated Business Taxable Income. The IRS and State of Nevada, county, and local tax authorities may undertake audits and reviews of the operations of tax-exempt organizations with respect to the generation of unrelated business taxable income (“UBTI”). The Borrower may participate in activities that generate UBTI. An investigation or audit could lead to a challenge that could result in taxes, interest, and penalties with respect to UBTI and, in some cases, ultimately could affect the tax-exempt status of the Borrower, as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2019A Bonds

Incurrence of Additional Indebtedness

The Loan Agreement permits the Borrower to incur additional indebtedness upon compliance with the provisions thereof. The incurrence of such additional indebtedness could increase the economic burden on the Borrower and thereby adversely affect the ability of the Borrower to make required payments under the Loan Agreement. In addition, in connection with the incurrence of Additional Indebtedness, the Borrower may secure Additional Indebtedness with a deed of trust on the Facilities that would be on parity with the Deed of

Trust that secure the Series 2019 Bonds. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Definitions” and “— THE LOAN AGREEMENT” attached hereto.

Legal Opinions

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, such opinions will be qualified as to the enforceability of the various legal instruments by, among others, limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors’ rights generally.

Enforcement of Remedies

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

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the Borrower. Such litigation may result as a result of the Borrower’s status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of the Borrower if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

The Borrower covenant and agree in the Loan Agreement that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to the Series 2019 Facilities at levels set forth therein. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT” attached hereto.

Risk of Noncontinued Philanthropy or Grants

In the past, the Borrower has received 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 the Borrower. See “APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER” attached hereto.

Availability of Liquidity from Corporation

Pursuant to the Corporation Purchase Agreement, following the acquisition of the Prior Facilities, the Corporation will use any remaining assets it has for the benefit of the Borrower or required expenses, consistent with its status as a nonprofit corporation. The Corporation is expected to hold approximately \$590,709 in remaining cash upon the issuance of the Series 2019 Bonds.

Pursuant to the Corporation Purchase Agreement, in the event the Borrower believes it will not meet the Loan Agreement's liquidity covenant requiring the Borrower to maintain 45 Days Cash on Hand as calculated as of the last day of each fiscal year, the Corporation will be required to transfer funds on hand to the Borrower in an amount necessary for the Borrower to meet a projected Days Cash On Hand of 45 days as of the last day of such fiscal year. The projected Net Income Available for Debt Service and Days Cash on Hand for the Borrower set forth in "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – PROJECTIONS AND COVERAGE RATIOS" attached hereto present projected Days Cash on Hand both without and with such remaining Corporation assets available.

Other than the restrictions and mandates regarding the use of remaining assets of the Corporation set forth in the Corporation Purchase Agreement, the Borrower will have no control over the investment, expenditure or other disposition of the Corporation's assets. The Borrower cannot predict how the Corporation will use such funds for the Borrower's benefit, and there can be no assurance that any Corporation assets will remain unspent and be available to be transferred to the Borrower in the event the Borrower believes it will not meet the Loan Agreement's liquidity covenant in any fiscal year.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Certain Financial Covenants under the Loan Agreement – Liquidity" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – PROJECTIONS AND COVERAGE RATIOS" attached hereto.

Failure to Provide Ongoing Disclosure

The Borrower will enter into a Continuing Disclosure Agreement with Urban Futures, Inc., as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule") in connection with the issuance of the Series 2019 Bonds. Any material failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the Series 2019 Bonds and their market price in the secondary market.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2019 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2019 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Series 2019 Bonds.

Cautionary Statement

AN INVESTMENT IN THE SERIES 2019 BONDS INVOLVES A HIGH DEGREE OF RISK AND IS SPECULATIVE IN NATURE. Each prospective investor should carefully examine this Limited Offering Memorandum, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2019 Bonds are an appropriate investment for such investor.

No Rating on the Series 2019 Bonds

The Series 2019 Bonds are not rated, and the Borrower does not contemplate making application to any rating agency for the assignment of a rating to the Series 2019 Bonds. See “NO RATING” herein.

Cybersecurity

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

Extraordinary Redemption of Bonds Prior to First Optional Redemption Date

The Series 2019 Bonds may be subject to extraordinary optional or mandatory redemption resulting from the receipt of insurance or condemnation proceeds relating to the Series 2019 Facilities, from excess funds in the Project Fund upon completion of the Project, or upon a Determination of Taxability. See “THE SERIES 2019 BONDS – Redemption” herein. The resulting redemption of Series 2019 Bonds purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Series 2019 Bonds.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the Authority’s knowledge, as of the date hereof, there is not pending or threatened, any litigation retaining or enjoining the issuance or delivery of the Series 2019 Bonds or questioning or affecting the validity of the Series 2019 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Authority to enter into the Indenture, Loan Agreement or any other documents related to the Series 2019 Bonds to which the Authority is a party or to secure the Series 2019 Bonds in the manner provided therein. From time to time the Authority receives inquiries and requests for documents and information pertaining to unrelated bond issues from various regulatory agencies, including the Securities & Exchange Commission, and in connection with audits by the Internal Revenue Service.

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 Series 2019 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 Series 2019 Bonds, the validity or enforceability of the documents executed by the Borrower in connection with the Series 2019 Bonds, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Borrower relating to the sale of the Series 2019 Bonds.

TAX MATTERS

The Series 2019A Bonds

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2019A Bonds (including any original issue discount properly allocable to the owner of a Series 2019A 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 and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2019A Bonds. Failure to comply with such requirements could cause interest on the Series 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019A Bonds. The Authority and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2019A Bonds.

The accrual or receipt of interest on the Series 2019A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2019A 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 2019A 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 2019A Bonds.

Bond Counsel is also of the opinion that interest on the Series 2019A Bonds is not exempt from Wisconsin income taxes or franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2019A Bonds under the laws of the State of Wisconsin or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix D.

Original Issue Discount. The Series 2019A 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 2019A 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.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2019A Bonds under the Code.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2019A 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 2019A 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 2019A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

The Series 2019B Bonds

General Matters. Bond Counsel is of the opinion that interest on the Series 2019B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2019B Bonds is not exempt from Wisconsin income taxes or franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2019B Bonds under the laws of the State of Wisconsin or any other state or jurisdiction.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2019B Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2019B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2019B Bonds.

In general, interest paid on the Series 2019B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2019B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium. An investor that acquires a Series 2019B Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Series 2019B Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount. An investor that acquires a Series 2019B Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2019B Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2019B Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2019B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant

interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2019B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2019B Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2019B Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2019B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2019B Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2019B Bonds and to gain on the sale of a Series 2019B Bond.

Sales or Other Dispositions. If an owner of a Series 2019B Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2019B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2019B Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the Series 2019B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Series 2019B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a Series 2019B Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2019B Bonds, if such owner, upon issuance of the Series 2019B Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a Series 2019B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United

States of America in addition to its ownership of a Series 2019B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2019B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30 percent United States withholding tax will apply to interest paid and original issue discount accruing on Series 2019B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2019B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2019B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2019B Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2019B Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2019B Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2019B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2019B Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Authority or any dealer of the Series 2019B Bonds might be considered

or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2019B Bonds are acquired by such plans or arrangements with respect to which the Authority or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2019B Bonds. The sale of the Series 2019B Bonds to a plan is in no respect a representation by the Authority or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2019B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2019 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2019 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2019 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019 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 2019 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2019 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2019 BONDS.

APPROVAL OF LEGALITY

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Los Angeles, California, Bond Counsel to the Authority, the approval of certain matters for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, as counsel to the Authority, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Underwriter’s counsel, and the approval of certain matters by Kirton McConkie PC, Lehi, Utah, as special counsel to the Borrower. Bond Counsel, the Underwriter and its counsel, and Borrower’s special counsel will receive compensation for their services contingent upon the sale and delivery of the Series 2019 Bonds. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel does not undertake any responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

MUNICIPAL ADVISOR

Urban Futures, Inc. (the “Municipal Advisor”) has acted as Municipal Advisor to the Borrower in conjunction with the issuance of the Series 2019 Bonds. The Municipal Advisor has assisted the Borrower in preparation of this Limited Offering Memorandum and in other matters related to the planning, structuring, and issuance of the Series 2019 Bonds. The Municipal Advisor will receive compensation for its services contingent upon the sale and delivery of the Series 2019 Bonds.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Limited Offering Memorandum, or any other information related to the Series 2019 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.

NO RATING

The Series 2019 Bonds are not rated. Neither the Borrower nor the Authority has made or contemplates making application to any rating agency for the assignment of a rating to the Series 2019 Bonds.

UNDERWRITING

The Series 2019 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Series 2019 Bonds at a price of \$15,434,178.15 (being the principal amount of the Series 2019 Bonds, plus aggregate net original issue premium of \$1,097,503.15, less an Underwriter’s discount of \$218,325.00). The Bond Purchase Agreement (“Bond Purchase Agreement”) pursuant to which the Series 2019 Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Series 2019 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 2019 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 2019 Bonds and there may, in fact, be no market for the Series 2019 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 MAKES NO WARRANTIES IN THE TRANSACTIONS CONTEMPLATED HEREIN, AND THE UNDERWRITER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO (1) THE VALIDITY OF THE INDENTURE OR OTHER DOCUMENTS ISSUED IN CONNECTION WITH THESE TRANSACTIONS, (2) THE SUBJECT MATTER OF OPINIONS GIVEN BY COUNSEL ISSUED IN CONNECTION WITH THESE TRANSACTIONS, AND (3) INFORMATION SUPPLIED BY OTHER PARTIES TO THE TRANSACTIONS.

LIMITED OFFERING OF BONDS

The Series 2019 Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Accredited Investors. By purchasing the Series 2019 Bonds, each investor is deemed to have made the acknowledgments, representations, warranties and agreements set forth under the heading “NOTICE TO INVESTORS” herein.

CONTINUING DISCLOSURE

The Borrower and Urban Futures, Inc., as dissemination agent (the “Dissemination Agent”), will execute and deliver one or more Continuing Disclosure Agreements pursuant to which the Borrower will, for the benefit of the Beneficial Owners of the Series 2019 Bonds, periodically compile and deliver to the Dissemination Agent certain financial information and operating data relating to the operations of the Borrower, 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 and the Borrower have determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2019 Bonds or to any decision to purchase, hold or sell Series 2019 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Series 2019 Bonds or any other person with respect to the Rule.

Prior Undertakings. The Borrower, the Corporation and U.S. Bank National Association, as dissemination agent, have previously entered into a continuing disclosure agreement pursuant to the Rule in connection with the issuance of the Prior Bonds (the “Prior Undertaking”) which require the filing of audited financial statements as well as annual and quarterly reports including certain financial information and operating data related to the Borrower and the Corporation, as well as notices of certain events. The Borrower and Corporation filed their audits for the 2017-18 fiscal year 5 and 29 days late, respectively, without notice of late filing. The Corporation timely filed its audit for the 2013-14 fiscal year, however such audit was not signed by the auditor. The signed audit has since been filed to EMMA. The Borrower failed to file certain operating data required under the Prior Undertaking for the 2014-15, 2015-16 and 2017-18 fiscal years. Such information has since been filed to EMMA. Additionally, in the past five years, certain operating data required to be filed quarterly by the Borrower and the Corporation under the Prior Undertaking was filed late or not filed.

FINANCIAL STATEMENTS

The audited financial statements of the Borrower, for the fiscal year ending June 30, 2019, included in this Limited Offering Memorandum as Appendix B, have been audited by Barnard Vogler & Co., certified public accountants, to the extent and for the periods indicated in their reports thereon. However, the auditors have not been requested to review this Limited Offering Memorandum and have not done so.

MISCELLANEOUS

The foregoing and subsequent summaries and descriptions of provisions of the Series 2019 Bonds, the Indenture and the Loan Agreement 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.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY CONTAINED UNDER THE CAPTIONS “THE AUTHORITY” AND “ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY”, NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2019 BONDS; OR (III) THE FEDERAL INCOME TAX STATUS OF THE INTEREST ON THE SERIES 2019 BONDS OR THE STATE INCOME TAX STATUS OF THE SERIES 2019 BONDS.

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

CORAL ACADEMY OF SCIENCE RENO, as
Borrower

By: _____ /s/ Mehmet Gunes, Ph.D.
President

APPENDIX A

CERTAIN INFORMATION REGARDING THE BORROWER

TABLE OF CONTENTS

	Page
INTRODUCTION	A-3
CORAL ACADEMY OF SCIENCE RENO	A-3
General.....	A-3
Charter and Admissions.....	A-6
Accreditation.....	A-7
Recognition and Awards.....	A-7
MISSION STATEMENT	A-8
Goals.....	A-8
PHOTO ESSAY – ELEMENTARY SCHOOL.....	A-9
ACADEMIC PROGRAM AND CURRICULUM	A-16
S.T.E.A.M. Program and Philosophical Approach.....	A-16
Elementary School Curriculum.....	A-17
Middle School Curriculum	A-18
High School curriculum.....	A-18
ACADEMIC AND SCHOOL OPERATIONS.....	A-22
Enrollment	A-22
Student Retention.....	A-23
Wait List	A-24
Teacher Retention	A-24
PHOTO ESSAY – MIDDLE SCHOOL.....	A-24
STATE TESTING AND ACCOUNTABILITY FRAMEWORK.....	A-27
State Required Proficiency Exams.....	A-27
State Assessments	A-27
Academic Outcomes.....	A-28
State Accountability Framework	A-28
Star Rating System.....	A-30
State Report Cards	A-33
Campus Service Areas and Competitive Schools.....	A-37
Advanced Placement.....	A-38
Post-Graduate College Entrance Results	A-39
Parent Surveys	A-40
PHOTO ESSAY – HIGH SCHOOL.....	A-40
BORROWER GOVERNANCE AND LEADERSHIP	A-45
Board of Directors	A-45
Organizational Structure and Leadership Team.....	A-47
Campus Administration and Staffing.....	A-48
OPERATING AND FINANCIAL INFORMATION.....	A-50
Historical Financial Results	A-51
Historical Balance Sheets	A-52
Financial Statements	A-52
Public Employees Retirement System of Nevada.....	A-52
No Material Litigation	A-53
PROJECTIONS AND COVERAGE RATIOS.....	A-53

APPENDIX A

CERTAIN INFORMATION REGARDING THE BORROWER

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 the Borrower. All capitalized terms in this Appendix A that are not defined herein will have such meaning as given to them in the forepart of this Limited Offering Memorandum.

INTRODUCTION

Coral Academy of Science Reno (“CASR” or the “Borrower”) is a Nevada nonprofit corporation operating a pre-kindergarten through grade 12 charter school chartered by the Washoe County School District (“WCSD”) and established pursuant to Sections 388A.010 through 388A.695 of the Nevada Revised Statutes (“NRS”), which allows for the creation and development of public charter schools to be operated within the State of Nevada (the “State”).

Upon the issuance of the Series 2019 Bonds, the Borrower will hold fee simple interest in the Series 2019 Facilities, and operate its charter school thereon directly. No other parties, including any affiliates of the Borrower, are party to the Loan Agreement (other than the Authority) or are otherwise obligated in connection with the Series 2019 Bonds.

CORAL ACADEMY OF SCIENCE RENO

General

CASR is a tuition-free public charter school with three campuses located in Reno, Nevada. CASR serves as a public charter school with an emphasis in the areas of S.T.E.A.M. (i.e. Science, Technology, Engineering the Arts, and Math).

History and Growth. CASR was founded in 2000 by a pair of University of Nevada professors frustrated with the abilities of high school graduates entering their classes, especially the lack of Science, Technology, Engineering and Math (“S.T.E.M.”) education foundations. Their goal was to create a comprehensive primary and secondary program which would focus on math and science and prepare students to enter college ready to succeed.

Since its inception in 2000, CASR has operated as an unincorporated entity that is a governmental organization under Nevada law. CASR incorporated as a Nevada nonprofit corporation in September 2019 and has applied for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). CASR has not yet received a determination from the Internal Revenue Service, but expects to receive such a determination subsequent to the issuance of the Series 2019 Bonds.

CASR originally applied on March 1, 2000 to the Nevada Department of Education to operate a charter school within WCSD. The application was approved on July 11, 2000, effective for a period of six years. CASR opened its doors to students in the 2000-01 school year as one of the first charter schools granted by WCSD, and has continuously maintained its charter since then. CASR began with 56 students in the 7th and 8th grades in a basement of a private college, and has since grown to be the largest charter school in Washoe

County, serving over 1,400 students in kindergarten through grade 12 at three campuses in the 2019-20 school year.

CASR opened its doors to students in the 2000-01 school year in a basement of Morrison College, with an initial enrollment of 56 students in grades 7 and 8, and then expanding to grades 6 through 8 in 2001-02. In 2002, CASR expanded to 9th grade and relocated to its current campus at 1350 E. Ninth Street (as further defined in the forepart of this Limited Offering Memorandum, the “Middle School Facility”) in 2002.

By the 2005-06 school year, CASR had expanded to serve grades 6-12 at the Middle School Facility, along with a leased facility immediately adjacent thereto. In the 2006-07 school year, CASR added 4th and 5th grades, and entered into a lease to occupy a facility located at 1701 Valley Road (as further defined in the forepart of this Limited Offering Memorandum, the “Elementary School Facility”). During the 2015-16 school year, CASR relocated its high school grades to a campus located at 6275 Neil Road (as further defined in the forepart of this Limited Offering Memorandum, the “High School Facility”).

Facilities. CASR currently operates its elementary school at the Elementary School Facility pursuant to a lease agreement by and between CASR and Coral Education Corporation (the “Corporation”). The Elementary School Facility began operations in the 2008-09 school year. In the 2019-20 school year, CASR is serving 518 students in kindergarten through grade 4 at the Elementary School Facility.

CASR currently operates its middle school at the Middle School Facility pursuant to a lease agreement by and between CASR and the Corporation. The Middle School Facility began operations in the 2002-03 school year. In the 2019-20 school year, CASR is serving 604 students in grades 5-8 at the Middle School Facility.

The Elementary School Facility and the Middle School Facility were originally financed by the Corporation with the proceeds of the Prior Bonds (as defined in the forepart of this Limited Offering Memorandum). Upon the issuance of the Series 2019 Bonds, CASR will acquire the Elementary School Facility and the Middle School Facility from the Corporation and continue its current operations there. See “THE PROJECT – Prior Project” in the forepart of this Limited Offering Memorandum.

CASR currently operates its high school at the High School Facility pursuant to a lease agreement by and between CASR and HFH Commercial, LLC, Series 2 (“HFH”). The High School Facility began operations in the 2015-16 school year. In the 2019-20 school year, CASR is serving 315 students in grades 9 through 12 at the High School Facility. Upon the issuance of the Series 2019 Bonds, CASR will acquire the High School Facility from HFH and continue its current operations there. See “THE PROJECT – High School Project” in the forepart of this Limited Offering Memorandum.

The following table shows CASR’s campus locations, as well as the grades served and enrollment at each campus, for the 2018-19 school year. Each of the Facilities is to be acquired by CASR with proceeds of the Series 2019 Bonds. See “THE PROJECT” in the forepart of this Limited Offering Memorandum.

TABLE 1
CASR
Campus Locations
2019-20

School Campus	Location	Grades Served	2019-20 Enrollment	Current Building Capacity ⁽¹⁾	Building Capacity at Completion ⁽¹⁾	1 st School Year
Elementary School Facility	1701 Valley Road, Reno	K-4	518	518	518	2008-09
Middle School Facility	1350 E. 9 th Street, Reno	5-8	604	625	625	2002-03
High School Facility	6275 Neil Road, Reno	9-12	315	340	400	2015-16
Total			1,437	1,483	1,543	

⁽¹⁾ The capacity of the High School Facility is currently 340 students. Upon completion of the improvements to the High School Facility described under the heading “THE PROJECT – High School Project” in the forepart of this Limited Offering Memorandum, the capacity of the High School Facility is expected to increase to 400. Such improvements are expected to be finished by summer 2020. See “THE PROJECT – High School Project” and “CERTAIN RISK FACTORS – Construction Risks” in the forepart of this Limited Offering Memorandum.

Source: CASR.

Student Demographics. Certain student demographics for CASR are presented in the following table, compared against similar demographics for WCSD, for the 2018-19 school year.

TABLE 2
CASR
Student Demographics
2018-19

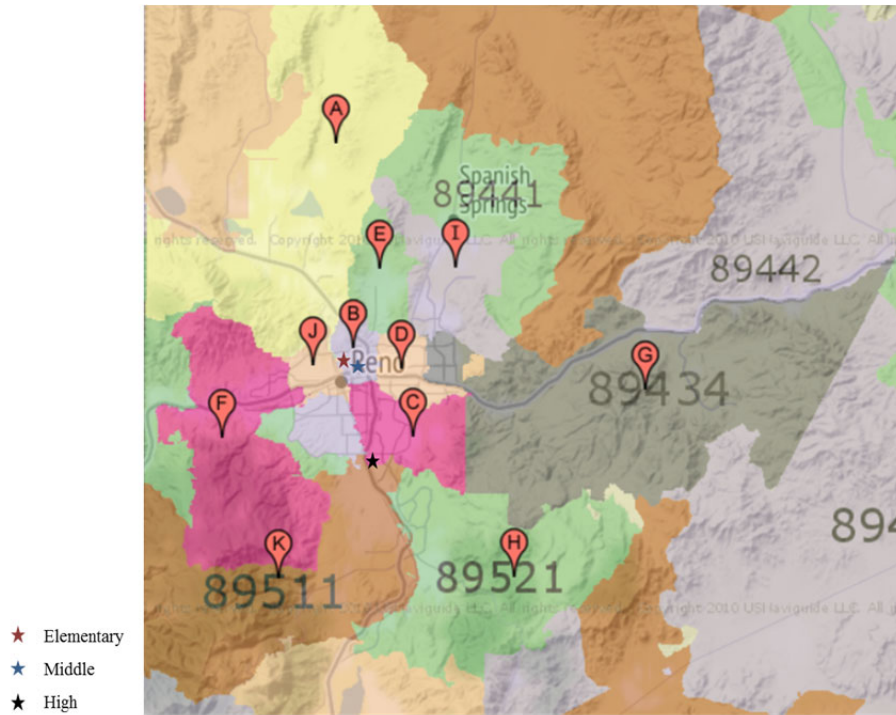
	<u>Total Students⁽¹⁾</u>	<u>Percentage FRL</u>	<u>Percent English Language Learner</u>	<u>Percent Hispanic</u>	<u>Percent Asian</u>	<u>Percent Black</u>	<u>Percent White</u>
CASR	1,381	13.9%	7.8%	31.8%	15.9%	4.1%	39.5%
WCSD	67,113	46.4	15.0	40.8	4.3	2.5	43.8

⁽¹⁾ Enrollment as of October 1.

Source: CASR; Nevada Department of Education.

Services Area. The following map shows the service area consisting of the top 11 zip codes (labeled “A” through “K”) which account for 89.7% of the 2019-20 enrollment for CASR. For the 2019-20 school year, approximately 67% of CASR students reside in Reno, 24.4% reside in Sparks and 7.3% reside in Sun Valley, Nevada.

FIGURE 1
CASR
Service Area



Source: CASR.

Charter and Admissions

Charter History. CASR’s charter has been renewed by WCSD on three occasions, most recently on June 26, 2018. Pursuant to its terms, CASR’s charter will terminate on June 30, 2024. CASR and WCSD entered into a Charter Contract Agreement, dated July 1, 2018 (the “Charter Agreement”), which is coterminous with CASR’s charter. Pursuant to the Charter Agreement, CASR pays WCSD an annual sponsorship fee in an amount equal to 1.5% of the total amount of money apportioned to CASR during the school year.

Pursuant to the Charter Agreement, WCSD may reconstitute the governing body of CASR, or the Charter Agreement may be terminated prior to its expiration, for any of the reasons set forth in NRS 388A.330, or upon determination by WCSD that CASR persistently underperformed, as measured by any combination of, in the period of five consecutive school years: (i) three years or more of a less than three star classification; (ii) three years or more of “Moderate Concerns” in the area of either financial or governance performance; or (iii) any one year of “Severe Concerns” on financial or governance performance, as defined in the Charter School Performance Framework set forth in the Charter Agreement.

CASR believes it has a positive relationship with WCSD, and a letter of good standing was issued by WCSD on October 21, 2019, indicating (i) the Charter Agreement is in full force and effect, (ii) there is no action pending before WCSD, or that has come to the attention of WCSD, seeking revocation of or challenging

timely renewal of the Charter Agreement; and (iii) WCSD is not aware of any facts that would suggest the Borrower is not in compliance with the terms of the Charter Agreement or that would be cause for revocation or for WCSD's failure to renew the Charter Agreement.

Admissions. There are not any tests or academic eligibility requirements for admission to CASR. CASR does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, admission policies, scholarships, athletic and other school-administered programs.

Currently enrolled students are provided an "Intent to Return" form each year. After the total number of returning students has been tallied and the number of available enrollments has been determined, siblings of returning students and children of faculty members will be given the opportunity to enroll.

Remaining open enrollments for new students are processed using a lottery system. For each grade, the applications for new students are drawn in a random order to establish a call list. Parents/guardians are contacted via the phone number or email provided on the application starting mid-March. Two attempts are made to contact applicants; after the second attempt, the application is considered void and the applicant is required to re-apply in order to be considered for enrollment. Applicants who are not selected in the lottery are placed on a waiting list and are contacted if an open enrollment becomes available. See "ACADEMIC AND SCHOOL OPERATIONS – Enrollment, Student Retention & Wait List – Wait List" herein.

Because CASR's elementary, middle and high schools are operated pursuant to one charter, students that enroll at CASR in elementary or middle school are guaranteed admission into CASR's award-winning high school program.

Accreditation

CASR was originally accredited by the Northwest Accreditation Commission (formerly named Northwest Association of Accredited Schools) in July 2004, and is currently accredited by its successor, Cognia (formerly known as AdvancED). CASR's was most recently accredited in 2018 for a five-year period, expiring in 2023.

Recognition and Awards

CASR has enjoyed industry recognition for its academic results. Notable awards, recognition and academic achievements include:

- Five Stars: CASR's high school was named a 5-Star School by the Nevada Department of Education in the 2018-19 school year, and both the elementary school and middle school were named 4-Star Schools in the 2018-19 school year.
- U.S. News & World Report: CASR was named among Best High Schools of 2019 (#744 national ranking out of more than 23,000 public high schools nationally), ranking 4th overall in Nevada and number one in the Reno metro area.
- Washington Post: CASR was named among the most challenging high schools, ranking 3rd in Nevada (#1 public school) and 190th nationally in 2017.
- Middle school Lego robotics team won 1st place for most innovative solution in the Northern Nevada First Lego League Championships in 2018.
- In 2016, a CASR 8th grade student became the second youngest person in the world to create, develop and sell an app on the Apple App Store.

- Congressional Award. One CASR student was among only 373 students from 39 states receiving a Gold Congressional Medal in 2017.
- For the 2018-19 graduating class, CASR had a cohort graduation rate of 98% (students started at CASR for freshman year and earned HS diploma from CASR or another institution), compared with 84.4% for Washoe County and 83.2% for the State, and 97% college acceptance.
- In 2017, CASR graduating seniors were offered over \$2.2 million in scholarships.
- For fiscal years 2017-18 through 2019-20, CASR has been awarded over \$845,000 in College and Career Readiness grants from the Nevada Department of Education.

MISSION STATEMENT

CASR’s mission is to provide students with an education that is unique to their learning styles while ensuring high academic standards. CASR’s purpose is to fully prepare students to carry the torch of knowledge, freedom, and prosperity that is passed from generation to generation in the United States.

The educational vision and innovation crucial to accomplishing this mission are organized under two main headings: specific elements and whole-school design. The specific design elements fall into five categories: (1) rigorous curricula, instruction, and assessment; (2) leadership, governance, and staffing; (3) parent and community involvement; (4) technology; and (5) financing. Whole school design involves the comprehensive and continuing effort to realize these five essential elements in an integrated manner.

CASR believes that each child has an inherent curiosity and love of learning; and that each child has a unique intelligence, level of capability, and learning style. With this in mind, CASR aims to motivate its students and expects them to strive toward their highest levels of capability while addressing their individual learning styles, thus fostering within them a life-long love of learning.

Goals

CASR has high expectations of its students. CASR is committed to providing every student with a quality education so that they attain proficiency or better in reading/language arts and mathematics within two years of enrolling. In order to evaluate the progress of the school toward its mission, CASR has adopted the following goals and indicators:

Goal 1: To improve the opportunities for pupils to learn.

1.1: Every student will receive quality instruction and be served by teachers who are well prepared.

Performance Indicator: The percentage of classes being taught by “highly qualified” teachers.

Performance Indicator: The percentage of teachers receiving high-quality professional development.

Goal 2: To establish accountability of public schools.

2.1: All students will reach high standards.

Performance Indicator: The school shall attain “High Achieving” school designation.

2.2: All population groups will meet academic achievement in reading/language arts and mathematics at proficiency or better.

Performance Indicator: The percentage of students, in the aggregate and for each subgroup, who are at or above the proficient level in reading/language arts on the State's assessment.

Performance Indicator: The percentage of students, in the aggregate and in each subgroup, who are at or above the proficient level in mathematics on the State's assessment.

PHOTO ESSAY – ELEMENTARY SCHOOL

On the following pages are a series of photographs of the Elementary School Facility.

[REMAINDER OF PAGE LEFT BLANK]



Top: Coral Academy of Science Reno ("CASR") Elementary School Facility located at 1701 Valley Road.

Middle: Parents accompany their children at the beginning of the school day.

Bottom Left: Elementary school library of community donated books.



Elementary students gather in front of the school prior to the start of the school day.



Students look to the flag as they recite the Pledge of Allegiance to start the day.



Kindergarten students at the Elementary School Facility rotate between stations around the classroom designed to promote curiosity, advanced fine motor skills, problem solving, and interpersonal skills.



Second grade students utilize one of the mobile computer labs to take audio integrated practice and diagnostic tests.



Fourth grade students learn the basics of coding with Scratch, a block-based visual programming language developed by the MIT Media Lab.



CASR utilizes STEM based learning beginning in the elementary school grade levels.



Portraits of CASR elementary grade students.



A teacher reads to her class while students listen attentively and raise hands to ask questions.



A third grade teacher uses a pair of dice to teach the basic principles of probability and statistics in a fun and accessible way.

ACADEMIC PROGRAM AND CURRICULUM

S.T.E.A.M. Program and Philosophical Approach

CASR believes that the notion that science is necessary only for scientists and engineers is outdated in today's high-tech world. A solid science education is essential for students of all backgrounds, talents, interests, and abilities. All children need the knowledge and skills that make up "science literacy" – the ability to make sense of the world around them. By helping kids learn how to observe, collect evidence, and draw conclusions, science helps students sharpen their thinking about the ideas and events they encounter in everyday life.

CASR believes that its curriculum develops student knowledge in the scientific method and encourages them to use computer technology in order to plan and organize projects, hypothesize, analyze data, and draw conclusions from tests they create. In the process, students become self-reliant, independent problem-solvers.

Recognizing that educational success will be realized only when the essential underlying triad of student-teacher-parent/guardian is in harmony, the purpose of CASR is to create a partnership that will provide its children with the support necessary to reach their highest potential intellectually, socially, emotionally, and physically.

CASR believes that a significant step toward helping students achieve their maximum potential involves providing an integrated curriculum that focuses on crossing traditional disciplinary boundaries. Therefore, the curriculum at CASR stresses cross-disciplinary approach at every opportunity. Even so, CASR has a science and math oriented curriculum. The curriculum concentrates on a hands-on approach to science while providing a solid education in humanities and social science, with the understanding that humanities and social science are largely responsible for conveying core cultural knowledge and values.

At the core of the integrated curriculum is the perception that writing serves as an important vehicle for learning in all subject areas. Thus, at CASR, students in all classes write frequently about what they have learned and what it means, thereby reinforcing learning and enhancing understanding. Another significant feature of the CASR curriculum is the emphasis on collaborative learning. Success today, both in and out of school, depends on the ability to work as part of a team. Collaborative learning activities enhance this ability and are an important part of the CASR approach to education.

CASR focuses on core knowledge and essential skills so that children may achieve the mastery upon which further learning will build. The CASR education program also includes comprehensive health and physical education.

Clubs and Athletics. In addition to its classroom curriculum, CASR offers students extracurricular activities including clubs and athletic teams. For the 2019-20 school year, in elementary school there are approximately 25 different clubs held after school. Students enter a lottery to determine which clubs they can join, with each student being able to join up to two clubs. Middle school offers approximately 21 different clubs, and high school offers approximately 16 different clubs. The CASR athletic program includes seven sports, and in 2017 became the first football team to represent a charter school in Nevada.

Below is a sample of clubs and athletics offered at CASR during the 2019-20 school year:

<u>Elementary School Clubs</u>	<u>Middle School Clubs</u>	<u>High School</u>	<u>Athletics</u>
Art in Science	Drama	Chess	Basketball
Fun and Fitness	Lego Robotics	Gaming	Cross-country
Pre-Math Counts	Math Counts	Gay Straight Alliance	Football
Music Club	National Geography Bee	Robotics	Skiing
Lego League First	Science Olympiad	3D Printing	Spirit Squad
Puzzle Club	Creative Building	World Cultures	Track and field
Japanese Culture Language and Animation	Programming Club	Drama	Volleyball
Science Olympiad	Yoga	Debate	
Volleyball Club	Arts and Design for Theater	Environmental	

Student Assessments. CASR has adopted the Washoe County School District schedule of examinations. Students are required to take all Nevada Department of Education Testing Program assessments including the Smarter Balanced Assessment Consortium (“SBAC”) assessments in mathematics and English language arts in grades 3-8; Criterion-Referenced Tests in Science in grades 5, 8 and 10; and End of Course final exams and American College Testing (“ACT”) examination in high school.

Additionally, CASR students take the Northwest Evaluation Association Measure of Academic Progress (“MAP”) assessments three times a year: at the beginning of the school year, mid-year and year-end.

English learner students are also required to take the English Language Proficiency Assessment in grades kindergarten through 12 annually, and students with significant cognitive disabilities are required to take the Nevada Alternate Assessment, which consists of assessment items in English language arts and mathematics in grades 3-8 and 11, and science in grades 5, 8 and 11.

Students attending CASR are assessed in each of the core curriculum skill areas by a combination of on-going teacher feedback, MAP assessments and criterion reference exams as required by the CASR’s Board of Directors and the State Board of Education. CASR students are placed in classes to meet their achievement level every year based on these criteria.

Elementary School Curriculum

Course Descriptions. CASR elementary school students take classes in math, reading, language arts, science and social studies. Additionally, honors classes are offered for students in the top 10-12% in 3rd and 4th grades, and teacher-led tutoring is available for students that need help building reading and math skills. Classes begin at 7:45 a.m. each morning, and students are in school for 6.5 hours. Each classroom in grades 1-4 has approximately 22 students, with class size being approximately 25 in kindergarten.

Technology. CASR elementary has approximately 78 Chromebooks for its students, with an additional 3-4 laptops in each classroom. Additionally, the Elementary School Facility has a computer lab with approximately 30 desktop computers, and several classes provide iPads and Kindle Fire tablets.

S.T.E.A.M. Education. The following are examples of projects and lessons through which elementary school students at CASR may participate in S.T.E.A.M. education:

- Science class – hands-on science projects through Project Lead the Way (see “— High School Curriculum – Project Lead the Way” herein for more information) and Mystery Science web-based lessons and activities;
- Reading class – create a haunted house after reading a related book, learning engineering, art and math concepts; and
- History – create a wagon out of materials and race against other students, learning engineering, math, art and science concepts;

Additionally, CASR holds three STEAM Family Fun Nights at the elementary school each year. These are S.T.E.A.M. related nights for students and families that tie to literature. Each night has one or two components of S.T.E.A.M., including several activities for families to learn, build, and have fun. Examples of activities at the STEAM Family Fun Nights include making an airplane and test how far it flies, and creating a snowflake.

Parent and Community Engagement. CASR holds several events that parents are invited to attend at the Elementary School Facility, including two open houses each year, parent orientation question and answer night, the STEAM Family Fun Night discussed above, and a Welcome Back BBQ. Additionally, parent volunteers are recruited for classrooms and field trips, and parents are invited to help CASR plan its School Performance Plan. Additionally, CASR elementary school’s Parent/Teacher/Booster Club holds various events, including fundraising events.

Middle School Curriculum

Course Descriptions. CASR middle school students take core classes in math, social studies, English language arts and science, including World History, U.S. History, Nevada History, Literature, Writing, Grammar, Earth Science, Life Science, Physical Science, and grade-level mathematics including Pre-Algebra and Algebra.

Students are automatically enrolled in enrichment courses, which include Project Lead the Way (“PLTW”; see “— High School Curriculum – Project Lead the Way” herein for more information), exploring math, engineering, computers concepts, music (5th grade), and physical education (“PE”). Additionally, all CASR middle school students are required to take one elective class. Electives are either year-long or half year (semester) classes, and include the following:

<i>6th Grade</i>	<i>7th Grade</i>	<i>8th Grade</i>
Beginning Band	Intermediate Band	Intermediate Band
Spanish Language/Culture	Spanish Language/Culture	Yearbook
Art	Art	Art
Intro to Programming	Programming 101	Spanish Language/Culture
Science Issues (Environmental Studies)	PE: Team Sports	PLTW: App Creators
Survey of World Architecture	Creative Writing	Automation and Robotics
PE: Team Sports	Science Issues: Anthropology	U.S. History through Film
		PE: Team Sports

Students arrive at school from 7:45 a.m. to 8:05 a.m. each morning, and students are in school for 6.5 hours. A typical schedule for an 8th grade student would have the student enrolled in six courses at a time, with each course scheduled every day for a period of 50 minutes or an hour, with classes starting at 8:20 p.m. and ending at 2:50 p.m.

Each classroom has approximately 25 students. Within classes, teachers use various forms of supplemental resources. Most teachers offer clubs and all teachers offer tutoring after school to further supplement student education.

Technology. CASR middle school has approximately 125 Chromebooks for its students, with an additional 75 laptop and desktop computers.

High School curriculum

Course Description. English, Math, Science and Social Studies are core classes at CASR. The classes are divided into three levels of instruction according to a “rigor and relevance framework” set forth by the International Center for Leadership in Education. The core curriculum standards, instructional activities,

and assessments are differentiated within a grade level into the following three levels of instruction: Grade Average Level, Accelerated Level and Advanced Level.

Grade Average Level. Students gather, strengthen, and retain knowledge and information. Students are primarily expected to remember, understand, and use this acquired knowledge. Students use acquired knowledge to solve problems, design solutions and complete work. Interdisciplinary applications are employed. This level requires students to use knowledge. The characteristics of the levels and students expectations are as follows:

- Requires use of knowledge.
- Requires students to actually practice steps in a procedure.
- Uses previous knowledge to solve problems, create a design, or communicate information.
- Assesses performance.

Accelerated Level. In addition to grade average level expectations, student apply appropriate knowledge to new and predictable situations. Students extend and refine their acquired knowledge to be able to use that knowledge automatically and routinely to analyze and solve problems and create unique solutions. The characteristics of the levels and students expectations are as follows:

- Application occurs in the same way it is used by adults.
- Standards for performance are the same as for adult roles.
- Students have access to real-world resources (tools, references, etc.)
- Task must be completed in the same time frame as real-world.

Advanced Level. In addition to accelerated level expectations, students apply appropriate knowledge to new and unpredictable situations. Students develop the competence to think in complex ways and also apply knowledge and skills they have acquired. Even when confronted with perplexing unknowns, students are able to use extensive knowledge and skills to create solutions and take actions that further develop their skills and knowledge. The characteristics of the levels and students expectations are as follows:

- Application has uncertain results.
- Unknown factors involved (environment, people, time).
- Students have individual and unique solutions to problems.

High School Electives and Advanced Placement. In addition to the Advanced Placement courses described under the heading “ACCOUNTABILITY – Academic Outcomes – Advanced Placement” herein, CASR offers various elective courses in high school, including AIKIDO & Athletics, Anatomy & Physiology, Astronomy and Geology, Band, Orchestra and Music Theory, College Ed., Computer Science, Digital Game Development, Graphic Design, French, Japanese, Spanish, Turkish, Speech and Debate, and Robotics and Cybersecurity.

Below is a sample of electives offered in high school:

AIKIDO & Athletics
Band
Orchestra and Music Theory
Graphic Design
Turkish

Anatomy & Physiology
Digital Game Development
College Ed.
French
Speech and Debate

Astronomy and Geology
Spanish
Computer Science
Japanese
Robotics and Cybersecurity

CASR offers Advanced Placement (“AP”) courses and/or Honors courses to eligible students. CASR offered 14 AP courses in the 2018-19 school year, including the following AP courses:

Biology	Calculus AB	Calculus BC	Chemistry
Computer Science A	Computer Science Principles	English Language & Composition	English Literature & Composition
Japanese Language & Culture	Physics C: Mechanics	U.S. Gov’t & Politics	U.S. History
World History	AP Seminar		

Coral Academy College Credit Program. CASR offers its high school students the opportunity to choose from a variety of college and career tracks to help them achieve their post-secondary goals. The College Credit Program (“CCP”) is a special program designed to provide current CASR high school students, who are enrolled in the 9th grade or above, the opportunity to get an “early start” on their college experience. Through CCP, participating students apply to participating colleges and, if accepted, take college courses that are approved by CASR. Participating students who earn a B- or higher in a course receive reimbursement for tuition from CASR, up to a limit of \$100 per credit and a maximum 6 credits per semester. Through CCP, CASR students can earn up to 42 college credits during high school.

The colleges currently participating in CCP are University of Nevada, Reno; Great Basin College; and Truckee Meadows Community College. During the 2016-17, 2017-18 and 2018-19 school years, 2, 12 and 29 students participated in CCP, respectively.

Project Lead the Way. CASR believes that providing researched-based curriculum opportunities for all our students will help ensure that more of students continue to take STEM classes in high school and in college. The Project Lead the Way (“PLTW”) programs offer hands-on curriculum that aligns with the Nevada Academic Content Standards. CASR believes a program of the caliber of PLTW will help more fully engage all students in CASR’s STEM curriculum. In 2017-18 the school year, 54% of CASR’s students participated in STEM courses, increasing to 63% in 2018-19. CASR’s goal is to increase this figure to 90% in several years.

PLTW is a nonprofit organization focused on empowering students and transforming the teaching experience. Since its beginning in 1997, PLTW has grown from a high school engineering program to offering comprehensive PreK-12 pathways in computer science, engineering and biomedical science. PLTW has been used in over 11,000 schools in all fifty states, and has reached millions of students in its history.

CASR offers the PLTW program to its high school students. PLTW is a four-year, honors level, interdisciplinary program in science, math and engineering. PLTW students experience hands-on, project based activities that promote the development of critical thinking skills. PLTW students use the design process to create their own inventions or innovations to solve real world problems. PLTW participants at CASR enroll in one of three PLTW programs: Biomedical Science, Computer Science and Engineering.

Project Lead the Way describes itself as a “hands-on program [that] boosts classroom engagement and excitement drives collaboration and inspires “aha! moments” and deep comprehension...” PLTW believes that “all students – beginning at a young age – need access to real-world, applied learning experiences that empower them to gain the skills they need to thrive in college, career, and beyond ... and that its “research-supported approach empowers students to discover and explore interests, imagine and design solutions to real-world challenges, and become independent, confident problem solvers.”

PLTW is a competitive program, admitting 25 current 8th grade CASR students each year, based on multiple criteria including teacher recommendations, written statements from students, previous grades and coursework, test scores and achievements.

Courses in each of the PLTW programs include:

<u><i>PLTW Biomedical Sciences</i></u>	<u><i>PLTW Computer Science</i></u>	<u><i>PLTW Engineering</i></u>
Principles of Biomedical Science	Computer Science Essentials	Introduction to Engineering Design
Human Body Systems	Computer Science Principles	Principles of Engineering
Medical Interventions	Cybersecurity	Computer Integrated Manufacturing
Biomedical Innovation		Digital Electronics

Additionally, CASR has a goal is to expose all CASR middle school students to PLTW Gateway modules. All students take at least 2 of these courses per grade in grades 6 through 8, and at the end of 8th grade, students are expected to complete at least 6 of these courses offered. At the high school level, having taken all the modules in CASR middle school, CASR anticipates that its students will register to continue taking one of the pathways offered from PLTW. The PLTW Gateway Program for CASR middle school students includes courses in Design and Modeling, Science of Technology, Medical Detectives, Computer Science for Innovators and Makers, and App Creators.

CASR’s teachers and administrators attended required training and an annual PLTW summit. CASR high school teachers also attend the CASR Middle School Facility with students to attend an assembly about what PLTW students do in their respective courses. All PLTW students, as a group or individually, had their projects from their courses presented during CASR’s annual STEAM Expo.

UC Davis Early Engineering Program. In partnership with the University of California, Davis (“UC Davis”), CASR offers its Early Engineering Program (“EEP”) each summer for its high school students interested in engineering. EEP is a one-week residential camp located in Davis, California, that introduces CASR high school students to engineering and encourages them to pursue careers in engineering. The program includes tours, lectures, demonstrations, hands-on laboratory activities, field trips and team projects in order to help students develop their math, science and engineering skills and decide if engineering is right for them.

EEP participants become part of an ongoing research project with the INANO Lab Group and the Wide Bandgap Lab Group at UC Davis. The INANO Lab Group performs research on integrated nanodevices and nanosystems. In the INANO laboratory, students learn high-speed test setup for the characterization of Photo Detector performance, solar simulator setup, optical setup, electrical measurement technique, and MATLAB and LabVIEW software. In the Wide Bandgap Lab, students learn about Metal Oxide Semiconductor (“MOS”) capacitor fabrication steps, Metal Oxide Semiconductor Field Emission Transistor (“MOSFET”) fabrication steps, MOS capacitor and MOSFET characterization.

Student Intervention. All students at CASR receive support, remediation, modifications, and consultation services as they progress toward academic excellence. CASR adheres to ongoing assessment and review of each student’s Personal Education Plan. When a student is experiencing underperformance in any field, school administration addresses these areas through additional individual and group instruction, tutorials, parent/community volunteers, student interns, and peer teaching where appropriate.

Every effort is made to deal with students’ learning problems within the context of the regular classroom, as supplemented by tutors. Tutors evaluate students’ strengths and weaknesses and develop strategies to teach in the most effective way. CASR provides certain services, including but not limited to the following, in order to ensure successful remediation:

- Tutoring Program (Special tutoring after school, tutoring adjusted to student needs, individual attention);
- Mandated Homework Support, Saturday and Summer Schools; and

- Personal and Individualized Education Programs.

Parents sign a contract at the beginning of the instructional year acknowledging that they will make sure their children attend necessary intervention programs such as after-school tutoring, mandated homework support, Saturday School, or summer school. Written documentation of recommended interventions and their effects are recorded and shared with the parent/sponsor.

ACADEMIC AND SCHOOL OPERATIONS

Enrollment

The table below shows grade level enrollment for CASR, by campus, in school years 2015-16 through 2019-20, as well as projected enrollment by grade level through the 2023-24 school year.

TABLE 3
CASR
Enrollment by Grade Level⁽¹⁾
2015-16 Through 2023-24

Elementary School Facility

<i>Grade Level</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
Kindergarten	77	75	78	77	78	78	78	78	78
1 st Grade	88	88	88	109	110	110	110	110	110
2 nd Grade	110	108	107	109	110	110	110	110	110
3 rd Grade	110	109	110	110	110	110	110	110	110
4 th Grade	109	110	110	109	110	110	110	110	110
Totals	494	490	493	514	518	518	518	518	518

Middle School Facility

<i>Grade Level</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
5 th Grade	97	118	125	138	141	150	150	150	150
6 th Grade	148	121	146	161	171	150	150	150	150
7 th Grade	141	145	144	141	149	175	175	175	175
8 th Grade	96	130	140	132	143	150	150	150	150
Totals	482	514	555	572	604	625	625	625	625

High School Facility

<i>Grade Level</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21⁽²⁾</i>	<i>2021-22⁽²⁾</i>	<i>2022-23⁽²⁾</i>	<i>2023-24⁽²⁾</i>
9 th Grade	76	62	96	116	95	100	100	100	100
10 th Grade	57	65	60	71	117	110	100	100	100
11 th Grade	41	40	60	53	64	110	100	100	100
12 th Grade	32	35	38	55	39	65	100	100	100
Totals	206	202	254	295	315	385	400	400	400

[TABLE AND FOOTNOTES CONTINUED ON FOLLOWING PAGE]

TABLE 3 (continued)
CASR
 Enrollment by Grade Level⁽¹⁾
 2015-16 Through 2023-24

Total Enrollment									
<i>Grade Level</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21⁽²⁾</i>	<i>2021-22⁽²⁾</i>	<i>2022-23⁽²⁾</i>	<i>2023-24⁽²⁾</i>
K-12	1,182	1,206	1,302	1,382	1,437	1,528	1,543	1,543	1,543

⁽¹⁾ For school years 2015-16 through 2019-20, data reflect enrollment as of October 1 in each school year. For school years 2020-21 through 2023-24, enrollment is projected.

⁽²⁾ The capacity of the High School Facility is currently 340 students. The projected enrollment for school years 2020-21 through 2023-24 require that a new gymnasium be constructed at the High School Facility and the existing gymnasium be converted into three new classrooms. Such improvements are being financed with proceeds of the Series 2019 Bonds, and are expected to be finished by summer 2020. See “THE PROJECT – High School Project” and “CERTAIN RISK FACTORS – Construction Risks” in the forepart of this Limited Offering Memorandum.

Source: CASR.

Student Retention

The following table sets forth, for the periods shown, the percentage of students enrolled from the prior school year that returned as students in the subsequent school year (without regard to graduating students).

TABLE 4
CASR
 Historical Student Retention⁽¹⁾
 2016-17 through 2019-20

	<i>Retention</i>
2016-17 to 2017-18	96%
2017-18 to 2018-19	92
2018-19 to 2019-20	96

⁽¹⁾ Reflects enrollment as of October 1 in each year.
Source: CASR.

Wait List

CASR maintains waitlists of applicants who wish to attend but exceed the available number of seats in each grade. The following table sets forth the number of students who were on the wait list to enroll for the 2019-20 school year, as of October 3, 2019.

TABLE 5
CASR
Wait List by Grade
Fall 2019

<i>Grade Level</i>	<i>Total</i>
Kindergarten	132
1 st Grade	42
2 nd Grade	38
3 rd Grade	10
4 th Grade	27
5 th Grade	0
6 th Grade	1
7 th Grade	0
8 th Grade	0
9 th Grade	2
10 th Grade	0
11 th Grade	0
12 th Grade	0
Total	252

Source: CASR.

Teacher Retention

The following table sets forth the rate of retention of teachers at CASR, showing for each period the percentage of teachers teaching in the initial school year who returned to teach in the subsequent school year.

TABLE 6
CASR
Teacher Retention
2016-17 through 2019-20

	<i>Retention</i>
2016-17 to 2017-18	81%
2017-18 to 2018-19	81
2018-19 to 2019-20	86

Source: CASR.

PHOTO ESSAY – MIDDLE SCHOOL

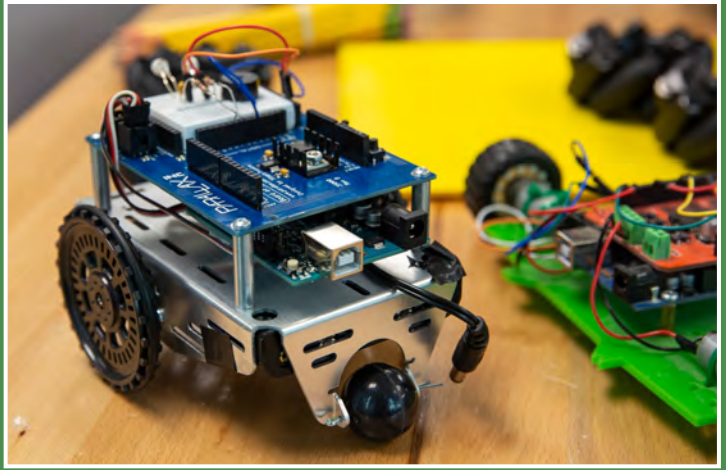
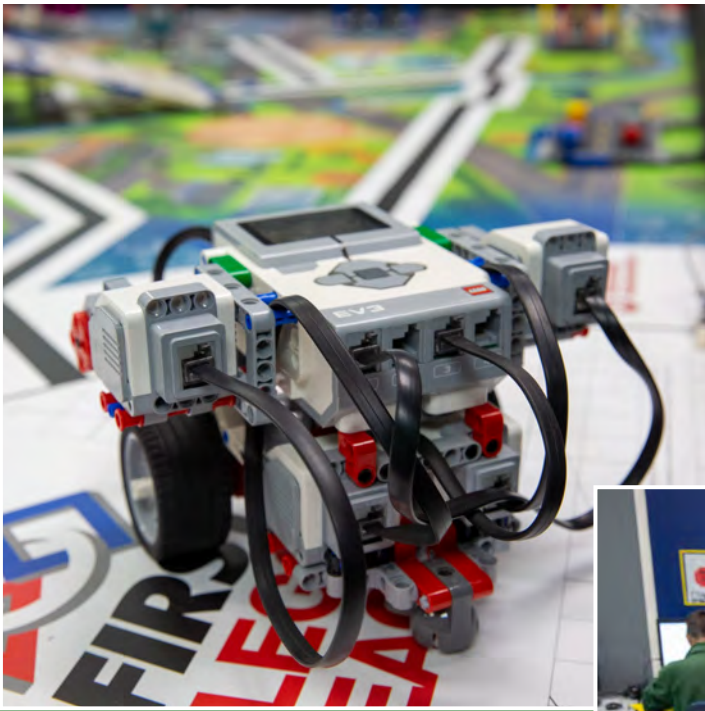
On the following pages are a series of photographs of the Middle School Facility.



College pennants line the main hallway of the Middle School Facility located at 1350 E. Ninth Street, reinforcing the schools belief that all students should be provided an education that prepares them for college and beyond.



CASR middle school grade students fill the hallways and school grounds as they prepare to transition to their next class period.



CASR's STEM focus uses unique applications like LEGO robotics which incorporate engineering, math, programming, and more while promoting problem solving and critical thinking.





CASR incorporates technology, like mobile computer labs, supplementing convention instruction methods to develop well-rounded students and prepare them for an increasingly digital world.



STATE TESTING AND ACCOUNTABILITY FRAMEWORK

State Required Proficiency Exams

All Nevada public schools are required to administer the Measures of Academic Progress (“MAP”) assessments in kindergarten through grade 3, Smarter Balanced Assessments Consortium (“SBAC”) assessments in ELA and math in grades 3-8, Criterion Referenced Test (“CRT”) in science grades 5, 8 and 10, the Nevada Alternative Assessment, and the English Language Proficiency Assessments. Beginning with the graduating class of 2017, the State’s End of Course (“EOC”) examinations have taken the place of the High School Proficiency Examination as a graduation requirement for a Nevada standard diploma. The class of 2019 was the first class of students required to receive a passing score on the EOCs as a requirement to graduate. The class of 2020 and beyond will be required to pass an English Language Arts combined EOC and Science EOC assessment in addition to two math assessments.

State Assessments

The Nevada Department of Education was required to develop and operationalize a new accountability system based on the 2017-18 school year, under the ESEA. The following describes the current State mandated assessments that must be administered by CASR. The Nevada Board of Education is in the process of interpreting recent State legislation that will likely necessitate changes in the following assessments.

Grades K-3: Measure of Academic Progress: For grades K-3 the State utilizes MAP assessments, a computer-adaptive assessment that monitors student growth and informs teachers in a way that allows them to personalize instruction. This assessment program was adopted in the State to help achieve the Read by Grade Three Act that aims to ensure all students are able to read proficiently by the end of the 3rd grade. A student taking a MAP assessment will first answer a question that is appropriate for that student’s grade level, and as the test continues, the questions dynamically adapt in response to the student’s performance. The results of the MAP assessments are easy to understand and designed to help educators recognize each individual student’s needs.

Grades 3-8: Smarter Balanced Assessments: The Smarter Balanced Assessment is a computer testing system aligned with the Common Core State Standards in English language arts and mathematics and is given to students in grades 3 through 8. It was developed by a group of states known as the Smarter Balanced Assessment Consortium. The goal in implementing the Smarter Balanced Assessment is to prepare all State students for success in college and careers readiness. The online format of this assessment allows for more meaningful feedback for both teachers and parents. The computer adaptive technology makes each testing experience customized. During the test if a student answers a question correctly, the next question will be harder, an incorrect answer will be followed by an easier question. In addition to multiple choice questions, this assessment includes writing questions which allow students to demonstrate their research, writing, and problem solving skills.

Grades 5, 8 & 10: Science: Federal testing regulations require all public school students in 5th, 8th, and 10th grade to participate in science assessments. These assessments are computer-based tests that are administered once a year by schools in the spring. Student performance is measured against the recently adopted Nevada Academic Content Standards for Science.

Grades 7-13: End of Course Examinations: The End of Course (“EOC”) examinations are designed to measure student understanding of the courses they are enrolled in. These exams are aligned to the Nevada Academic Content Standards in ELA, mathematics, and science. The EOC exams are administered for Math I Emphasis on Algebra I, Math II Emphasis on Geometry, Integrated Mathematics 1, Integrated Mathematics 2, English language arts I with a Focus on Reading Comprehension, English language arts II with a Focus on Writing, Science with a focus on Life Science for Graduation Cohort 2020 and beyond, ELA Combined (reading and writing) for Graduation Cohort 2020 and beyond.

Academic Outcomes

The following table summarizes CASR’s 2018-19 academic performance, compared with that of Washoe County and Statewide.

TABLE 7
CASR
Academic Performance at a Glance
2018-19

	<i>Enrollment</i>	<i>Number of Schools</i>	<i>Graduation Rate</i>	<i>Average ACT Composite</i>	<i>ELA Proficiency</i>		<i>Math Proficiency</i>
CASR	1,381	3	100.00%	21.86	Elementary⁽¹⁾	53.2%	50.8%
					Middle⁽²⁾	60.1%	49.7%
					High⁽³⁾	82.0%	60.0%
Washoe County Sch. Dist.	67,113	117	84.39	17.90	Elementary⁽¹⁾	47.7%	43.0%
					Middle⁽²⁾	50.6%	36.7%
					High⁽³⁾	46.7%	31.1%
Nevada	492,638	752	83.16	17.66	Elementary⁽¹⁾	50.3%	43.8%
					Middle⁽²⁾	48.9%	33.2%
					High⁽³⁾	47.6%	26.3%

⁽¹⁾ Indicates 2018-19 Math/ELA scores for elementary school students on the Smarter Balanced assessments.

⁽²⁾ Indicates 2018-19 Math/ELA scores for middle school students on the Smarter Balanced assessments.

⁽³⁾ Indicates 2018-19 Math/ELA scores for high school students on the ACT.

Source: Nevada Department of Education; CASR.

State Accountability Framework

The State has applied for and received permission for flexibility under the federal Elementary & Secondary Education Act, reauthorized and amended in 2015 by the Every Student Succeeds Act (the “ESEA”) and developed its own accountability statutes. The State’s most recent federal flexibility waiver expired at the end of the 2017-18 school year; prior to such date the State Department of Education was required to develop and operationalize a new school accountability system based on the 2017-18 school year. The new State accountability system must meaningfully differentiate schools based on academic proficiency of State assessments, graduation rates for high school, English language proficiency, growth or other statewide academic indicator for K–8 schools, at least one other State-set indicator of school quality or student success, and 95% assessment participation rate.

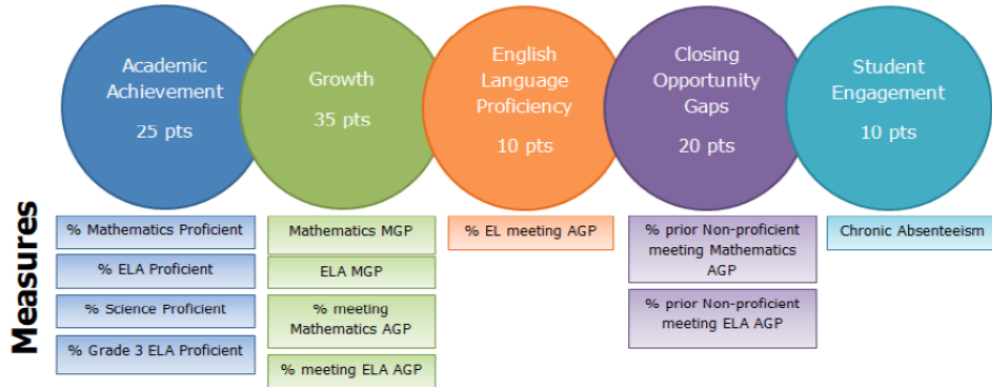
Rather than the Adequate Yearly Progress (“AYP”) school accountability system prescribed by ESEA, the State’s current school accountability system is the Nevada School Performance Framework (“NSPF”). The NSPF is an integral component of the Educator Performance System that defines the State’s shift away from AYP to a five-star classification approach, with schools earning a rating of one, two, three, four, or five stars. The NSPF includes multiple measures of student achievement and growth and aligns the designations for schools to the delivery of appropriate supports and rewards.

The NSPF incorporates performance on multiple indicators, which are made up of different academic and non-academic measures. Schools receive points based on their students’ performance in these measures. Nevada’s public schools receive an index score and a star rating under the NSPF. The index score is a score out of 100 for a school. Schools that demonstrate low overall performance or have low performing subgroups of students are identified for additional support and improvement categories. These categories are designed to help improve student and school outcomes with evidence-based interventions. Schools in these categories are given one year to design and implement an action plan and three years to improve. Star ratings are generally

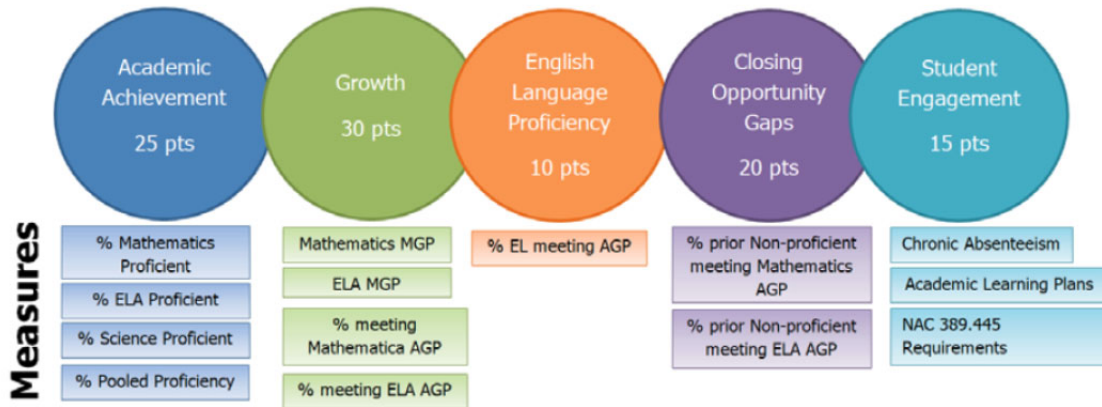
referred to as school “classifications.” The NSPF index score is divided into five score ranges that correspond to star ratings, where five stars is the highest rating.

For elementary and middle schools, star ratings in the NPSF are based on Academic Achievement, Growth, English Language Proficiency, Opportunity Gaps and Student Engagement. High school ratings are based on Academic Achievement, Graduation Rates, English Language Proficiency, College and Career Readiness and Student Engagement. The following figures identify the measures that factor into each part of the frameworks:

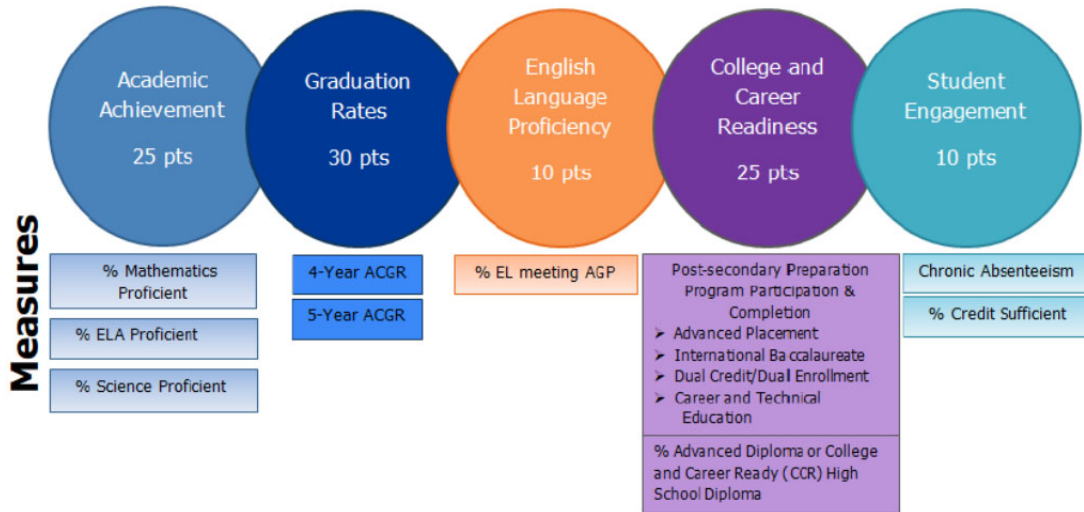
Elementary School Performance Framework



Middle School Performance Framework



High School Performance Framework



For all schools, the NSPF provides actionable feedback to schools and districts to help determine if current practices are aligned to improve educational outcomes for all students.

State statute requires the State Department of Education to determine whether each public school is meeting the annual measurable objectives and performance targets established pursuant to the statewide system of accountability for public school on or before July 31 of each year. Between July 31 and September 15, the State Department of Education engages in a review of each school’s preliminary rating and prepares school reports for public access. Final determinations of school ratings must be made on or before September 15.

Star Rating System

The Nevada Department of Education is to make final determinations of school ratings on or before September 15th of each year.

In order for an elementary school or middle school to be rated, it must meet the minimum n-size requirements (ten student records) and earn points in all of the following indicators and/or measures: Student Achievement and Growth (Mathematics and ELA). A school that does not meet the minimum n-size requirements will receive a “Not Rated” classification. Schools that have not received a rating will be identified annually and will be rated by pooling the student records over a number of years when n-size sufficiency can be achieved.

Below are the school ratings received by each CASR school for the 2018-19 school year, along with the explanations for the respective star ratings.

TABLE 8
CASR
School Rating by School
2018-19

	<u>School Rating</u>
Elementary School	4 Stars
Middle School	4 Stars
High School	5 Stars

Source: CASR.

In 2018-19, approximately 15% of schools State-wide received 5-Star ratings, approximately 29% of schools State-wide received 4-Star or higher ratings, and 53% of schools State-wide received 3-Star or higher ratings. The Nevada Department of Education has provided descriptions of each of the star rating categories as set forth below:

Elementary and Middle School

<u>Category</u>	<u>Policy Descriptors</u>
★★★★★	Recognizes a superior school that exceeds expectations for all students and subgroups on every indicator category with little or no exception. A five-star school demonstrates superior academic performance and growth with no opportunity gaps. The school does not fail to meet expectations for any group on any indicator. These schools are recognized for distinguished performance.
★★★★	Recognizes a commendable school that has performed well for all students and subgroups. A four-star school demonstrates satisfactory to strong academic performance for all students. Further, the school is successfully promoting academic progress for all student groups as reflected in closing opportunity gaps. The school does not fail to meet expectations for any group on any indicator. A school identified for targeted support and improvement is not eligible to be classified as a four-star school or higher.
★★★	Identifies an adequate school that has met the state’s standard for performance. The all-students group has met expectations for academic achievement or growth. Subgroups meet expectations for academic achievement or growth with little exception; however, no group is far below standard. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. A school identified for comprehensive support and improvement is not eligible to be classified as a three-star school or higher. Schools identified for targeted support and improvement are eligible to be classified as three-star schools.
★★	Identifies a school that has partially met the state’s standard for performance. Students and subgroups often meet expectations for academic performance or growth but may have multiple areas that require improvement. Areas requiring significant improvement are uncommon. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. A two-star school in consecutive years is subject to state intervention. A school identified for targeted support and improvement or comprehensive support and improvement is eligible to be classified as a two-star school.
★	Identifies a school that has not met the state’s standard for performance. Students and subgroups are inconsistent in achieving performance standards. A one-star school has multiple areas that require improvement including an urgent need to address areas that are significantly below standard. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. The school is subject to state interventions.

High School

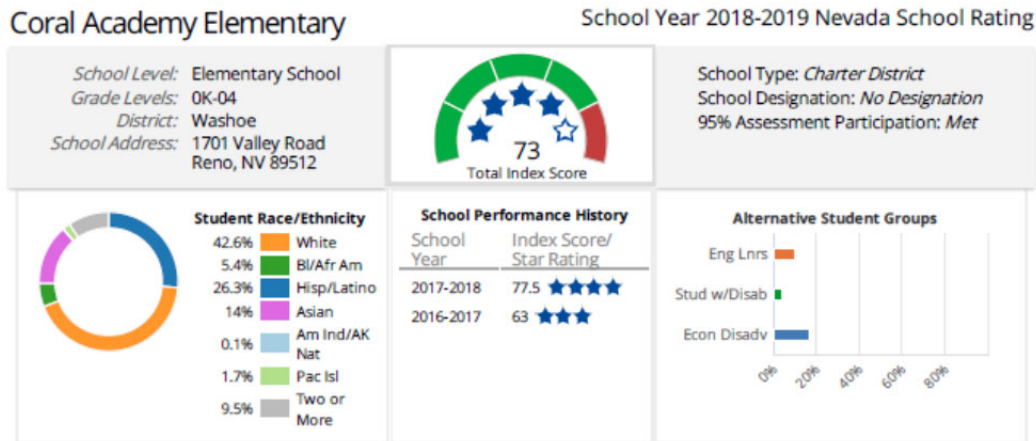
<u>Category</u>	<u>Policy Descriptors</u>
★★★★★	Recognizes a superior school that exceeds expectations for all students and subgroups on every indicator category with little or no exception. A five-star school demonstrates superior academic performance and a superior graduation rate. The school does not fail to meet expectations for any group on any indicator. These schools are recognized for distinguished performance.
★★★★	Recognizes a commendable school that has performed well for all students and subgroups. A four-star school demonstrates satisfactory to strong academic performance for all students. Further, the school's graduation rate meets expectations. The school does not fail to meet expectations for any group on any indicator. A school identified for targeted support and improvement is not eligible to be classified as four-star school or higher.
★★★	Identifies an adequate school that has met the state's standard for performance. The all-students group has met expectations for academic achievement. Subgroups meet expectations for academic achievement or show progress with little exception; however, no group is far below standard. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. A school identified for comprehensive support and improvement is not eligible to be classified as a three-star school or higher. A school identified for targeted support and improvement is eligible to be classified as a three-star school.
★★	Identifies a school that has partially met the state's standard for performance. Students and subgroups often meet expectations for academic performance but may have multiple areas that require improvement. Areas requiring significant improvement are uncommon. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. A two-star school in consecutive years is subject to state intervention. A school identified for targeted support and improvement or comprehensive support and improvement is eligible to be classified as a two-star school.
★	Identifies a school that has not met the state's standard for performance. Students and subgroups are inconsistent in achieving performance standards. A one-star school has multiple areas that require improvement including an urgent need to address areas that are significantly below standard. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. The school is subject to state interventions.

Star ratings are used to develop performance plans for each school and the level of oversight correlates with the school's star rating such that the lower the star rating, the higher the level of State and/or local school district involvement in the school's operations.

State Report Cards

The State prepares report cards which highlight certain academic indicators compared against a local school's district. The following figures show the 2018-19 report cards for CASR, broken down by elementary, middle and high school, compared against Washoe School District.

FIGURE 2
CASR ELEMENTARY SCHOOL
2018-19 Nevada School Report Card



What does my school rating mean?

Four-Star school: Recognizes a **commendable** school that has performed well for all students and subgroups. A four star school demonstrates satisfactory to strong academic performance for all students. Further, the school is successfully promoting academic progress for all student groups as reflected in closing opportunity gaps. The school does not fail to meet expectations for any group on any indicator.

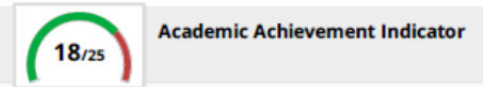
How are school star ratings determined?

Schools receive points based on student performance across various Indicators and Measures. These points are totaled and divided by the points possible to produce an index score from 1-100. This index score is associated with a one- to five-star school rating.

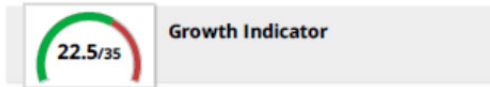
How are star ratings determined based on total index score?

Below 27	★
At or above 27 but less than 50	★★
At or above 50 and less than 67	★★★
At or above 67 and less than 84	★★★★
At or above 84	★★★★★

2018-2019 School Performance



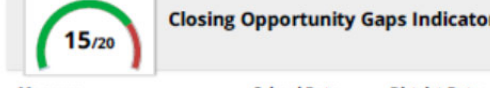
Measure	School Rate	District Rate
Pooled Proficiency	52.1	43.3
Math Proficiency	50.8	43
ELA Proficiency	53.2	47.7
Science Proficiency	N/A	28.3
Read-by-Grade-3 Proficiency	55.8	44.2



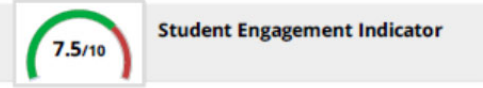
Measure	School Median	District Median
Math MGP	56	55
ELA MGP	49.5	55
	School Rate	District Rate
Met Math AGP Target	48	41.6
Met ELA AGP Target	49	54



Measure	School Rate	District Rate
Met EL AGP Target	75	49



Measure	School Rate	District Rate
Prior Non-Proficient Met	39.1	23.1
Math AGP Target		
Prior Non-Proficient Met	41.5	36
ELA AGP Target		





Measure	School Rate	District Rate
Chronic Absenteeism	9.5	3
Climate Survey Participation	90.9	N/A

Climate Survey Participation is not a point-earning measure.

Source: Nevada Department of Education.

FIGURE 3
CASR MIDDLE SCHOOL
 2018-19 Nevada School Report Card

Coral Academy Middle School School Year 2018-2019 Nevada School Rating

School Level: Middle School Grade Levels: 05-08 District: Washoe School Address: 1350 E Ninth Street Reno, NV 89512	 Total Index Score: 77	School Type: <i>Charter District</i> School Designation: <i>No Designation</i> 95% Assessment Participation: <i>Met</i>																														
 <table style="font-size: small;"> <thead> <tr> <th>Student Race/Ethnicity</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>White</td><td>37.8%</td></tr> <tr><td>Bl/Afr Am</td><td>4.2%</td></tr> <tr><td>Hisp/Latino</td><td>36.1%</td></tr> <tr><td>Asian</td><td>15.3%</td></tr> <tr><td>Am Ind/AK Nat</td><td>0.1%</td></tr> <tr><td>Pac Isl</td><td>1%</td></tr> <tr><td>Two or More</td><td>4.7%</td></tr> </tbody> </table>	Student Race/Ethnicity	Percentage	White	37.8%	Bl/Afr Am	4.2%	Hisp/Latino	36.1%	Asian	15.3%	Am Ind/AK Nat	0.1%	Pac Isl	1%	Two or More	4.7%	<table border="1" style="font-size: small; border-collapse: collapse;"> <thead> <tr> <th>School Year</th> <th>Index Score/Star Rating</th> </tr> </thead> <tbody> <tr> <td>2017-2018</td> <td>91.5 ★★★★★</td> </tr> <tr> <td>2016-2017</td> <td>N/A N/A</td> </tr> </tbody> </table>	School Year	Index Score/Star Rating	2017-2018	91.5 ★★★★★	2016-2017	N/A N/A	<table border="1" style="font-size: small; border-collapse: collapse;"> <thead> <tr> <th>Alternative Student Groups</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>Eng Lnrs</td><td>~1%</td></tr> <tr><td>Stud w/Disab</td><td>~1%</td></tr> <tr><td>Econ Disadv</td><td>~1%</td></tr> </tbody> </table>	Alternative Student Groups	Percentage	Eng Lnrs	~1%	Stud w/Disab	~1%	Econ Disadv	~1%
Student Race/Ethnicity	Percentage																															
White	37.8%																															
Bl/Afr Am	4.2%																															
Hisp/Latino	36.1%																															
Asian	15.3%																															
Am Ind/AK Nat	0.1%																															
Pac Isl	1%																															
Two or More	4.7%																															
School Year	Index Score/Star Rating																															
2017-2018	91.5 ★★★★★																															
2016-2017	N/A N/A																															
Alternative Student Groups	Percentage																															
Eng Lnrs	~1%																															
Stud w/Disab	~1%																															
Econ Disadv	~1%																															

What does my school rating mean?

Four-Star school: Recognizes a **commendable** school that has performed well for all students and subgroups. A four star school demonstrates satisfactory to strong academic performance for all students. Further, the school is successfully promoting academic progress for all student groups as reflected in closing opportunity gaps. The school does not fail to meet expectations for any group on any indicator.


How are school star ratings determined?

Schools receive points based on student performance across various indicators and measures. These points are totaled and divided by the points possible to produce an index score from 1-100. This index score is associated with a one- to five-star school rating.

How are star ratings determined based on total index score?

- Below 29 ★
- At or above 29 but less than 50 ★★
- At or above 50 and less than 70 ★★★
- At or above 70 and less than 80 ★★★★
- At or above 80 ★★★★★


2018-2019 School Performance

 **Academic Achievement Indicator**


Measure	School Rate	District Rate
Pooled Proficiency	55.1	43.6
Math Proficiency	49.7	36.7
ELA Proficiency	60.1	50.6
Science Proficiency	56	43.1

 **Student Growth Indicator**

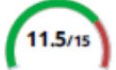
Measure	School Median	District Median
Math MGP	48	45
ELA MGP	51	48
	School Rate	District Rate
Met Math AGP Target	46.3	35.3
Met ELA AGP Target	59.3	50.5

 **English Language Proficiency Indicator**

Measure	School Rate	District Rate
Met EL AGP Target	24.1	22

 **Closing Opportunity Gaps Indicator**

Measure	School Rate	District Rate
Prior Non-Proficient Met	17	10.5
Math AGP Target		
Prior Non-Proficient Met	31.8	21.1
ELA AGP Target		

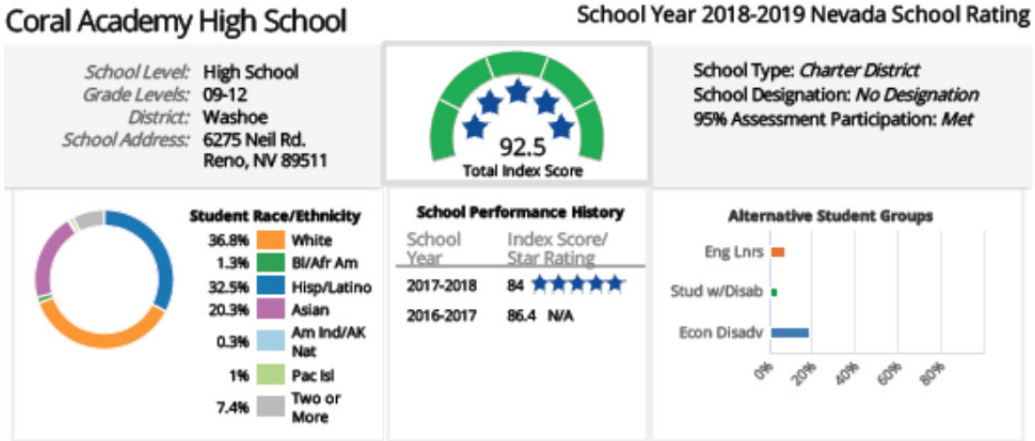
 **Student Engagement Indicator**

Measure	School Rate	District Rate
Chronic Absenteeism	11.4	7.4
Academic Learning Plans	100	100
8th Grade Credit Requirements	91.7	91.9
Climate Survey Participation	93.9	N/A

Climate Survey Participation is not a point-earning measure.

Source: Nevada Department of Education.

FIGURE 4
CASR HIGH SCHOOL
 2018-19 Nevada School Report Card



What does my school rating mean?

Five-Star school: Recognizes a **superior** school that exceeds expectations for all students and subgroups on every indicator category with little or no exception. A five star school demonstrates superior academic performance and a superior graduation rate. The school does not fail to meet expectations for any group on any indicator. These schools are recognized for distinguished performance.

How are school star ratings determined?
 Schools receive points based on student performance across various indicators and Measures. These points are totaled and divided by the points possible to produce an index score from 1-100. This index score is associated with a one- to five-star school rating.

How are star ratings determined based on total index score?

- Below 27 ★
- At or above 27 but less than 50 ★★
- At or above 50 and less than 70 ★★★
- At or above 70 and less than 82 ★★★★
- At or above 82 ★★★★★

2018-2019 School Performance



Measure	School Rate	District Rate
Math Proficiency	60.0	31.1
ELA Proficiency	82.0	46.7
Science Proficiency	37.7	28.5



Measure	School Rate	District Rate
4-Year	100.0	84.2
5-Year	100.0	84.7



Measure	School Rate	District Rate
Met EL AGP Target	28.5	13.1



Measure	School Rate	District Rate
Post-Secondary Preparation Participation	90.0	67.7
Post-Secondary Preparation Completion	43.1	45.1
Advanced or CCR Diploma	64.7	48.7



Measure	School Rate	District Rate
9th Grade Credit Sufficiency	99.0	86.5
Chronic Absenteeism	11.9	13.5
Climate Survey Participation	94.6	N/A

Climate Survey Participation is not a point-earning measure.
 Graduation and diploma rates are based on the class of 2017-18.

Source: Nevada Department of Education.

The following information describes each of the indicators:

Academic Achievement (Elementary/Middle School) is a measure of student performance based on a single administration of the State assessment. Cut scores are set that determine the achievement level needed to be proficient on the assessment. Student Proficiency is determined by calculating the percent of students in the

school who met (Level 3) and exceed standards (Level 4) on the Smarter Balanced, Nevada Science, and Nevada Alternate assessments. Points are earned based on a pooled average (total number of students proficient on all three assessments divided by total number of students taking all three assessments). Schools need to have ten records in the “all students” group to receive points. Any subgroup with an assessed population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

Participation on State Assessments. At least 95% of all students and 95% of students in each subgroup must participate in the state Math and ELA assessments. Any group or subgroup that does not meet 95% participation on each assessment will be flagged. In the first year of flags, a school will receive a “participation warning” but will have no points deducted. A second consecutive year of flags will result in a school receiving a “participation penalty” and points will be deducted from the Academic Achievement Indicator, based upon the number of flags. Subsequent consecutive years of flags will result in points deducted. Note that the same subgroups do not need to be flagged each year to receive warnings/penalties. Only Math and ELA assessments impact participation warnings/penalties.

Academic Achievement (High School) is a measure of student performance based on a single administration of the State assessment. Cut scores are set to determine the achievement level needed to be proficient on the assessment. Points are earned based on the percent of students proficient in the areas of English Language Arts (ELA), Math and Science based on the ACT, Nevada Science, and Nevada Alternate assessments.

Schools need to have ten records in the “all students” group to receive points. Any subgroup with an assessed population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

Student growth is a measure of performance on the state assessments over time.

- Student Growth Percentile (“SGP”) is a measure of student achievement over time and compares the achievement over time and compares the achievement of similar subgroups of students from one test administration to the next. An SGP from 35 to 65 is considered typical growth.
- Median Growth Percentile (MGP) is a summary of the SGPs in a school. A school’s MGP is determined by rank ordering all the SGPs in the school from the lowest to highest and finding the median or middle number.
- Adequate Growth Percentile (AGP) describes the amount of growth a student needs to remain or become proficient on the state assessment in three years. This is the minimum SGP a student must meet or exceed to be on track to target.

Schools need to have ten records in the “all students” group to receive points. Any subgroup with an assessed population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

English Language Proficiency is a measure of English Learners (“ELs”) achieving English Language proficiency on the state English Language Proficiency assessment, WIDA. The NSPF includes Adequate Growth Percentiles (“AGPs”) to determine if ELs are meeting the goal toward English Language proficiency. Students meeting their growth targets should be on track to become English proficient and exit English language status in five years. Schools need to have ten records in the EL subgroup to receive points. Any school with an assessed population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

Closing Opportunity Gaps is a measure of non-proficiency. This measure includes students who were non-proficient on the previous year’s state assessment and determines if those students in the current assessment administration succeeded in meeting their Adequate Growth Percentile target. Schools need to have ten records in the “all students” group to receive points. Any subgroup with an assessed population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

Chronic Absenteeism is a measure of Student Engagement. Research shows that attendance is tied to student achievement. Chronic absenteeism is defined as missing 10 percent, or more, of school days for any reason, including excused, unexcused, or disciplinary absences. Students who are absent due to school-sponsored activities are not considered absent for the purposes of this calculation. Schools that reduce their chronic absenteeism rate by 10 percent or more over the prior year may receive incentive points up to the maximum points possible. Schools need to have ten records in the “all students” group to receive points. Any subgroup with a population less than ten will not be reported on the given Measures. Only students who have been enrolled at the school at least half the year will be included in the Measures in this Indicator.

The ***cohort graduation rate*** is determined through the adjusted cohort graduation rate (“ACGR”) process and follows federal guidelines for computing the rate. This process usually results in preliminary graduation rates in October, with disaggregated rates determined in December. Because these dates are past the required State accountability reporting date of September 15th, the cohort rates used for this indicator lag one year behind the other accountability data in the school rating system. Schools need to have ten records in the “all students” group to receive points. Any subgroup with a population less than ten will not be reported on the given measures. Any student who ever belonged to any special population subgroup (IEP, EL, or FRL) during their high school career are included in the subgroup rates.

The ***College and Career Readiness Indicator*** is made up of three measures. These include the percent of students:

- Participating in post-secondary preparation programs including Advanced Placement (AP), International Baccalaureate (IB), Dual Credit/Dual Enrollment (DC/DE) and Career and Technical Education (CTE).
- Completing post-secondary preparation programs including AP, IB, DC/DE, and CTE.
- Earning an Advanced or College and Career Ready (CCR) Diploma.

Since dates for Advanced and CCR Diploma are past the required State accountability reporting date of September 15th, the cohort rates used for this indicator lag one year behind the other accountability data in the school rating system. Schools need to have ten records in the “all students” group to receive points. Any subgroup with a population less than ten will not be reported on the given measures.

Campus Service Areas and Competitive Schools

The following table presents a summary of the certain demographics and test results for schools located in the vicinities of the CASR campuses that the management of CASR regards as possible competing schools, as well as such data for the school district in which each school is located and Statewide, indicating for each school the grades served, the percentages of English Language Learners (“ELL”), recipients of Free and Reduced Price Lunches (“FRL”), school results on the Smarter Balanced Assessments Consortium (“SBAC”) assessments and ACT tests in English language arts (“ELA”) and math (as applicable), and the school’s rating received in the 2018-19 school year under the State’s Star Rating System (see “— Academic Outcomes – Star Rating System” herein).

TABLE 9
CASR
Competing Schools
2018-19

School	Achievement			Distance	Demographics		
	SBAC Math	SBAC ELA	Star Rating	Miles ⁽¹⁾	Grades Served	FRL %	ELL %
Elementary School	50.8%	53.2%	4	--	K-4	16.9%	9.9%
Dorothy Lemelson STEM Acad.	31.1	37.0	3	0.2	PK-6	100.0	28.8
Ruby Duncan Elementary	33.0	37.6	1	1.1	PK-5	100.0	7.3
High Desert Montessori (Elem)	22.0	45.3	2	1.8	K-8	24.0	7.1
Rita Cannan Elementary	12.5	17.6	2	1.8	K-6	100.0	33.3
Peavine Elementary	49.0	57.2	3	1.9	PK-5	45.6	11.4
Bernice Mathews Elementary	19.1	24.0	2	1.9	PK-5	100.0	47.5
Mater Acad. of N. Nevada (Elem)	33.2	31.1	3	2.0	K-8	81.4	18.6
Agnes Risley Elementary	23.0	30.3	2	2.4	K-6	100.0	39.2
Kate M. Smith Elementary	33.7	33.0	2	2.5	K-6	100.0	52.3
Sierra Nevada Academy (Elem)	24.8	49.1	3	9.9	K-8	43.8	7.6
Doral Academy Reno (Elem)	67.0	70.2	5	14.0	K-8	6.6	0.0
Washoe County School District	43.0	47.7	--	--	K-12	46.4	15.0
Nevada	43.8	50.3	--	--	K-12	61.2	14.8

School	Achievement			Distance	Demographics		
	SBAC Math	SBAC ELA	Star Rating	Miles ⁽¹⁾	Grades Served	FRL %	ELL %
Middle School	49.7%	60.1%	4	--	5-8	8.6%	6.1%
Fred W. Traner Middle	13.5	25.6	2	0.5	6-8	100.0	32.9
Mater Acad. of N. Nev. (Middle)	33.2	45.7	5	1.0	K-8	81.4	18.6
Dorothy Lemelson STEM Acad.	31.1	37.0	3	1.1	PK-6	100.0	28.8
High Desert Montessori (Middle)	16.1	33.2	3	1.5	K-8	24.0	7.1
Sparks Middle School	20.8	38.1	2	2.3	7-8	65.4	27.4
Sierra Nevada Academy (Middle)	28.8	51.8	3	10.3	K-8	43.8	7.6
Doral Academy Reno (Middle)	61.5	67.5	5	13.7	K-8	6.6	0.0
Washoe County School District	36.7	50.6	--	--	K-12	46.4	15.0
Nevada	33.2	26.3	--	--	K-12	61.2	14.8

School	Achievement					Distance	Demographics		
	ACT Math	ACT ELA	ACT Composite	Graduation Rate	Star Rating	Miles ⁽¹⁾	Grades Served	FRL %	ELL %
High School	60.0%	82.0%	21.86	100.00%	5	--	9-12	19.0%	7.5%
Reno High School	54.3	70.5	21.18	93.98	5	5.1	9-12	18.8	3.4
Earl Wooster High Sch.	25.6	37.3	17.31	83.73	3	3.2	9-12	53.0	22.4
ACE High School	21.5	47.0	17.65	95.12	5	3.8	9-12	24.1	6.3
Washoe County Sch. Dist.	31.1	46.7	17.90	84.39	--	--	K-12	46.4	15.0
Nevada	26.3	47.6	17.66	83.16	--	--	K-12	61.2	14.8

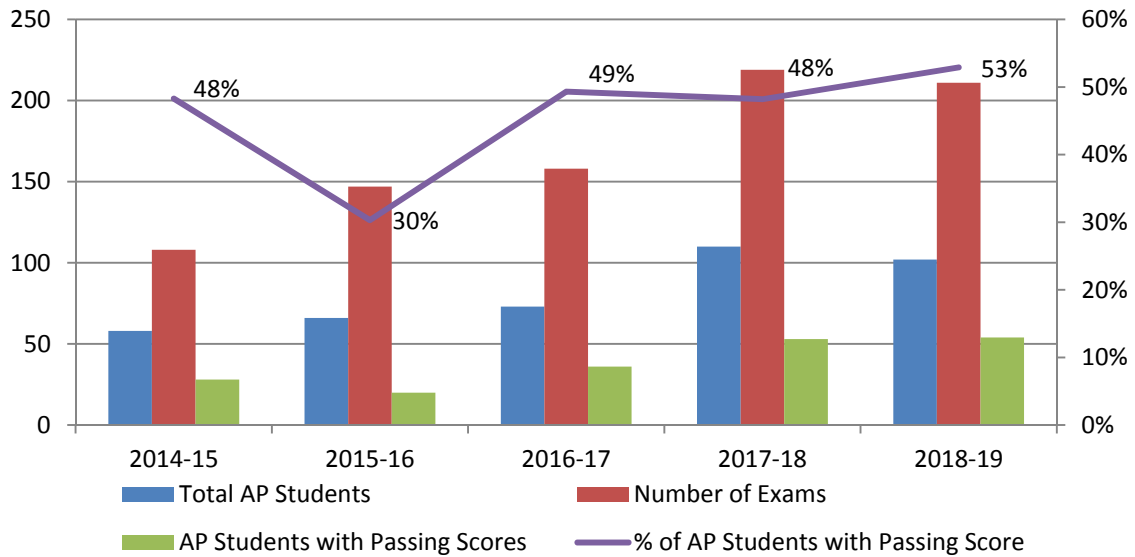
⁽¹⁾ Indicates distance from the respective Series 2019 Facility, in miles.
Source: Nevada Department of Education; CASR.

Advanced Placement

The following figure shows the number of CASR students who took an AP exam, the total number of AP exams taken by CASR students, the number of CASR students who scored a “3” or higher on at least one AP exam, and the percentage of CASR students who scored a “3” or higher on at least one AP exam, for the 2013-14 through 2017-18 school years. In the 2017-18 school year, approximately 43.3% of CASR high

school students took at least one AP exam, compared to approximately 14.4% of students taking an AP exam state-wide.

FIGURE 5
CASR
 Advanced Placement Test Performance
 2014-15 through 2018-19



Note: Passing Scores reflect the whole number or percentage, as applicable, scoring a “3” or higher on at least one Advanced Placement Exam.

Source: CASR.

Post-Graduate College Entrance Results

For the high school cohorts graduating in the 2018-19, 2017-18 and 2016-17 school years, approximately 80%, 79% and 76%, respectively, of CASR graduates report heading to a 4-year college. The comparable figure for the State of Nevada in the 2016-17 school year, the most recent comparative data available, is 32%.

Parent Surveys

The following table shows the results of a survey of CASR parents from the 2018-19 school year.

TABLE 10
CASR
 Parent Survey Results
 2018-19

	<i>Agree/ Strongly Agree</i>	<i>Neutral</i>	<i>Disagree/ Strongly Disagree</i>
I am proud that my child attends this school	94.7	4.6%	0.6%
I am satisfied with the extracurricular activities at my child’s school	82.5	13.4	4.0
Communication with families occurs in an open and respectful manner	86.1	9.8	4.2
The rules for student behavior at my child’s school are fair	88.6	8.0	3.4

	<i>Absolutely</i>	<i>Sometimes</i>	<i>Not Always</i>	<i>Never</i>
The information was given in timely fashion	64.5%	25.4%	9.3%	0.7%
The information was adequate	70.5	22.5	6.6	0.4
The information was easy to understand	75.2	20.3	4.1	0.4
I had questions after reading the information	27.8	34.4	27.0	10.7

Source: CASR.

PHOTO ESSAY – HIGH SCHOOL

On the following pages are a series of photographs of the High School Facility.

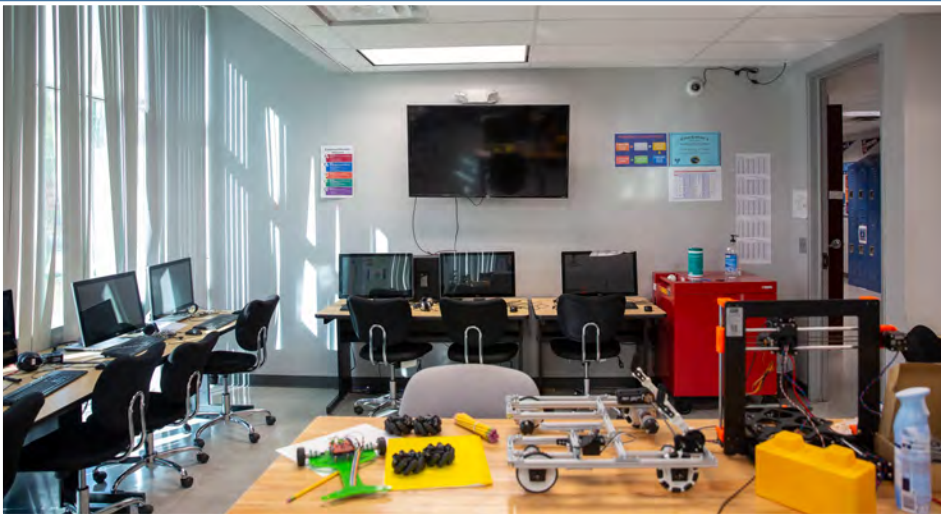
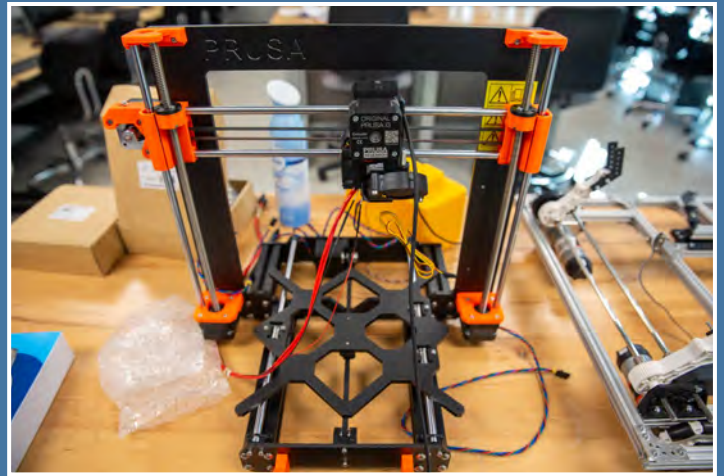
[REMAINDER OF PAGE LEFT BLANK]



Above: The High School Facility located at 6272 Neil Road.

Below: High school grade students walk the halls of the High School Facility.





Photos from inside one of several computer and technology labs located at the High School Facility. The lab features computers with headphones, a TV, and 3D printer (pictured above).



A classroom at the High School Facility equipped with a smart board device.

High school students work together to solve math problems while learning how to use graphing calculators.





Teachers engage students and assist them with classwork.





CASR is the first charter school in the state of Nevada with a football program.



Above and right: Friday night lights—the CASR Falcons battle on the gridiron.



Left: The volleyball team receives advice from their coach between matches.

BORROWER GOVERNANCE AND LEADERSHIP

Board of Directors

CASR is governed by a Board of Directors (the “Board”) comprising seven members. Members of the Board hold office for one year, with terms beginning July 1 through June 30, and there is no restriction on the number of terms each member may serve. Board members are elected by a majority vote of the members then in office. Members of the Board may be removed by the Board for certain reasons set forth in CASR’s corporate bylaws, or by any good cause as the Board may determine by unanimous vote.

Pursuant to Nevada statute, a majority of the members of the Board must reside in Washoe County, and the Board must consist of: (i) one member who is a teacher or other person licensed pursuant to Chapter 391 of the Nevada Revised Statutes or who previously held such a license and is retired (so long as their license was held in good standing); (ii) a second member who satisfies the qualifications of (i) above, or a school administrator with a license issued by another state or who previously held such a license and is retired (so long as their license was held in good standing); (iii) one parent or legal guardian of a student enrolled at CASR who is not a teacher or administrator at CASR; (iv) two members who possess knowledge and experience in accounting, financial services, law or human resources; and (v) at-large governing members, including other persons of good moral character such as parents, educators, community leaders and representatives of nonprofit organizations and businesses that do not have contracts with CASR.

The roster of current Board members, along with each member’s current position, occupation, beginning year of service, and which Nevada statutorily required category of board member they satisfy, is set forth below. Brief biographies of the six members of the Board follow. There is currently one vacancy on the Board, which is expected to be filled in January 2020.

Board Member	Board Position	Occupation	Year Began Service on the Board	Statutory Category
Mehmet Gunes, Ph.D	President	Associate Professor of Computer Science and Engineering, University of Nevada, Reno	2008	(iv) Human Resources
Christin O’Keefe	Vice President	STEM Implementation Specialist, Agnes Risley Elementary School	2014	(i) Teacher
Ercan Aydogdu	Secretary	Executive Director, Coral Academy of Science Las Vegas	2012	(ii) School Administrator
Robert Stachlewitz, Ph.D.	Treasurer	Corporate Vice President, Global Lab Sciences, Charles River Laboratories	2018	(iv) Accounting
Tim Nguyen, Ph.D.	Director	Associate Professor of Computer Science and Engineering, University of Nevada, Reno	2018	(iii)/(v) Parent
Rachel Cord	Director	Account Clerk, Washoe County Health District	2019	(iii)/(v) Parent
Vacant	Director			

Source: CASR.

Mehmet Gunes, Ph.D., President. Dr. Gunes is an Associate Professor and Graduate Director of Computer Science and Engineering at the University of Nevada, Reno. In addition to his position as Board President for CASR, Dr. Gunes serves as a Cyber Security Committee member for the Nevada Commission on

Homeland Security and Northern Nevada Section Chair for the Institute of Electrical and Electronics Engineers. Dr. Gunes received a Bachelor of Science in electronics engineering and a Bachelor of Science in computer science & engineering from ISIK University in Istanbul, Turkey, a Master of Science in computer science and engineering from Southern Methodist University, and a Ph.D. in computer science from University of Texas at Dallas.

Christin O’Keefe, Vice President. Ms. O’Keefe holds a Bachelor of Arts degree in Interdisciplinary Studies and earned her Master of Science degree with a focus on science, technology, engineering, and mathematics education from the University of Nevada, Reno in 2014. Ms. O’Keefe has taught 3rd and 6th grade STEM and currently serves as the STEM Implementation Specialist at Agnes Risley Elementary School. She is a board member for both the Northern Nevada Math Council and CASR and serves as a member of Washoe County School District’s Math Content Leadership Team. She received Accord Education’s Teacher of the Year in 2011.

Ercan Aydogdu, Secretary. Mr. Aydogdu holds a Bachelor of Science degree in Mathematics from Bosphorus University in Istanbul, Turkey, and a Master’s Degree in Educational Leadership from Grand Canyon University in Phoenix, Arizona. Mr. Aydogdu has been working in the education field for over 25 years. With a background in mathematics, Mr. Aydogdu has taught from Algebra all the way up to AP Calculus. Mr. Aydogdu has had experience as a mathematics teacher, Mathematics Department Chair, Dean of Students, Dean of Academics, Principal, Special Education Director and New School Projects Coordinator for school districts. Mr. Aydogdu has been serving as the Executive Director of Coral Academy of Science Las Vegas, since 2012. Mr. Aydogdu also serves as board treasurer of the Charter Schools Association of Nevada and board member of the Henderson Chamber of Commerce’s Issues Mobilization Political Action Committee. Mr. Aydogdu is a member of Nevada Association of School Administrators and the Association for Supervision and Curriculum Development. In 2014, the Charter School Association of Nevada recognized Mr. Aydogdu as the Administrator of the year in Nevada.

Robert Stachlewitz, Ph.D., Treasurer. Dr. Stachlewitz is the Corporate Vice President, Global Lab Sciences at Charles River Laboratories. Prior to joining Charles River Laboratories, Dr. Stachlewitz worked as Head of Biosciences for Boehringer Ingelheim, as a Senior Scientist at Abbott Bioresearch Center, Toxicologist for Procter & Gamble and Director of Toxicology for Inotek Corporation. Dr. Stachlewitz received a Ph.D. in Pharmacology from University of North Carolina at Chapel Hill.

Tim Nguyen, Ph.D., Director. Dr. Nguyen is an Assistant Professor of Computer Science and Engineering at University of Nevada, Reno, and the Director of the Bioinformatics Lab. Dr. Nguyen received Bachelor of Science and Master of Science degrees in computer science from Eotvos Lorand University, and a Ph.D. in computer science at Wayne State University. Dr. Nguyen’s research interests include disease subtyping, pathway analysis and machine learning.

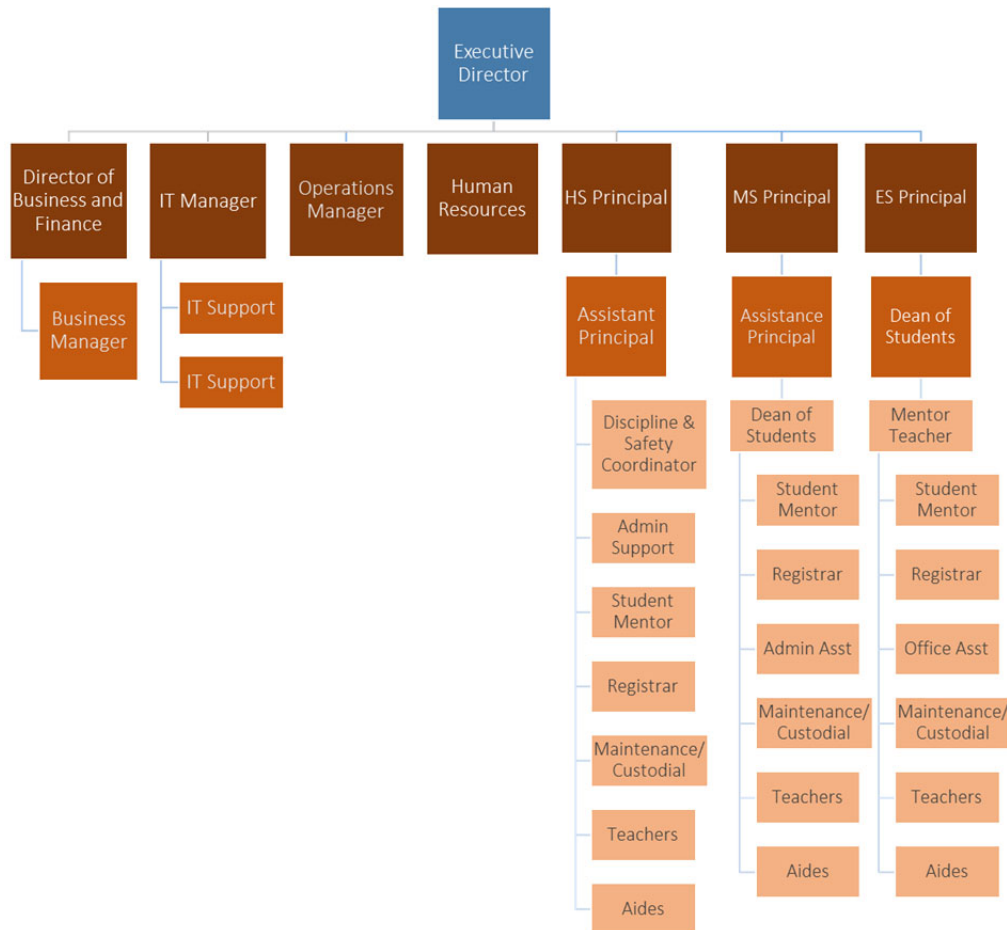
Rachel Cord, Director. While living in Utah, Ms. Cord worked as a teacher at a juvenile detention center. After moving back to Nevada in 2011, Ms. Cord began working for the Division of Child and Family Services where she continued to develop her knowledge of at-risk youth populations. Ms. Cord currently serves as an Account Clerk at the Washoe County Health District. Ms. Cord received a Bachelor of Arts degree in English from the University of Utah, and is currently working towards a Master’s degree in English.

Organizational Structure and Leadership Team

As of September 2019, CASR employed approximately 113 full-time equivalent (“FTE”) personnel, consisting of approximately 84 FTE teachers, 2 FTE school teaching support staff, and 27 FTE administrative staff in CASR’s central office in Reno, Nevada.

An organizational chart for CASR, as well as brief biographies of CASR’s executive team, follow.

FIGURE 6
CASR
Organizational Chart



Source: CASR.

Executive Team. CASR’s executive team (the “Executive Team”) member biographies are listed below:

Feyzi Tandogan, Executive Director. Mr. Tandogan holds a Bachelor of Science degree in Mathematics from Middle East Technical University in Ankara, Turkey and a Master of Science degree in Mathematics from Ataturk University in Erzurum, Turkey. Mr. Tandogan also holds a Master of Education degree in Educational Leadership from University of Nevada, Reno. Mr. Tandogan has been the Executive Director at CASR since 2012. Mr. Tandogan served as Executive Director of Coral Academy of Las Vegas between 2007 and 2012. Mr. Tandogan worked as a Math Teacher, Math Department Chair, and Mathcounts coach at CASR between 2000 and 2006. Mr. Tandogan coached Coral Academy Mathcounts, American Math

Competition, and Mathleague, and his team received several Regional and State level awards during these years. Additionally, Mr. Tandogan worked as Assistant Principal at CASR in the 2006-07 school year. Mr. Tandogan was a founding member of CASR (1999-00) and Coral Academy of Science Las Vegas (2006-07). Mr. Tandogan has also served as a board member of Coral Academy of Science Las Vegas since 2013.

Halil Canbekli, Director of Business & Finance. Mr. Canbekli is the Director of Finance and Business at CASR. He has a Bachelor's degree in Industrial Engineering and a Master's degree in business administration with finance concentration. Mr. Canbekli has over 11 years of charter school business experience. Prior to switching to accounting and finance profession in 2012, Mr. Canbekli worked as a teacher and administrator at various charter schools. Mr. Canbekli is a member of the Institute of Management Accountants and is currently working towards his Certified Management Accountant certification.

Michelle Maltezo, Business Manager. Michelle Maltezo joined CASR four years ago and works in the business office as the Business Manager. Prior to her current role, Ms. Maltezo previously assisted with operations management, safety implementation, finance, and human resources at CASR. Prior to employment at CASR, Ms. Maltezo served as General Manager for her family's locally owned small business, Truckee Meadows Cremation Society. Ms. Maltezo has also been employed by the Federal government, working for the United States Immigration and Naturalization Service. Ms. Maltezo previously worked in the healthcare industry at the Veterans Affairs Sierra Nevada Health Care system for sixteen years as an Administrative Assistant and Human Resources Specialist.

Tim Riley, Special Projects Manager. Mr. Riley has over 28 years' experience in the youth food service industry, including as Food Service Manager for the Washoe County Juvenile Detention Center for 24 years, two years at the Carson City School District and two years at the Washoe County School District. Mr. Riley was a part of the group that initially founded CASR in 2000, and since 2016 Mr. Riley has worked for CASR on a part-time basis managing facilities and assisting the CASR team with grants and other special projects.

Nicole Pifer, Human Resources. Ms. Pifer recently joined CASR with 5 years of human resources experience, including big box retail and ski resort experience. Ms. Pifer holds a Bachelor's degree in Art Education and a Master's degree in Elementary Education. Prior to switching to human resources in 2014, Ms. Pifer was an elementary teacher at an environmentally focused charter school for several years and an administrator for the Humane Society. In addition, Ms. Pifer is an active member of the Society for Human Resource Management holding a SHRM-CP credential.

Sean Monahan, Operations Manager. Mr. Monahan worked in the hospitality and renewable energy industries for several years before turning to the education field. In the renewable energy industry, Mr. Monahan successfully ran a solar field maintenance business in Colorado. He has now been with CASR for almost 5 years. Mr. Monahan holds a bachelor's degree in International Relations and Policy and is currently enrolled in the Master of Business Administration program at the University of Nevada, Reno.

Suni Slaten, Head Registrar. Mrs. Slaten moved to Nevada from Michigan in 2008. Mrs. Slaten began substitute teaching for WCSD as well as CASR in 2010. After extensive hours volunteering as a CASR parent in addition to her substitute work, Mrs. Slaten accepted the position of Elementary Registrar for CASR in 2013. Mrs. Slaten was promoted to Head Registrar for all three CASR campuses locations in 2018.

Campus Administration and Staffing

Each CASR campus is run at the campus level by a Principal. Brief biographies for administrative staff of each CASR campus follow:

Roxanne Lamphere, Elementary School Principal. Mrs. Lamphere is in her fourth year as the CASR elementary school principal. Before starting at CASR, Mrs. Lamphere worked in Lake Preston, South Dakota, as a principal of PreK-6th grade for 6 years. Mrs. Lamphere has a Bachelor of Science degree for grades K-8, and a Master of Education Administration Degree in K-12. Mrs. Lamphere previously taught elementary grade levels in the State of Idaho for 8 years.

Colleen Quayle, Elementary School Dean. Mrs. Quayle is currently in her fifth year as the Dean of Students. Prior to that Mrs. Quayle taught for 18 years; three years in inner city Detroit, seven years in the middle school suburban setting teaching math, ELA, and health, five years in south Texas teaching grades 5 & 6, and three years teaching 5th grade at CASR. Mrs. Quayle graduated from Central Michigan University with a Bachelor of Science degree in Education, earned her Master of Arts degree in Education from Spring Arbor University, and is currently working on her M. Ed. Leadership through American College of Education. Mrs. Quayle earned 2010-2011 Teacher of the Year.

Cheryl Garlock, Middle School Principal. Ms. Garlock joined CASR in 2002, first as a Vice Principal, and has been the Middle School Principal at CASR for five years. Ms. Garlock began teaching in an inner city school as a math teacher. In her second year, Ms. Garlock became a Vice Principal. Ms. Garlock moved to Nevada in 1991 and worked in a private school as an elementary teacher until 2000. In 2000, Ms. Garlock became a grant writer and Vice Principal in the same private school. Ms. Garlock graduated from St. Mary's with an Educational Leadership Master's in 1997.

Siobain Pacheco, Middle School Assistant Principal. Ms. Pacheco joined CASR in 2007, where she taught 6th, 7th and 11th grade social studies, history and English language arts. In 2011, Ms. Pacheco became the assistant principal of the CASR Middle School, and has served in that position since. Ms. Pacheco received a Bachelor of Arts degree in history and Master of Arts degree in American and New England Studies from the University of Southern Maine, and a Master's degree in education from University of Nevada, Reno.

Murat Kurt, High School Principal. Mr. Kurt has been working at CASR for 7 years. He started as Dean of Academics for high school and 4 years ago became the CASR High School Campus administrator. Prior to that, Mr. Kurt taught Math for 10 years in a PreK-12 private school in Ghana, West Africa. While he was teaching, he was also the Math Department chair for 6 years. After that, he was promoted to the Academic Coordinator position for the whole school and worked directly under the Executive Director for 2 years. In his former school, Mr. Kurt initiated and ran the International General Certificate of Secondary Education program, administered by the University of Cambridge. Mr. Kurt has a Bachelor's degree in Mathematics and is currently working on a Master of Education degree in Leadership from American College of Education.

Salih Dede, High School Vice Principal. Mr. Dede began his career in education as a high school Computer Science teacher in 2004 in Albania. Mr. Dede also trained many instructional staff members in his district on how to use and integrate technology in the classroom. Mr. Dede's students have received awards, gold and silver medals in international project competitions as well as the Intel International Science and Engineering Fair. Mr. Dede started teaching at CASR in 2010 as a computer science teacher. Mr. Dede currently serves as a College Counselor, Pre-AP and AP Coordinator, and Vice-Principal at CASR's high school. Mr. Dede was the head coach of four high school robotics teams. Mr. Dede was awarded the Technology Educator of the Year award by Nevada's Center for Entrepreneurship & Technology in 2015. Mr. Salih Dede holds a Bachelor of Science degree in Electrical Engineering Technology with a minor in Technical Education, and a Master's degree in educational leadership. Mr. Dede completed the college counseling certificate program at the University of California, San Diego.

The following tables set forth information regarding CASR’s FTE teachers and student-teach ratio for the current and previous three school years.

TABLE 11
CASR

Employment and Staffing
2016-17 through 2019-20

	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
Teachers	82	85	87	89
Total Number of Students	1,206	1,302	1,382	1,437
Student-to-Teacher Ratio	14.7	15.3	15.9	16.1

Source: CASR.

The following tables set forth certain demographic information regarding CASR’s teachers and administrators for the 2019-20 school year.

TABLE 12
CASR

Employee Demographics
2019-20

	<i>Percent White</i>	<i>Percent Hispanic</i>	<i>Percent Asian</i>	<i>Percent Black</i>	<i>Percent American Indian</i>
Teachers	85.4%	6.7%	3.4%	1.1%	1.1%
Administrators	81.5	14.8	3.7	0.0	0.0

Source: CASR.

[REMAINDER OF PAGE LEFT BLANK]

OPERATING AND FINANCIAL INFORMATION

Historical Financial Results

The following table presents the audited statement of revenues, expenditures and changes in fund balance for CASR for fiscal years 2014-15 through 2018-19.

TABLE 13
CASR GOVERNMENTAL FUND
 Statement of Revenues, Expenditures and Changes in Fund Balance
 2014-15 through 2018-19

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
REVENUES					
State Sources	\$6,608,387	\$8,087,079	\$8,477,417	\$9,275,847	\$10,048,606
Donations/Fundraising	19,964	59,499	40,250	29,709	64,057
Proceeds from sale of capital asset	--	--	--	--	6,000
Other	414,095	512,004	618,103	737,657	729,788
Total Revenues	<u>7,042,446</u>	<u>8,658,582</u>	<u>9,135,770</u>	<u>10,043,213</u>	<u>10,848,451</u>
EXPENDITURES					
Instruction					
Regular Instruction	4,009,447	5,115,853	5,036,073	5,860,697	5,815,984
Special Instruction	191,681	96,874	275,584	179,455	249,889
Total Instruction	<u>4,201,128</u>	<u>5,212,727</u>	<u>5,311,657</u>	<u>6,040,152</u>	<u>6,065,873</u>
Support Services					
Administration	786,138	916,577	1,815,690	1,768,324	1,951,628
Facilities	1,382,452	1,674,705	1,838,828	1,963,765	1,844,820
Food Services	--	--	4,279	603	--
Support Services	474,397	562,180	365,702	479,037	563,989
Capital Outlay	--	--	48,002	72,393	26,185
Total Support Service	<u>2,642,987</u>	<u>3,153,462</u>	<u>4,072,501</u>	<u>4,284,122</u>	<u>4,386,622</u>
Total Expenditures	<u>6,844,115</u>	<u>8,366,189</u>	<u>9,384,158</u>	<u>10,324,274</u>	<u>10,452,495</u>
Net Change in Fund Balance	198,331	292,393	(248,388)	(281,061)	395,956
FUND BALANCE, Beginning of year	<u>521,649</u>	<u>719,980</u>	<u>1,012,373</u>	<u>763,985</u>	<u>482,924</u>
FUND BALANCE, End of year	\$719,980	\$1,012,373	\$763,985	\$482,924	\$878,880

Sources: CASR; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

Historical Balance Sheets

The following table sets forth the balance sheets of CASR as of June 30 of each year for fiscal years 2014-15 through 2018-19.

TABLE 14
CASR GOVERNMENTAL FUND
Balance Sheet
2014-15 through 2018-19

	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>
Assets					
Cash	\$1,205,930	\$728,661	\$983,616	\$888,088	\$611,610
Receivables	89,599	667,706	262,079	436,708	1,004,438
Inventory	41,188	30,161	6,538	6,538	6,538
Prepaid	78,297	76,204	42,193	39,484	55,034
Deposits	33,210	33,210	33,210	33,210	33,210
Total Assets	<u>\$1,446,224</u>	<u>\$1,535,942</u>	<u>\$1,327,636</u>	<u>\$1,404,028</u>	<u>\$1,710,830</u>
Liabilities					
Accounts Payable	\$40,213	\$83,303	\$39,851	\$324,025	\$82,848
Credit Cards Payable	3,997	5,925	--	--	13,727
Deferred Income	55,028	33,235	21,828	16,975	16,400
Wages and Benefits Payable	541,954	303,489	391,615	456,985	584,226
Book Deposits	85,052	97,617	110,357	123,119	134,749
Total Liabilities	<u>726,244</u>	<u>523,569</u>	<u>563,651</u>	<u>921,104</u>	<u>831,950</u>
Fund Balance					
Restricted	--	--	48,7831	46,022	61,572
Unassigned	719,980	1,012,373	715,254	436,902	817,308
Total Fund Balance	<u>719,980</u>	<u>1,012,373</u>	<u>763,985</u>	<u>482,924</u>	<u>878,880</u>
Total Liabilities and Fund Balance	<u>\$1,446,224</u>	<u>\$1,535,942</u>	<u>\$1,278,905</u>	<u>\$1,404,028</u>	<u>\$1,710,830</u>

Sources: CASR; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

Financial Statements

The audited financial statements of CASR for the fiscal year ended June 30, 2019 are set forth in “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2019” attached to this Limited Offering Memorandum.

Public Employees Retirement System of Nevada

CASR is a public employer participating in the Public Employees Retirement System of Nevada (“PERS”), a defined cost-sharing multiple-employer program, and all full-time employees are covered under the system. PERS provides pension benefits, disability benefits and death benefits. Benefits, as required by State statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation in any 36 consecutive months.

Member contribution rates, which are actuarially determined, are established by State statute for public employees enrolled in PERS. CASR is enrolled in both the employer-pay and employer/employee pay plan for PERS and is, therefore, required to contribute all amounts due under the plan. CASR’s contractually required contribution rate for the year ended June 30, 2019 was 28% of annual payroll for employer-pay plans and 14.5% for employer/employee pay plans, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CASR's contributions to PERS were \$672,042 for fiscal year 2015-16, \$875,858 for fiscal year 2016-17, \$899,087 for fiscal year 2017-18 and \$895,329 for fiscal year 2018-19. CASR has budgeted a contribution of \$1,095,074 for fiscal year 2019-20.

PERS has substantial unfunded liabilities. CASR has no liability for unfunded obligations of the PERS system as provided by NRS 286.110 but is required to report its share of the net pension liability under Governmental Accounting Standards Board Statement No. 68. As of June 30, 2019, CASR reported a liability of \$10,486,101 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. CASR's proportion of the net pension liability was based on a projection of CASR's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2019" attached to this Limited Offering Memorandum.

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 CASR, threatened, affecting the validity of the Loan Agreement or the Series 2019 Bonds or contesting the existence of CASR or its authority to operate pursuant to its charter.

CASR is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the management of CASR, the aggregate amount of the uninsured liabilities for such lawsuits and claims will not materially affect the finances of CASR or its charter school operations.

PROJECTIONS AND COVERAGE RATIOS

Notwithstanding CASR's history of performance with respect to its charter school operations, future financial performance of CASR 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 enrolled with CASR may not diminish in the future. The projections of revenue and expenses for CASR contained in this Appendix A are based upon the number of students projected to be enrolled with CASR and were prepared by CASR and have not been independently verified by any other party. See "ACADEMIC AND SCHOOL OPERATIONS – Enrollment, Student Retention & Wait List" herein for information regarding current and projected enrollment of CASR.

No feasibility studies have been conducted with respect to operations of the Series 2019 Facilities (as defined in the forepart of this Limited Offering Memorandum) pertinent to the Series 2019 Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter (as defined in the forepart of this Limited Offering Memorandum) has not independently verified CASR's projections set forth in this 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 Series 2019 Bonds will be outstanding.

CASR PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF CASR, 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 following table sets forth actual and projected Net Income Available for Debt Service, Debt Service Coverage Ratio, and Days Cash on Hand for CASR for Fiscal Years 2018-19 through 2023-24.

As described in the forepart of this Limited Offering Memorandum under the heading "THE PROJECT – Prior Project," the Corporation will use any remaining assets it has for the benefit of the Borrower or required expenses, consistent with its status as a nonprofit corporation. The Corporation is expected to hold approximately \$590,709 in remaining cash upon the issuance of the Series 2019 Bonds.

Pursuant to the Corporation Purchase Agreement, in the event the Borrower believes it will not meet the Loan Agreement's liquidity covenant requiring the Borrower to maintain 45 Days Cash on Hand as calculated as of the last day of each fiscal year, the Corporation will be required to transfer funds on hand to the Borrower in an amount necessary for the Borrower to meet a projected Days Cash On Hand of 45 days as of the last day of such fiscal year. Table 15 presents projected Days Cash on Hand both without and with such remaining Corporation assets available. There can be no assurance that any Corporation assets will remain unspent and be available to be transferred to the Borrower in the event the Borrower believes it will not meet the Loan Agreement's liquidity covenant in any fiscal year. See "CERTAIN RISK FACTORS – Availability of Liquidity from Corporation" in the forepart of this Limited Offering Memorandum.

[REMAINDER OF PAGE LEFT BLANK]

TABLE 15
CASR
NET INCOME AVAILABLE FOR DEBT SERVICE,
DEBT SERVICE COVERAGE RATIO AND DAYS CASH ON HAND
2018-19 through 2023-24

	Estimated 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
Enrollment						
Grades Served	K-12	K-12	K-12	K-12	K-12	K-12
Enrollment⁽¹⁾	1,381	1,437	1,528	1,543	1,543	1,543
Revenue						
State Sources ⁽²⁾	\$10,046,784	\$10,885,061	\$11,593,507	\$11,814,805	\$11,900,689	\$12,017,787
Federal Sources	55,966	55,966	55,966	55,966	55,966	55,966
Donations/Fundraising/Grants	219,910	378,000	345,000	180,000	200,000	200,000
Other Income	501,128	312,749	327,896	332,571	332,571	332,571
Total Income	\$10,823,788	\$11,631,776	\$12,322,369	\$12,383,342	\$12,489,225	\$12,606,324
Expenses						
Certified Salaries	\$4,890,166	\$4,004,950	\$4,215,099	\$4,347,249	4,390,722	\$4,390,722
Classified Salaries	736,602	1,538,740	1,609,902	1,626,001	1,642,261	1,642,261
Benefits	1,688,998	1,754,058	1,833,680	1,879,017	1,897,807	1,897,807
Materials and Supplies	648,273	955,776	1,017,924	1,020,486	1,031,712	1,041,433
Services and Operational Expenses	993,878	1,160,625	1,232,237	1,235,329	1,245,417	1,260,632
Rent for Portables	115,836	128,832	128,832	128,832	128,832	128,832
[A] Rent ⁽³⁾	1,265,340	575,640	--	--	--	--
[B] 2019 Bonds Principal & Interest (Debt Service)	--	423,878	939,700	939,800	939,450	938,250
Total Expenses	\$10,427,832	\$10,542,499	\$10,977,373	\$11,176,714	\$11,276,201	\$11,299,937
[C] Net Income	\$395,956	\$1,089,277	\$1,344,996	\$1,206,628	\$1,213,025	\$1,306,387
[A+B] [D] Add Back: Debt Service or Rent	1,265,340	999,518	939,700	939,800	939,450	938,250
[C+D] [E] Net Income Available for Debt Service	\$1,661,296	\$2,088,796	\$2,284,696	\$2,146,428	\$2,152,475	\$2,244,637
[E/D] [F] Debt Service Coverage Ratio⁽⁴⁾	1.31x	2.09x	2.43x	2.28x	2.29x	2.39x
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
[H] Ending Cash Balance	\$611,610	\$1,700,887	\$3,045,883	\$4,252,511	\$5,465,536	\$6,771,923
[I] Operating Expenses	\$10,427,832	\$10,542,499	\$10,977,373	\$11,176,714	\$11,276,201	\$11,299,937
[H/I*365] [J] Days Cash on Hand⁽⁵⁾	21 days	59 days	101 days	139 days	177 days	219 days
[K] Cash held by CEC⁽⁶⁾	590,709	590,709	590,709	590,709	590,709	590,709
[H+K] [L] Ending Cash including cash held by CEC	\$1,202,319	\$2,291,596	\$3,636,592	\$4,843,220	\$6,056,245	\$7,362,632
[L/I*365] [M] Proforma Days Cash on Hand	42 days	79 days	121 days	158 days	196 days	238 days

⁽¹⁾ Projected enrollment in years 2020-21 and beyond is based on the assumption that the construction of a soft structure gym at the High School Facility as described in the forepart of this Limited Offering Memorandum under the heading "THE PROJECT – High School Project – Improvements to the High School Facility" is completed. See "CERTAIN RISK FACTORS – Construction Risks" in the forepart of this Limited Offering Memorandum.

⁽²⁾ State Sources primarily include apportionments of the State Distributive School Account ("DSA"). As of the 2019-20 school year, DSA Basic Support per Student is \$5,797. The DSA budget does not include the entire funding for K-12 education, but rather only includes the State's portion of the operating funds that provide the basic support guarantee. The guaranteed basic support per pupil should not be confused with expenditures per pupil. DSA Basic Support is supplemented by additional revenues from property, mining, and other taxes. In addition to DSA per student, State Sources includes State Special Education revenue.

⁽³⁾ Includes lease payments on the High School Facility from 7/1/2019 through 11/1/2019, and lease payments made to Coral Education Corporation (the "Corporation"), the prior landlord of the Elementary School Facility and Middle School Facility, in association with Debt Service on the Prior Bonds through 12/1/2019.

⁽⁴⁾ As defined under heading "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Certain Financial Covenants under the Loan Agreement – Debt Service Coverage Ratio" in the forepart of this Limited Offering Memorandum, Debt Service Coverage Ratio means, for any Fiscal Year, the ratio determined by dividing (a) Net Income Available for Debt Service, (b) by the Debt Service, based on its audited financial statements for such Fiscal Year.

⁽⁵⁾ As defined under the heading "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS – Certain Financial Covenants under the Loan Agreement – Liquidity" in the forepart of this Limited Offering Memorandum, Days Cash on Hand means: (a) the sum of cash and cash equivalents, as shown on the Borrower'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; divided by (b) Average Daily Expenses for the Borrower calculated as (i) all Operating Expenses for such Fiscal Year for the Borrower; (ii) CMO Management Fees, if any; and (iii) Debt Service for that year or any other year, divided by 365.

⁽⁶⁾ As defined under the heading "THE PROJECT – Prior Project – Acquisition of the Prior Facilities" in the forepart of this Limited Offering Memorandum, the Borrower has entered into an Agreement of Purchase and Sale with the Corporation to acquire the Corporation's interest in the Prior Facilities, and the Corporation will use any remaining assets it has for the benefit of the Borrower or required expenses. Additionally, the Agreement of Purchase and Sale stipulates in the event the Borrower may not meet its Liquidity Covenant, the Corporation is compelled to transfer moneys to bring the Borrower into compliance. However, absent the Borrower failing to meet its liquidity covenant, there is no assurance as to how and when, if ever, such funds will be used by the Corporation for the benefit of the Borrower. As of the 6/30/19 unaudited financial statements, the Corporation held \$590,709 of cash with Bank of America. It should be noted that this amount may not be available in the future, as the Corporation may have already used some of it, or all of it, for the benefit of the Borrower or required expenses. See "CERTAIN RISK FACTORS – Availability of Liquidity from Corporation" in the forepart of this Limited Offering Memorandum.

Source: CASR.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE BORROWER
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

[THIS PAGE INTENTIONALLY LEFT BLANK]

CORAL ACADEMY OF SCIENCE
FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION
AND
OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
FINANCIAL STATEMENTS	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet - Governmental Fund	10
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Fund	11-12
Notes to Financial Statements	13-22
REQUIRED SUPPLEMENTARY INFORMATION	23
Budgetary Comparison Schedule	
General Fund – GAAP Basis	24
Schedule of the School's Proportionate Share of the Net Pension Liability	25
Schedule of the School's Pension Contributions	26
OTHER SUPPLEMENTARY INFORMATION	27
Schedule of Federal Awards	28
COMPLIANCE SECTION	29
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31



BARNARD VOGLER & CO.
Certified Public Accountants

100 West Liberty St.
Suite 1100
Reno, NV 89501

775.786.6141
775.323.6211
bvccpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coral Academy of Science

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Academy of Science as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Coral Academy of Science's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Coral Academy of Science as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension information on pages 3 through 7, 24, and 25 through 26 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coral Academy of Science's basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by the Nevada Department of Education, and is not a required part of the basic financial statements.

The schedule of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. This schedule has not been audited in accordance with requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of Coral Academy of Science's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Coral Academy of Science's internal control over financial reporting and compliance.

Barnard Vogler & Co

Reno, Nevada
October 30, 2019



CORAL ACADEMY OF SCIENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2019

As management of the Coral Academy of Science, we offer readers of the school's financial statements this narrative overview and analysis of the financial activities of Coral Academy of Science for the fiscal year ended June 30, 2019. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the school as a whole and present a longer-term view of the school's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the school's operations in more detail than the government-wide statements.

FINANCIAL HIGHLIGHTS

Government-wide revenue for the 2018-19 fiscal year increased by \$800,504 (7.97%) from \$10,043,213 in 2018 to \$10,843,717 in 2019. This increase was due to increased DSA and grants funding. Additionally, there was an increase in the weighted average daily enrollment from 1,253.2 full-time equivalent pupils to 1,368.7.

Government-wide expenditures in 2018-19 increased from \$10,877,967 in 2018 to \$10,984,231 in 2019; this represents a net increase of \$106,264 (.98%). This increase was primarily from additional staff due to higher enrollment.

Fund balance increased \$395,956 in 2018-19 from \$482,924 to \$878,880.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the school as a whole with more detailed information for certain School funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the School as a whole and present a long-term view of the school's finances (they include capital assets, long-term liabilities, deferred outflows and deferred inflows of resources).

Fund financial statements present a short-term view of the school's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future). They present detailed information about the School's general and special revenue funds.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of Coral Academy of Science's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Coral Academy of Science assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of Coral Academy of Science is improving or deteriorating.

The statement of activities presents information showing how Coral Academy of Science net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of Coral Academy of Science that are principally supported by the State of Nevada per-pupil funding. The governmental activities of Coral Academy of Science include instruction, administrative, support services, and operation of facilities. The government-wide financial statements can be found on pages 8 and 9 of this report.

CORAL ACADEMY OF SCIENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2019

Fund Financial Statements: A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coral Academy of Science uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Coral Academy of Science uses only governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Coral Academy of Science's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Coral Academy of Science's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 10 and 12, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditure, and changes in fund balance for the General Fund. The basic governmental fund financial statements can be found on pages 10 through 12 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 13 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Coral Academy of Science's budget process and pension liabilities. Coral Academy of Science adopts an annual budget and a budgetary comparison is included in the required supplementary information section of the financial statements. Coral Academy of Science participates in Nevada PERS and required pension information is included in the required supplementary information section of the financial statements.

THE SCHOOL AS A WHOLE

One important question asked about the School's finances is, "Is the School better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and report depreciation on capital assets), which is similar to the basis of accounting used by most private sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the School's financial health is improving or deteriorating. However, the reader needs to consider other non-financial factors in making an assessment of the School's health, such as changes in enrollment, changes in the State's funding of educational costs, changes in the economy, etc. to assess the overall health of the School.

CORAL ACADEMY OF SCIENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2019

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Coral Academy of Science, net position totals (\$5,776,999) as of June 30, 2019.

The following presents a summary of Coral Academy of Science net position for the following fiscal years.

	As of June 30, 2019	June 30, 2018 (Restated)	June 30, 2017 (Restated)
Current assets	\$ 1,677,620	\$ 1,370,818	\$ 1,294,426
Noncurrent assets	846,059	940,443	990,382
Total assets	<u>2,523,679</u>	<u>2,311,261</u>	<u>2,284,808</u>
Deferred outflows	<u>3,554,032</u>	<u>3,266,444</u>	<u>2,994,243</u>
Current liabilities	831,950	921,104	563,651
Long-term liabilities	10,486,101	9,659,244	8,919,836
Total liabilities	<u>11,318,051</u>	<u>10,580,348</u>	<u>9,483,487</u>
Deferred inflows	<u>536,659</u>	<u>633,842</u>	<u>597,295</u>
Net position			
Invested in capital assets, net of related debt	812,849	907,233	957,172
Unrestricted	<u>(6,589,848)</u>	<u>(6,543,718)</u>	<u>(5,758,903)</u>
Total net position	<u>\$ (5,776,999)</u>	<u>\$ (5,636,485)</u>	<u>\$ (4,801,731)</u>

Net position decreased \$140,514 and net investment in capital assets decreased \$94,384.

CORAL ACADEMY OF SCIENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2019

Changes in Net Position: Coral Academy of Science total revenue for the fiscal year ended June 30, 2019 was \$10,843,717. The total cost of all programs and services was \$10,984,231. The following is a summary of the changes for the following fiscal years.

	For the year ended June 30, 2019	For the year ended June 30, 2018 (Restated)	For the year ended June 30, 2017 (Restated)
Revenue			
Program revenue			
Charges for services	\$ 105,643	\$ 181,545	\$ 282,090
Government grants	466,704	288,876	27,014
General revenue			
State funding	9,795,328	9,197,932	8,453,990
Donations/Fundraising	64,057	29,709	40,250
Miscellaneous	411,985	345,151	332,426
Total revenue	<u>10,843,717</u>	<u>10,043,213</u>	<u>9,135,770</u>
Expenses			
Instruction	6,401,016	6,543,906	6,162,535
Administration	2,030,022	1,768,324	1,815,690
Facilities	1,850,296	1,963,765	1,838,828
Support services	587,062	479,640	369,981
Unallocated depreciation	115,835	122,332	116,894
Total expenses	<u>10,984,231</u>	<u>10,877,967</u>	<u>10,303,928</u>
Change in net position	<u>\$ (140,514)</u>	<u>\$ (834,754)</u>	<u>\$ (1,168,158)</u>

State Distributive Funds were primarily used to pay salaries and related benefits and rent.

As noted earlier, Coral Academy of Science uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the most significant of the School's funds; the School is required to provide detailed information for its "major" funds.

Major funds are defined as the general fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of total governmental fund amounts. In the 2019 fiscal year, no funds met this requirement.

The governmental funds provide a short-term view of the School's operations. They are reported using an accounting method called modified accrual accounting which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

The governmental fund balances increased \$395,956 as compared to the government-wide decrease in net position of \$140,514. As shown in the reconciliation to the statement of activities, the reason for the difference is due to differences in treatment of expenditures for capital outlay and depreciation expense as well as differences between the actuarially determined net pension liability and the actual contributions made.

CORAL ACADEMY OF SCIENCE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2019

The variations between the budget and actual revenue and expenditures are provided in the Required Supplementary Information section.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2019, Coral Academy of Science had total capital assets, net of accumulated depreciation, of \$812,849 which included tenant improvements, equipment and furniture. The amount represents an increase of \$26,185 for new capital asset acquisitions, net of related depreciation, of \$115,835 the depreciation expense for the year. Additional information on capital assets can be found in the notes to the financial statements on page 17.

On the governmental fund financial statements, capital assets are expensed in the period they are purchased as they are not considered financial resources.

THE FUTURE OF THE SCHOOL

Coral Academy of Science's major source of revenue is the per-pupil funding from the State of Nevada. Coral Academy of Science estimates enrollment based on applications received and a projected late signup before the start of the school year. The amount of the per-pupil funding is determined on a quarterly basis as of September 30, December 31, March 31, and June 30.

For expenses, Coral Academy of Sciences typically assumes an increase of 5% to 6% over the prior year for non-contract items. The majority of Coral Academy of Science's expenses are teacher salaries. Teacher salaries and the related benefits are fixed by contract.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School at 1350 E. 9th Street, Reno, Nevada, 89512, telephone number (775) 323-2332.

CORAL ACADEMY OF SCIENCE
STATEMENT OF NET POSITION
JUNE 30, 2019

8

ASSETS

Current assets	
Cash	\$ 611,610
Receivables	1,004,438
Inventory	6,538
Prepaid	55,034
Total current assets	<u>1,677,620</u>
Noncurrent assets	
Deposits	33,210
Capital assets	
Tenant improvements	1,132,961
Technology equipment	425,795
Furniture and fixtures	428,998
Food service equipment	17,056
Less accumulated depreciation	<u>(1,191,961)</u>
Capital assets, net	<u>812,849</u>
Total noncurrent assets	<u>846,059</u>
Total assets	2,523,679

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>3,554,032</u>
---------------------------------------	------------------

LIABILITIES

Current liabilities	
Accounts payable	82,848
Credit cards payable	13,727
Deferred revenue	16,400
Wages and benefits payable	584,226
Book deposits	134,749
Total current liabilities	<u>831,950</u>
Noncurrent liabilities	
Pension liability	<u>10,486,101</u>
Total noncurrent liabilities	<u>10,486,101</u>
Total liabilities	<u>11,318,051</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>536,659</u>
--------------------------------------	----------------

NET POSITION

Invested in capital assets, net of related debt	812,849
Unrestricted	<u>(6,589,848)</u>
Total net position	<u>\$ (5,776,999)</u>

See accompanying notes

CORAL ACADEMY OF SCIENCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 6,145,528	\$ 105,643	\$ 213,426	\$(5,826,459)
Special instruction	255,488	-	253,278	(2,210)
Total instruction	6,401,016	105,643	466,704	(5,828,669)
Support services				
General administration	2,030,022	-	-	(2,030,022)
Facilities	1,850,296	-	-	(1,850,296)
Support services	587,062	-	-	(587,062)
Depreciation	115,835	-	-	(115,835)
Total support services	4,583,215	-	-	(4,583,215)
Total	\$ 10,984,231	\$ 105,643	\$ 466,704	(10,411,884)
GENERAL REVENUE				
State funding				9,795,328
Donations/Fundraising				64,057
Miscellaneous				411,985
Total general revenue				10,271,370
CHANGE IN NET POSITION				(140,514)
NET POSITION, beginning of year as previously reported				(5,450,709)
PRIOR PERIOD ADJUSTMENT				
Correction of an error				(185,776)
NET POSITION, beginning of year as restated				(5,636,485)
NET POSITION, end of year				\$(5,776,999)

See accompanying notes

CORAL ACADEMY OF SCIENCE
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019

	General Fund
ASSETS	
Cash	\$ 611,610
Receivables	1,004,438
Inventory	6,538
Prepaid	55,034
Deposits	33,210
Total assets	\$ 1,710,830
LIABILITIES	
Accounts payable	\$ 82,848
Credit cards payable	13,727
Deferred revenue	16,400
Wages and benefits payable	584,226
Book deposits	134,749
Total liabilities	831,950
FUND BALANCES	
Nonspendable	61,572
Unassigned	817,308
Total fund balances	878,880
Total liabilities and fund balances	\$ 1,710,830
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION	
Total fund balance reported above	\$ 878,880
Add capital assets net of depreciation as they are not financial resources and therefore are not reported in the governmental funds	
Cost of capital assets	2,004,810
Accumulated depreciation	(1,191,961)
Long-term liabilities and deferred inflows are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	
Net pension liability	(10,486,101)
Deferred inflows related to pension	(536,659)
Other assets and deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Deferred outflows related to pensions	3,554,032
NET POSITION	\$(5,776,999)

See accompanying notes

CORAL ACADEMY OF SCIENCE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund
REVENUE	
State sources	\$ 10,048,606
Donations/Fundraising	64,057
Proceeds from sale of capital asset	6,000
Other	729,788
Total revenue	10,848,451
EXPENDITURES	
Instruction	
Regular instruction	5,815,984
Special instruction	249,889
Total instruction	6,065,873
Support services	
Administration	1,951,628
Facilities	1,844,820
Support services	563,989
Capital outlay	26,185
Total support services	4,386,622
Total expenditures	10,452,495
Net change in fund balance	395,956
FUND BALANCES, beginning of year	482,924
FUND BALANCES, end of year	\$ 878,880

See accompanying notes

CORAL ACADEMY OF SCIENCE
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

12

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balance \$ 395,956

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is depreciated over their estimated useful lives.

Capital outlay purchases	26,185
Book value of capital asset sold	(4,734)
Depreciation expense	(115,835)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in net pension liability	(826,857)
Change in deferred inflows of resources of pension deferrals	97,183
Change in deferred outflows of resources of pension deferrals	247,692

Contributions to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period must be recognized as a deferred outflow of resources.

Difference in contributions to the pension plan from the prior fiscal year	<u>39,896</u>
--	---------------

Change in net position reported on the Statement of Activities	<u>\$ (140,514)</u>
--	---------------------

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Coral Academy of Science (School) have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Coral Academy of Science is a charter school organized in 2000 under Nevada Revised Statutes 386.500 to 386.610. It is sponsored by the Washoe County School District and currently operates at grades K through 12 levels.

The School receives funding from state, federal and local government sources and must comply with the concomitant requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since its Board of Directors has decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Presentation and Basis of Accounting

Government-wide Statements

GASB Statement Number 34 mandates government-wide financial statements of net position and activities, which are presented on the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. It also requires that certain fixed assets be recorded at cost less accumulated depreciation, pension deferrals and liabilities be recognized and outstanding debt be included in the statement of net position.

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). The School's general fund is classified as governmental activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function. The School does not charge indirect expenses to programs or functions. Program revenue includes fees for services and grants that are restricted to a particular program. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Basis of Accounting (Continued)

Fund Financial Statements (continued)

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental funds whose assets, liabilities, revenue, or expenditures exceed 10% or more of the total for all government funds also be reported as major funds. No other funds were required to be separately reported as major.

The School maintains its accounting records for all governmental funds on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when "measurable and available" to finance expenditures of the fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if it is collected within 60 days after year-end. Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting.

C. Cash

Cash and cash equivalents consist of cash on hand, demand deposits and money market accounts.

D. Receivables

This account includes amounts due from other governments for grants and the Distributive School Account (DSA), which are expected to be received within the subsequent year.

E. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Donated assets are recorded at their estimated fair market value on the date donated. Depreciation on all capital assets is provided on the straight-line basis over the estimated useful life as follows:

Tenant improvements	10 to 31 years
Technological equipment	3 to 7 years
Furniture and fixtures	7 to 10 years
Food service equipment	7 years

F. Compensated Absences

It is the School's policy to not pay out accrued paid time off with the termination of employment. Therefore, no liability for compensated absences has been recorded.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position Classifications

There are three types of net position in the government-wide statement of net position:

- *Net investment in capital assets* - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.
- *Restricted net position* - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted net position* - consists of all other net positions that do not meet the definition of the above two components and are available for the School's general use.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as needed.

The School did not have any restricted net positions as of June 30, 2019.

H. Fund Balance Classifications

Equity is classified as fund balance in the governmental fund statements. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on how amounts can be spent. These include "non-spendable" which are not expected to be converted to cash, such as inventory or prepaid items, "restricted" by conditions of law, regulation, grants or contracts with external parties, "committed" which arise from majority votes of the School's Board, "assigned" which reflect an intent by the Principal or a person assigned by the School's Board, or "unassigned" which is the residual amount.

When both restricted and unrestricted fund balances are available for expenditures, it is the School's policy to use restricted fund balances first, then unrestricted as needed. Expenditures incurred in the unrestricted general fund balances shall be reduced first from committed fund balance, then from the assigned fund balance and lastly from the unassigned fund balance.

I. Use of 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. Accordingly, actual results could differ from those estimates.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Nevada's Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. In the government-wide statements pension expense is recognized based on the School's share of the change in its proportionate share of the PERS net pension liability. A net pension liability is recorded based on the School's proportionate share of the PERS net pension liability, the deferred inflow is based on the School's proportionate share of the difference between projected and actual investment earnings, and the current year PERS contributions, the net difference between projected and actual earnings on pension plan investments and changes in the proportion and difference between the School's contributions and proportionate share of contributions are recorded as deferred outflows of resources. The effect of this reporting amounts to a decrease of \$7,468,728 in unrestricted net position. In the fund financial statements the pension expense is recognized as the current year contributions are paid.

NOTE 2 - BUDGETARY INFORMATION

The School is required by the State of Nevada Department of Education (Department) to adopt a tentative budget by April 15th and a final budget not later than June 8th of the prior year under NAC 387.720 and NAC 387.725, but is not required by the Department to augment the budget during the year. Further, the School is not required under NRS 386.550 to adopt a final budget pursuant to NRS 354.598 or otherwise comply with any provisions of chapter 354 of the NRS. In essence, augmentation of the School's budget is neither required nor prohibited. The School's Board of Directors augmented the School's budget during the current year. The original and final budget is presented in the Budgetary Comparison Schedules. There is no difference between the budgetary basis and generally accepted accounting principles (GAAP).

For the year ended June 30, 2019, the School's expenditures exceeded appropriations for regular instruction, special instruction, facilities, support services and capital outlay in the amounts of \$53,581, \$23,310, \$46,326, \$52,587 and \$26,185, respectively. These appear to be potential violations of NAC 387.740.

NOTE 3 - CAPITAL ASSETS

Capital asset activity during 2019 was as follows:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Cost of assets:				
Tenant improvements	\$ 1,106,777	\$ 26,185	\$ --	\$ 1,132,962
Technological equipment	425,795	--	--	425,795
Furniture and fixtures	428,997	--	--	428,997
Food service equipment	17,056	--	--	17,056
Vehicles	<u>12,000</u>	<u>--</u>	<u>(12,000)</u>	<u>--</u>
	1,990,625	26,185	(12,000)	2,004,810
Less accumulated depreciation	<u>(1,083,392)</u>	<u>(115,835)</u>	<u>7,266</u>	<u>(1,191,961)</u>
Capital assets, net	\$ <u>907,233</u>	\$ <u>(89,650)</u>	\$ <u>(4,734)</u>	\$ <u>812,849</u>

Unallocated depreciation expense was \$ 115,835 for the year ended June 30, 2019.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 4 - CASH

At June 30, 2019, the School maintained one account at one institution where it is insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts exceeding the FDIC limit are insured under State Treasurer's Pooled Collateral Program. The program established pursuant to NRS 356.350 requires each depository to maintain as collateral acceptable securities having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money held by the depository.

NOTE 5 - OPERATING LEASES

The School leases facilities at two locations under a 30 year agreement which commenced June 2008. The monthly payment is currently \$68,333 per month. Total rent expense on the two campuses was \$819,996 for the year ended June 30, 2019.

The School leases facilities at Neil Road under a 15.5 year lease which commenced August 2015. The lease also allows for one 60-month extension period. The monthly payment is currently \$33,750 and adjusts annually on the anniversary date. Total rent expense was \$406,485 for the year ended June 30, 2019.

The School leases modular buildings and containers located on the campuses to provide additional class space on a month-to-month basis. Total rent expense was \$48,920 for the year ended June 30, 2019.

The School leases office space on a month-to-month basis. Total rent expense was \$84,648 for the year ended June 30, 2019.

The School leases multiple copiers. One lease was entered into August 2015 for a term of 60 months with monthly payments of \$2,694. This lease was amended to include additional copiers with revised monthly payments of \$4,296. Another lease was entered into November 2015 for a 36-month term at \$399 per month.

The following is a schedule of future minimum lease payments

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$ 1,315,654
2021	1,298,646
2022	1,253,105
2023	1,244,078
2024	1,329,744
2025-2029	6,300,345
2030-2034	4,838,295
2035-2038	<u>3,211,651</u>
	<u>\$ 20,791,518</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description. The School is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a defined benefit cost-sharing multiple-employer program, and all full-time employees are covered under the system. The School has no liability for unfunded obligations of the system as provided by Nevada Revised Statutes (NRS) 286.110 but is required to report their share of the net pension liability under GASB 68.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Benefits Provided. Benefits, as required by the NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.55% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during their lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, age 62 with 10 years of service, age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation.

Contributions. Member contribution rates, which are actuarially determined, are established by NRS 286.421 for public employees enrolled in the contribution plan. The School is enrolled in both the employer-pay and employer/employee pay plan for PERS and is, therefore, required to share contributions due under the plan. For the years ended June 30, 2019 and June 30, 2018, the School's contractually required contribution rate under the employer-pay was 28.00% and under the employer/employee pay plan was 14.50% of annual payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$895,329 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the School reported a liability of \$10,486,101 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the School's proportion was 0.07689 percent, which was an increase from its proportion measured as of June 30, 2017 of 0.07263 percent.

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2019, the School recognized pension expense of \$1,195,293 in the Government-wide Statement of Activities. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 486,735
Changes of assumptions	552,551	49,924
Net difference between projected and actual earnings on pension plan investments	328,500	-
Changes in proportion and differences between School contributions and proportionate share of contributions	1,919,774	-
School contributions subsequent to the measurement date	753,207	-
Total	<u>\$ 3,554,032</u>	<u>\$ 536,659</u>

The amount of \$753,207 reported as deferred outflows of resources related to pensions resulting from School contractually required contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30:

2019	\$ 240,015
2020	63,925
2021	(164,546)
2022	89,052
2023	102,101
2024	13,846
Thereafter	-

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll growth	5.00%, including inflation
Investment rate of return	7.50%
Productivity pay increase	0.50%
Salary increases	Regular: 4.52% to 9.15% depending on service Police/Fire: 4.55% to 13.9%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 6.22 years.

The System's policies which determine the investment portfolio target asset allocation are established by the PERS' Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the system. The following was the PERS' Board's adopted policy target allocation as of June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	\$ 15,990,817	\$ 10,486,101	\$ 5,911,927

CORAL ACADEMY OF SCIENCE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Reconciliation of the net pension liability at June 30, 2019 is as follows:

Net pension liability, beginning of year	\$ 9,659,244
Differences between projected and actual investment earnings on pension plan investments	215,861
Differences between expected and actual experience	147,107
Changes of assumptions or other inputs	(88,248)
Benefit payments	(713,311)
Pension expense	1,195,293
Changes in proportion	<u>70,155</u>
Net pension liability, end of year	<u>\$ 10,486,101</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report. That report may be obtained by calling 775-687-4200 or via the website at www.nvpers.org.

NOTE 7 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The School conformed to all significant statutory constraints on the financial administration during the fiscal year with the exception of NAC 387.740 as expenditures exceeded appropriations for regular instruction, special instruction, facilities, support services and capital outlay in the amounts of \$53,581, \$23,310, \$46,326, \$52,587 and \$26,185, respectively.

NOTE 8 - SUBSEQUENT EVENTS

In October 2019, the School reorganized as a Nevada nonprofit as Coral Academy of Science Reno. The School transferred all assets to the nonprofit and is in the process of securing recognition of nonprofit charitable status with the IRS.

In October 2019, the School entered into purchase agreements to buy all three campuses under the new nonprofit. The elementary and middle school campuses will be acquired after November 30, 2019 for the lesser of \$6,800,000 or the remaining loan amount due from the seller to a third-party governmental development authority. The high school campus will be acquired for \$5,688,621 prior to November 30, 2019 or for \$5,692,345 until December 31, 2019.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

Net position on the government wide financial statements at the beginning of 2019 has been adjusted to correct an error related to pension contributions included in deferred outflows to be recognized as a reduction in net pension liability in the year ended June 30, 2019. Had the error not been made, the change in net position would have decreased by \$185,776 for the year ended June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

CORAL ACADEMY OF SCIENCE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - GAAP BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUE				
State sources	\$ 9,933,978	\$ 10,060,526	\$ 10,048,606	\$ (11,920)
Donations/Fundraising	110,000	110,000	64,057	(45,943)
Proceeds from sale of capital asset	-	-	6,000	6,000
Other	779,287	859,929	729,788	(130,141)
Total revenue	<u>10,823,265</u>	<u>11,030,455</u>	<u>10,848,451</u>	<u>(182,004)</u>
EXPENDITURES				
Instruction				
Regular instruction	5,925,053	5,762,403	5,815,984	(53,581)
Special instruction	280,769	226,579	249,889	(23,310)
Total instruction	<u>6,205,822</u>	<u>5,988,982</u>	<u>6,065,873</u>	<u>(76,891)</u>
Support services				
Administration	2,062,602	2,263,159	1,951,628	311,531
Facilities	1,881,854	1,798,494	1,844,820	(46,326)
Support services	457,032	511,402	563,989	(52,587)
Capital outlay	-	-	26,185	(26,185)
Total support services	<u>4,401,488</u>	<u>4,573,055</u>	<u>4,386,622</u>	<u>186,433</u>
Total expenditures	<u>10,607,310</u>	<u>10,562,037</u>	<u>10,452,495</u>	<u>109,542</u>
Net change in fund balance	215,955	468,418	395,956	(72,462)
FUND BALANCE, beginning of year	752,616	752,616	482,924	(269,692)
FUND BALANCE, end of year	<u>\$ 968,571</u>	<u>\$ 1,221,034</u>	<u>\$ 878,880</u>	<u>\$ (342,154)</u>

See accompanying notes

CORAL ACADEMY OF SCIENCE
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2019

	2018	2017	2016	2015	2014
School's proportion of the net pension liability (asset)	0.07689%	0.07263%	0.06628%	0.05648%	0.05266%
School's proportionate share of the net pension liability (asset)	\$ 10,486,101	\$ 9,659,244	\$ 8,919,836	\$ 6,472,471	\$ 5,488,609
School's covered payroll	5,211,677	4,716,088	4,139,373	4,174,809	3,319,938
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	201%	205%	215%	155%	165%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	74.24%	72.20%	75.10%	76.31%

See accompanying notes

CORAL ACADEMY OF SCIENCE
SCHEDULE OF THE SCHOOL'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	(As restated) 2018	As previously reported		
			2017	2016	2015
Contractually required contribution	\$ 753,207	\$ 713,311	\$ 875,858	\$ 672,042	\$ 662,855
Contributions in relation to the contractually required contribution	753,207	713,311	875,858	672,042	662,855
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 5,476,936	\$ 5,211,677	\$ 4,716,088	\$ 4,139,373	\$ 3,569,669
Contributions as a percentage of covered payroll	14%	14%	19%	16%	19%

See accompanying notes

OTHER SUPPLEMENTARY INFORMATION

CORAL ACADEMY OF SCIENCE
SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2019

<u>Contract/Grant</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Passed through Washoe County School District Special Education Grants to States	84.027	\$ <u>55,966</u>
Total Federal Expenditures		\$ <u>55,966</u>

COMPLIANCE SECTION



BARNARD VOGLER & CO.

Certified Public Accountants

100 West Liberty St.
Suite 1100
Reno, NV 89501 30

775.786.6141
775.323.6211
bvccpas.com

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

To the Board of Directors
Coral Academy of Science

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Coral Academy of Science's basic financial statements, and have issued our report thereon dated October 30, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coral Academy of Science'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bernard Vogler & Co

Reno, Nevada
October 30, 2019



[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Table of Contents

	Page
DEFINITIONS OF CERTAIN TERMS	1
THE INDENTURE	17
Creation of Funds and Accounts (Sections 4.01 and 4.02)	18
Application of Proceeds of Series 2019 Bonds (Section 4.03)	18
Application of Moneys in Cost of Issuance Funds (Section 4.04)	18
Deposit and Application of Moneys in Revenue Fund (Section 4.06)	18
Application of Moneys in Debt Service Funds (Section 4.07)	20
Application of Moneys in Debt Service Reserve Funds; Deficiencies and Surpluses (Section 4.08)	20
Application of Moneys in Redemption Funds (Section 4.09)	21
Establishment and Application of Insurance and Condemnation Proceeds Fund (Section 4.10)	21
Investments (Section 4.11)	23
The Rebate Fund (Section 4.13)	25
The Repair and Replacement Fund (Section 4.16)	25
Additional Bonds (Section 2.09)	25
Subordinate Obligations (Section 2.14)	27
Amendments or Modifications of the Indenture and the Loan Agreement (Sections 8.01, 8.02, 8.04 and 8.05)	27
Events of Default and Remedies	29
Restrictions Upon Action by Individual Holders (Section 7.07)	30
Defeasance (Section 9.01)	30
No Personal Liability of the Authority's Officials; Obligations of Authority Limited (Section 10.06)	31
Construction of Indenture by Trustee (Section 6.18)	32
Responsibilities of Trustee (Sections 6.02 and 6.03)	32
Trustee Resignation and Removal (Sections 6.11 and 6.12)	32
Successor Trustee (Section 6.13)	33
Notice of Events of Default (Section 6.17)	33
THE LOAN AGREEMENT	34
Duration of Loan Agreement (Section 3.01)	34
Acquisition and Construction of Additional Facilities (Sections 4.01, 4.02 and 4.03)	34
Loan Payments (Sections 3.02 and 3.03)	34
Operation and Maintenance of Property; Payment of Impositions (Sections 5.01, 5.02 and 8.09)	35
Additions to Property (Section 7.02)	35
Limitation on Disposition of Property, Plant and Equipment (Section 7.03)	35
Partial Release of Liens (Section 7.04)	36
Financial Reporting (Section 8.08)	36
Maintenance of Corporate Existence of the Borrower; Consolidation, Merger, Sale or Transfer Under Certain Conditions (Section 8.10)	37
Parity Obligations (Section 8.12)	38
Liens and Encumbrances; Further Assurances by Borrower (Section 8.13)	39
Insurance (Section 6.01)	39
Independent Consultant (Section 8.16)	40

Table of Contents
(continued)

	Page
Non-Sectarian Use (Section 8.15).....	41
Disposition of Insurance and Condemnation Proceeds (Section 6.03).....	41
Events of Default (Section 9.01).....	42
Remedies (Section 9.02).....	43
Foreclosure of Deed of Trust and Sale (Section 9.03).....	43
Voluntary Prepayment (Section 10.01).....	44
Limited Liability of the Authority (Section 11.04).....	44
THE DEED OF TRUST	44
Property Subject to the Deed of Trust (Grant).....	44
Transfer of Property (Section 3.14)	46
Events of Default and Remedies (Sections 4.01 and 4.02).....	46
Security Agreement (Sections 3.09 and 4.02).....	46

DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Limited Offering Memorandum, the following are definitions of certain terms contained in this Limited Offering Memorandum. Terms used but not defined herein shall have the meanings set forth in the Indenture, the Loan Agreement, and the Deed of Trust.

“*Accredited Investor*” has the meaning ascribed to such term in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended.

“*Acquisition*” or “*acquisition*” means, when used in regard to the Facilities and any Additional Facilities, and shall include, where applicable, and without limitation, the acquisition, construction, rehabilitation, remodeling, extension, equipping and permanent improvement thereof, and paying the necessary costs of preparing, printing and selling the Bonds, and such other costs as may be permitted by the Act and the Code.

“*Act*” means Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended.

“*Additional Bonds*” means Indebtedness of the Authority issued pursuant to the Indenture on a parity with the Series 2019 Bonds; provided, however, that separate funds and accounts may be created and established pursuant to Supplemental Indentures to secure one or more specified Series 2019 Bonds to the exclusion of other Parity Debt as provided in the Indenture.

“*Additional Facilities*” means any project undertaken by the Borrower that is financed or refinanced pursuant to the Act and the Indenture by the Authority by the issuance of Additional Bonds including, without limitation, land, easements, rights-of-way, leaseholds and other interests in real property and any improvement, addition or betterment to, or any construction, replacement, remodeling or equipping of, the Property.

“*Administrative Expenses*” means the expenses incurred by the Authority pursuant to the Loan Agreement, the Indenture and the other Bond Documents and the reasonable compensation of and expenses incurred by the Trustee and any Paying Agent under the Indenture, and the reasonable compensation of and expenses incurred by the dissemination agent under the Continuing Disclosure Agreement.

“*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.

“*Approved Institutional Buyer*” means either (a) a Qualified Institutional Buyer, or (b) an Accredited Investor.

“*Authority*” means Public Finance Authority, its successors and assigns.

“*Authority’s Obligations*” means the limited obligations of the Authority under the Bond Documents to which the Authority is a party to (a) pay the principal of, premium, if any, and interest on the Bonds, when and as the same become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise, or on demand by the Owners thereof as provided in the Indenture); (b) pay, or cause to be paid, all other payments, if any, required by the Bond Documents to be paid by the Authority; and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Authority is required by the Bond Documents to perform and observe.

“*Authorized Denomination*” means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

“*Authorized Officer*” means the President, the Treasurer or the Secretary of the Borrower or such other person at the time designated to act on behalf of the Borrower by written certificate furnished to the Authority and the Trustee containing a specimen signature of such person and signed on behalf of the Borrower by the President, the Treasurer or the Secretary, which certificate may designate alternates.

“*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.

“*Bond*” or “*Bonds*” means the Series 2019 Bonds and any Additional Bonds, collectively.

“*Bond Counsel*” means Kutak Rock LLP, or any other law firm approved by the Authority having a national reputation in the field of municipal law, whose legal opinions are generally accepted by purchasers of municipal bonds.

“*Bond Documents*” means and includes, without limitation, the Bonds, the Indenture, the Loan Agreement, the Deed of Trust and any and all other documents which the Authority, the Borrower, or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Authority’s Obligations or the Borrower’s Bond Obligations, or any part thereof, or in connection therewith, together with any and all Supplements thereto.

“*Bond Year*” means a period of 12 consecutive months beginning on June 1 in any calendar year in which Bonds are Outstanding and ending on May 31 of the following calendar year, except that the initial Bond Year shall begin on the Closing Date and end on May 31, 2020.

“*Bondholder*” means the registered owner of any Bond.

“*Book-Entry Form*” or “*Book-Entry System*” means a form or system, as applicable, under which (a) the ownership of beneficial interests in any of the Series 2019 Bonds may be transferred only through a book entry; and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as holder, with the physical bond certificates “immobilized” in the custody of the Depository.

“*Book Value*” means, when used with respect to any property or interest therein, at the option of an Authorized Officer of the Borrower, either (a) the value of such property or interest, net of accumulated depreciation, as it is carried on the books of the Borrower in conformity with generally accepted accounting principles; or (b) the current market value of such property as of the time a ratio is to be calculated or value determined, in either case evidenced by a certificate of such Authorized Officer. In preparation of such certificate pursuant to clause (a) above, Book Value shall be the value set forth in the most recent annual audited financial statements of the Borrower that have been filed with the Trustee pursuant to the Loan Agreement. In preparation of such certificate pursuant to clause (b) above, current market value shall be assigned to property or any portion thereof only on the basis of an appraisal completed within two years of the date of such certificate by an independent party qualified by reputation and experience or, with respect to property other than real property and fixed assets, on the basis of a certificate of an Authorized Officer of the Borrower if such certificate is accompanied by appropriate documentation indicating the basis of such valuation.

“*Borrower*” means Coral Academy of Science Reno, a Nevada a nonprofit corporation duly organized and existing under the laws of the State of Nevada, and operator of the School, and its successors and assigns.

“*Borrower’s Bond Obligations*” means the obligations of the Borrower under the Bond Documents to (a) pay the principal of and premium, if any, and interest on the Loans as required by the Loan Agreement and any Supplements thereto, when and as the same become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise); (b) pay all other payments required by the Bond Documents to be paid by the Borrower to the Authority, to the Trustee or to others, when and as the same shall become due and payable; and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by any of the Bond Documents to perform or observe.

“*Borrower’s Tax Certificates*” means, collectively, the Borrower’s Tax Certificate executed and delivered by the Borrower upon the issuance and sale of the Series 2019 Bonds and any other similar certificates executed and delivered by the Borrower upon the issuance and sale of any other Tax-Exempt Bonds.

“*Business Day*” or “*business day*” means any day other than a day on which either (a) banks located in any city in which the Principal Office of the Trustee or the Paying Agent is located are required or authorized by law or executive order to close for business, or (b) the New York Stock Exchange is closed.

“*Capital Improvements*” means any Additional Facilities or any capital project undertaken by the Borrower.

“*Charter School Contract*” means, the charter contract entered into pursuant to the Charter School Act by and between the Borrower and the Washoe County School District, with a term from July 1, 2018 through and including June 30, 2024, and any subsequent renewal thereof, as amended and modified from time to time.

“*Closing Date*” means December 20, 2019, the date of the issuance and delivery of the Series 2019 Bonds to the initial purchaser(s) thereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any applicable predecessor statutory provision. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations in effect or proposed from time to time with respect thereto and applicable to the Tax-Exempt Bonds or the use of the proceeds thereof.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated as of December 1, 2019 executed by the Borrower relating to the Series 2019 Bonds, as the same may be amended from time to time.

“*Costs of Issuance*” means (a) all fees, costs and expenses incurred in connection with the issuance of the Series 2019 Bonds; and (b) with respect to any Additional Bonds, all fees, costs and expenses incurred in connection with the issuance thereof.

“*Costs of Issuance Fund*” means, as applicable, the Series 2019 Costs of Issuance Fund or any other costs of issuance fund created pursuant to the Indenture by a Supplemental Indenture in connection with the issuance of Additional Bonds.

“*Credit Facility*” means any Liquidity Facility, letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Parity Obligation, Subordinate Obligation or other Indebtedness of the Borrower.

“*Credit Facility Agreement*” means the agreement pursuant to which any Credit Facility is issued.

“*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.

(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 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 (a) Net Income Available for Debt Service, by (b) Debt Service.

"Debt Service Reserve Fund Credit Facility" means any Credit Facility held to the credit of a Debt Service Reserve Fund.

"Debt Service Reserve Fund" means, as applicable, the Debt Service Reserve Fund or any other debt service reserve fund created pursuant to the Indenture by a Supplemental Indenture in connection with the issuance of Additional Bonds.

"Debt Service Reserve Fund Requirement" means, as of any particular date of computation for any Debt Service Reserve Fund, an amount which will be equal to the least of (a) ten percent (10%) of the original principal amount of the Bonds; (b) Maximum Annual Debt Service with respect to the Bonds Outstanding; (c) one hundred twenty-five percent (125%) of average annual Debt Service with respect to the Bonds, or (d) for the last Bond Year only, the total Debt Service with respect to the Bonds Outstanding. Maximum annual Debt Service and average annual Debt Service, for purposes of this definition, will be calculated on the basis of 12-month periods ending on June 1 of any year in which

Bonds are Outstanding. On and as of the Closing Date, the Debt Service Reserve Fund Requirement for the Series 2019 Bonds \$943,000.

“*Defeasance Obligations*” means any of the following:

- (a) cash;
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—“SLGS”);
- (c) Pre-Refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or the District of Columbia or of any agency, instrumentality or local governmental unit of any such state or the District of Columbia which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on a date on which proceeds of such obligations are available to pay the redemption price of any Bond;
 - (i) which are rated, based on an irrevocable escrow account of funds (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or
 - (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (b) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be; and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant or verification agent, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; and
- (d) obligations of any of the following federal agencies (which obligations represent the full faith and credit of the United States of America):
 - (i) Rural Economic Community Development Administration (formerly the Farmers Home Administration);
 - (ii) General Services Administration;
 - (iii) Government National Mortgage Association (“GNMA”); and
 - (iv) Federal Housing Administration.

“*Depository*” means any securities depository that is 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, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in municipal bonds, and to effect transfers of municipal bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company, New York, New York.

“*Encumbrance*” means any mortgage, pledge, lien, security interest, charge or other encumbrance.

“*Equipment Collateral*” has the meaning given to that term in the granting clauses of the Deed of Trust.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Event of Default*” means, when used in the Indenture, any event of default specified in the Indenture, and when used in the Loan Agreement, any event of default specified in the Loan Agreement.

“*Facilities*” means the multi-purpose educational buildings financed with the proceeds of the Bonds and more particularly described in the Tax Regulatory Agreement. The term “*Facilities*” shall include any amendments made pursuant to the Loan Agreement.

“*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 5.01 of the Loan Agreement.

“*Financial Advisor*” means an independent investment banking or independent financial advisory firm selected by the Borrower and experienced in the issuance of tax-exempt bonds for the benefit of entities such as the Borrower.

“*Fiscal Quarter*” means any one of the 4 three-consecutive-month periods during a Fiscal Year.

“*Fiscal Year*” means the period of 12 consecutive months beginning on July 1 in any calendar year and ending on June 30 of the following calendar year, or such other fiscal year as the Borrower, with prior written notice to the Trustee, shall establish as the fiscal year of the Borrower.

“*Fitch*” means Fitch, Inc. or its successor in the business of providing investment rating services, provided that if neither Fitch nor any such successor is then in the business, the references to Fitch and ratings thereof shall no longer be required by the terms and provisions of the documents.

“*Government Obligations*” means direct obligations of, or obligations the full and timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America.

“*Hedge Agreement*” means any agreement entered into in order to hedge the interest payable on all or a portion of any Indebtedness, including, without limitation, an interest rate swap, a forward or futures contract or an option, such as, without limitation, a call, put, cap, floor or collar.

“*Holder*” or “*holder*” or “*Owner*” or “*owner*” or any similar term means (a) when used with reference to a Bond, a Bondholder; and (b) when used with reference to any Parity Obligation or Subordinate Obligation, the owner of such Parity Obligation or Subordinate Obligation, determined in accordance with the Supplemental Indenture authorizing or approving the issuance thereof.

“*Improvements*” has the meaning given to that term in the granting clauses of the Deed of Trust.

“Indebtedness” means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under generally accepted accounting principles and any guaranty of any of the foregoing.

“Indenture” means the Trust Indenture, as amended, modified or supplemented from time to time by Supplemental Indentures.

“Independent Actuary” means an Independent Person regularly employed as an actuary and employed by the Borrower pursuant to the Loan Agreement.

“Independent Counsel” means any attorney duly admitted to practice law before the highest court of any state who has regularly engaged in the practice of law as a primary occupation and who is not an officer or full-time employee of the Authority, the Borrower or the Trustee. Bond Counsel to the Authority may be deemed Independent Counsel.

“Independent Consultant” means a Person which (1) does not have any direct financial interest or any material indirect financial interest in the Borrower or an affiliate of the Borrower, and (2) is not connected with the Borrower or an affiliate of the Borrower 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.

“Independent Insurance Consultant” means an Independent Person regularly employed as an insurance consultant and/or broker and employed by the Borrower pursuant to the Loan Agreement.

“Independent Person” means a person designated by the Borrower and not an employee of the Borrower.

“Independent Public Accountant” means an Independent Person engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State, employed by the Borrower from time to time to pass upon those matters required by the Indenture and the Loan Agreement to be passed upon by an Independent Public Accountant.

“Interest Account” means, as applicable, the Interest Account and any other interest account to be held under a Debt Service Fund created pursuant to the Indenture by a Supplemental Indenture in connection with the issuance of Additional Bonds.

“Interest Payment Date” means, with respect to any series of Bonds, (a) June 1 and December 1 of each year commencing, for the Series 2019 Bonds, June 1, 2020; and (b) the maturity date of such Bonds.

“Investment Obligations” means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held hereunder and then proposed to be invested therein (provided that the Trustee shall be entitled to rely upon a written request of an Authorized Officer of the Borrower as conclusive evidence that the investments described therein are so authorized under the laws of the State) and shall be the sole investments in which amounts on deposit in any fund or account created hereunder or under the Loan Agreement shall be invested:

(a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Investment Obligations only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(c) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Investment Obligations only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal National Mortgage Association (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(d) bonds or notes issued by any state or municipality which are rated, at the time of purchase, by S&P, Fitch and Moody’s in one of the three highest rating categories assigned by such agencies;

(e) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank (including an affiliate of the Trustee), which, in either case, is rated (at the time the investment is entered into) “A” or better by S&P and Moody’s, provided that (i) the term of such repurchase agreement is not greater than thirty days; (ii) the Trustee or third party acting solely as agent for the Trustee has possession of the collateral; (iii) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest; (iv) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately; (v) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (vi) the repurchase securities are free and clear of any third-party lien or claim; and (vii) there shall have been delivered to the Trustee, the Authority and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(f) investment agreements, including guaranteed investment contracts (“GICs”) with providers in one of the two highest rating categories of Moody’s and S&P at the time of purchase;

(g) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating (at the time the investment is entered into) by S&P of “AAAm-G”, “AAA-m”, or “AA-m” and if rated by Moody’s rated “Aaa”, “Aa1” or “Aa2”, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the

Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(h) certificates of deposit secured at all times by collateral described in (a) and/or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Bondholders has a perfected first security interest;

(i) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF;

(j) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(k) federal funds or bankers acceptances with a maximum term of one year of any bank which has (at the time the investment is entered into) an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-3” or better by Moody’s and “A-1” or “A” or better by S&P;

(l) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended; and

(m) obligations of a bank or other financial institution rated (at the time the investment is entered into) at least “Aa3” by Moody’s or “AA-” by S&P.

“*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 Government Obligations 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.

“*Liquidity Covenant*” means the covenant described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Certain Financial Covenants under the Loan Agreement—Liquidity” in the forefront of this Limited Offering Memorandum.

“*Liquidity Facility*” means a written commitment to provide money to purchase or retire any Indebtedness if (a) on the date of delivery of such Liquidity Facility, the unsecured long-term indebtedness or claims-paying ability of the provider of such Liquidity Facility or its parent holding company or other controlling entity is rated at least “A” by at least one of the Rating Agencies; and (b) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such Indebtedness) shall be required to be repaid by the Borrower for a period of at least one year.

“*Loan*” means the loan made by the Authority to the Borrower of the proceeds of the sale of the Series 2019 Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of December 1, 2019, between the Authority and the Borrower, together with any Supplements thereto.

“*Loans*” means the Loan and any other loans made by the Authority to the Borrower of the proceeds of sale of any Additional Bonds or Subordinate Obligations.

“*Long-Term Indebtedness*” means Indebtedness having an original maturity greater than one year or renewable at the option of the Borrower 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.

“*Independent Consultant*” means an Independent Person that is a professional management consultant having a favorable reputation for skill and experience in consulting work relating to independent schools.

“*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, 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, Inc. or its successor in the business of providing investment rating services, provided that if neither Moody’s nor any such successor is then in the business, the references to Moody’s and ratings thereof shall no longer be required by the terms and provisions of the documents.

“*Net Income Available for Debt Service*” means Gross Borrower Revenue 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 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.

“*Non-Recourse 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 Property or the Improvements in order to pay, satisfy or discharge all or any part of the Indebtedness.

“*Operating Assets*” means any land, building, machinery, equipment, hardware, inventory or other property or any interest therein (except cash, investment securities and other property held for investment purposes) of the Borrower used in its trade or business.

“*Operating Expenses*” means except as provided below, all unrestricted expenses of Borrower, attributable to operations of its charter schools, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Debt Service), 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 Borrower, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Borrower 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, if any, (b) depreciation and amortization, (c) expenses or other amounts paid into and from the Repair and Replacement Fund and the Debt Service Reserve Fund, and (d) any expenses which are treated as extraordinary in accordance with generally accepted accounting principles.

"*Outstanding*," "*outstanding*" or "*Bonds Outstanding*" means, when used in reference to the Bonds as of any given date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture (including Bonds which have been remarketed pursuant to the Indenture and Bonds owned by the Borrower except:

- (a) Bonds which have been cancelled by the Trustee at or prior to such date or which have been delivered to the Trustee at or prior to such date for cancellation;
- (b) Bonds deemed to be paid in accordance with the Indenture; and
- (c) Bonds (including, without limitation, Bonds deemed to have been purchased pursuant to the Indenture) in lieu of which other Bonds have been authenticated under the Indenture.

"*Parity Debt*" means, collectively, the Outstanding Bonds and Parity Obligations.

"*Parity Obligations*" means any bond, note or other Indebtedness issued by or on behalf of the Borrower as permitted by the Loan Agreement and with respect to which the Trustee, pursuant to the Indenture, has notified the Borrower in writing that all items that are conditions precedent to the issuance of Parity Obligations have been received.

"*Participant*" means one of the entities which is a member of the Depository and deposits securities, directly or indirectly, in the Book-Entry System.

"*Paying Agent*" means the Trustee, or any successor paying agent appointed under the Indenture.

"*Permitted Encumbrance*" has the following meaning for the purposes of the Deed of Trust:

- (d) any lien arising by reason of any good faith deposit with the Borrower in connection with any lease of real estate, bid or contract (other than any contract for the payment of money), any deposit by the Borrower to secure any public or statutory obligation, or to secure, or in lieu of, any surety, stay or appeal bond, and any deposit as security for the payment of taxes or assessments or other similar charges;
- (e) any lien arising by reason of any deposit with, or the giving of any form of security to, any governmental agency or anybody 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 to maintain self-insurance or to participate in any funds established to cover any insurance risk or in connection with workers' compensation, unemployment insurance, any pension or profit-sharing plan or other social security, or to share in the privileges or benefits required for the participation of the Borrower in such arrangements;

(f) any judgment lien against the Borrower, so long as such judgment is being contested in good faith and is fully bonded, fully covered by a letter of credit or other surety, or covered by insurance which meets the insurance requirement of the Bond Documents;

(g) any right 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 of the Borrower; any lien on any property of the Borrower for taxes, assessments, levies, fees, water and sewer rents or charges and other governmental and similar charges and any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or that is not delinquent or the amount or validity of which is being contested and execution thereon stayed;

(h) the Indenture, the Loan Agreement and the Deed of Trust; and any lien or encumbrance disclosed in the title insurance policy delivered in connection with the issuance of the Series 2019 Bonds, provided that such lien or encumbrance is not extended, renewed or modified to apply to any property of the Borrower not subject to such lien or encumbrance on the date such policy is delivered, unless the lien or encumbrance, as so extended, renewed or modified, otherwise qualifies as a Permitted Encumbrance without reference to this clause;

(i) any lien or encumbrance on the Deed of Trust Property or the Gross Revenues securing any Indebtedness permitted by the Loan Agreement, provided that, except in the case of liens and encumbrances securing Parity Debt, such lien or encumbrance is subordinate to the lien of the Loan Agreement and the Deed of Trust;

(j) any lien on property received by the Borrower through any gift, grant or bequest constituting a restriction imposed by the donor, grantor or testator on such gift, grant or bequest or the income therefrom;

(k) any lien on any property securing any Non-Recourse Indebtedness permitted by the Loan Agreement;

(l) any lien granted for the benefit of all holders of Parity Debt in accordance with the Indenture and the Loan Agreement;

(m) any lease permitted under the terms of the Loan Agreement;

(n) any leases involving the rental to a third party of all or a portion of the Deed of Trust Property in the ordinary course of business for the purpose of holding specific events or meetings;

(o) any lien placed upon any tangible real or tangible personal property being acquired by the Borrower to secure all or a portion of the purchase price thereof and any landlord's lien under any lease permitted under the Loan Agreement;

(p) any lien or encumbrance on any property existing on the date on which such property was acquired by the Borrower, including, without limitation, any acquisition as a result of a merger or consolidation permitted by the Loan Agreement, involving the owner of such property, provided that such lien is not extended, renewed or modified to apply to any property of the Borrower not subject to such lien on such date, unless the lien, as so extended, renewed or modified, otherwise qualifies as a Permitted Encumbrance without reference to this clause;

(q) such easements, rights-of-way, servitudes, restrictions and other defects, liens and encumbrances which shall not materially impair the use of the Deed of Trust Property for its intended purposes or the value of the Deed of Trust Property as evidenced by a certificate of an Independent Engineer or Independent Architect delivered to the Trustee;

(r) such easements, servitudes, restrictions, licenses, restrictive covenants, rights-of-way (including the dedication of public highways or public or private utility easements) as may be required by governmental authorities or utility providers in connection with the furnishing of utilities to, the Facility, as described in a certificate signed by an Authorized Officer of the Borrower; and

(s) any banker's lien arising in connection with the establishment and maintenance of depository bank accounts in the ordinary course of business.

“*Person*” or “*person*” means any natural person, firm, association, corporation, company, trust, partnership, public body or other entity.

“*Principal Office*” means, with respect to the Trustee, the Registrar or the Paying Agent, the office at the address set forth in the Indenture, or such other office which may be designated as such, from time to time, by the respective party in writing to the Authority, the Borrower, the Trustee, the Paying Agent or the Registrar.

“*Property*” means the Facilities, any Additional Facilities and all buildings, structures and improvements thereon and all other property described in the Deed of Trust and all additions to all of the foregoing.

“*Property, Plant and Equipment*” means all Property which is property, plant and equipment under generally accepted accounting principles.

“*Qualified Institutional Buyer*” has the meaning ascribed to such term in Rule 144A promulgated under the Securities Act of 1933, as amended.

“*Rate Covenant*” means the covenant described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Certain Financial Covenants under the Loan Agreement—Debt Service Coverage Ratio” in the forepart of this Limited Offering Memorandum.

“*Rating Agencies*” means, collectively, Moody's, S&P and Fitch.

“*Rebate Amount*” has the meaning given to that term in the Tax Regulatory Agreement.

“*Receipts*” means all receipts, revenue, rentals, income, insurance proceeds, condemnation awards and other moneys received by or on behalf of the Borrower, including, without limitation, revenues derived from (a) the ownership, operation, or leasing of any portion of the Property (including tuition, state voucher payments and state tax credit payments) and all rights to receive the same, whether in the form of accounts, general intangibles, or other rights, and the proceeds of such accounts, general intangibles or other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired by the Borrower; and (b) gifts, grants, bequests, donations, and contributions heretofore or hereafter made to the Borrower that are legally available to meet any of the obligations of the Borrower incurred in the financing, operation, maintenance or repair of any portion of the Property; provided, however, that Restricted Funds shall not constitute Receipts.

“*Redemption Fund*” means, as applicable, the Series 2019 Redemption Fund and any other redemption fund created pursuant to the Indenture by a Supplemental Indenture in connection with the issuance of Additional Bonds.

“*Redemption Price*” means, when used with respect to any Bond or Parity Obligation or portion thereof, the principal amount of such Bond or such Parity Obligation or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

“*Registrar*” or “*Bond Registrar*” means the Trustee in its capacity as bond registrar under the Indenture.

“*Repair and Replacement Fund*” means, as applicable, the Repair and Replacement Fund or any other repair and replacement fund created pursuant to Section 2.09 by a Supplemental Indenture in connection with the issuance of Additional Bonds.

“*Repair and Replacement Fund Requirement*” means an amount equal to \$300,000; 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 4.09 of the Loan Agreement.

“*Reserved Rights of the Authority*” means all rights of the Authority as set forth in Sections 3.02(c), 6.02, 9.07, 11.04, 11.07, 11.14 through 11.21 of the Loan Agreement and to the extent not expressly provided in said sections (or in any other sections of the Loan Agreement or the Indenture) the Authority’s rights to: (a) inspect books and records; (b) give or receive notices, reports, notices, approvals, consents, requests, other communications or other information under the Indenture and under the other Bond Documents; (c) receive payment or reimbursement for expenses, including, without limitation, “Additional Payments” as defined in the Loan Agreement and the Authority Annual Fee; (d) immunity from and limitation of liability; (e) indemnification by the Borrower or any other Person; and (f) all rights of the Authority to enforce, in its own name and on its own behalf, those provisions under the Indenture or the Loan Agreement and any other documents, instrument or agreement entered into with respect to the Series 2019 Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Authority or any Authority Indemnified Party. For avoidance of doubt, the “Reserved Rights of the Authority” referenced in clauses (d), (e) and (f) include (but not be limited to) the rights of the Authority Indemnified Parties to immunity from and limitation of liability and indemnification by the Borrower as provided in the Loan Agreement and the right of any such Authority Indemnified Party to enforce such rights in his, her or its own name.

“*Restricted Funds*” means all receipts, revenue, rentals, income, insurance proceeds, condemnation awards and other moneys heretofore or hereafter received by or on behalf of the Borrower, the application of the proceeds of which is designated or restricted at the time of making thereof by the donor, payor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of the Borrower’s Bond Obligations or not subject to pledge, or subsequent to the receipt thereof, so designated or restricted by the Borrower in order to meet the requirements of any challenge grant received by the Borrower, and the income derived therefrom to the extent set forth in or by such designation or restriction or by applicable law.

“*Revenue Test*” means, when used in connection with any action, there shall have been delivered to the Trustee a certificate of an Authorized Officer of the Borrower to the effect that if the action had been taken as of the first day of the most recent Fiscal Year for which audited financial statements have been filed with the Trustee as required by the Loan Agreement the Debt Service Coverage Ratio is not less than 1.15 to 1.00.

“*Revenues*” means (a) all payments to the Trustee for the account of the Authority pursuant to the Loan Agreement, including, without limitation, moneys received by the Trustee from the Borrower pursuant to the Loan Agreement; and (b) all other receipts of the Authority or the Trustee attributable to the ownership, leasing or operation of any portion of the Property and the financing and refinancing of the Facilities and any Additional Facilities with the proceeds of Bonds; provided, however, that the term “*Revenues*” does not include the Reserved Rights of the Authority.

“*S&P*” means Standard & Poor’s Ratings Services or its successors in the business of providing investment rating services, provided that if neither S&P nor any such successor is then in the business, the references to S&P and ratings thereof shall no longer be required by the terms and provisions of the documents.

“*School*” and “*Schools*” means Coral Academy of Science Reno Charter School, a Nevada charter school pursuant and subject to the Charter School Act, and any other charter school operated by the Borrower at the Property.

“*Series*” or “*Series of Bonds*” or “*Series of the Bonds*” means a particular series of the Bonds designated by year and an alphabetical sequencer.

“*Series 2019A Bonds*” means the Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science Reno), Series 2019A authorized by the Indenture.

“*Series 2019B Bonds*” means the Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science Reno), Series 2019B (Taxable) authorized by the Indenture.

“*Series 2019 Bonds*” means the Series 2019A Bonds and the Series 2019B Bonds, authorized by the 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 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 Fund Account*” means, as applicable, the Sinking Fund Account or any other sinking fund account in a Debt Service Fund created pursuant to the Indenture by a Supplemental Indenture in connection with the issuance of Additional Bonds.

“*Sinking Fund Installment*” means the amount of money provided in the Indenture, and in each Supplemental Indenture authorizing any Series of Additional Bonds, to redeem prior to maturity and pay at maturity Bonds at the times and in the amounts provided in the Indenture or such Supplemental Indenture (as the case may be), less the amount of any credit against such amount arising from the purchase of Bonds in any prior Bond Year as provided in the Indenture or in the Supplemental Indenture authorizing such Additional Bonds.

“*State*” means the State of Nevada.

“*State Payments*” means any and all payments made to or for the benefit of the Borrower allocable to the Borrower pursuant to the Charter School Act and that are permitted to be used for the purposes set forth in the Loan Agreement.

“*Subordinate Indebtedness*” means (a) any Indebtedness that is or was incurred in connection with the provision to any applicable governmental entity of one or more letters of credit, sureties or similar credit facilities; and (b) any Indebtedness (i) the repayment of which is subordinated to the payment of the principal of and the premium, if any, and the interest on the Parity Debt; and (ii) any Encumbrance securing which is expressly subordinated to the liens of the Loan Agreement, including without limitation the lien of the Loan Agreement upon the Gross Revenues, and the Deed of Trust.

“*Subordinate Obligations*” means any Subordinate Indebtedness issued by the Authority for the benefit of the Borrower in accordance with the Indenture.

“*Supplement*” or “*Supplements*” means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

“*Supplemental Indenture*” means any indenture of the Authority amending, modifying or supplementing the Indenture, any Supplemental Indenture, the Loan Agreement, the Deed of Trust or any Bond, adopted and becoming effective in accordance with the terms of the Indenture.

“*Tax-Exempt Bonds*” means the Series 2019 Bonds and any other Bonds with respect to which there shall have been delivered to the Authority an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income of the holders thereof for federal income tax purposes.

“Tax-Exempt Financed Facilities” means real and personal property comprising a part of the Project and financed with proceeds of the Tax-Exempt Bonds.

“*Trust Estate*” has the meaning given to that term in the Granting Clauses of the Indenture.

“*Trustee*” means the bank, trust company or national banking association appointed pursuant to the Indenture as trustee for the Bonds and any other corporation that may at any time be substituted in its place pursuant to the Indenture, and their successors.

“*Variable Rate Indebtedness*” means Indebtedness the interest on which is payable pursuant to a variable interest rate formula or other determination method rather than at a fixed rate of interest per annum to maturity.

THE INDENTURE

The following is a summary of certain provisions of the Indenture. It is not a complete recital of the terms of the Indenture and reference should be made to the Indenture for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the Indenture, except where otherwise noted.

Creation of Funds and Accounts (Sections 4.01 and 4.02)

The Revenue Fund and the Insurance and Condemnation Proceeds Fund each are created for the benefit of the holders of all Parity Debt Outstanding under the Loan Agreement and the Indenture and shall be held and maintained by the Trustee.

The following funds and separate accounts within funds are created by the Indenture for the benefit of the holders of all Series 2019 Bonds Outstanding under the Indenture and shall be held and

maintained by the Trustee: Project Fund, Cost of Issuance Fund, Debt Service Fund (Interest Account, Sinking Fund Account), Redemption Fund, Debt Service Reserve Fund, Repair and Replacement Fund.

The Rebate Fund is created by the Indenture to secure the obligations of the Borrower with respect to rebate. The Rebate Fund is not pledged to the payment of any Parity Debt.

The Prior Loans Redemption Fund is created by the Indenture and shall be maintained by the Trustee.

**Application of Proceeds of Series 2019 Bonds
(Section 4.03)**

The proceeds of the Series 2019 Bonds shall be received by the Trustee in trust for the benefit of the holders from time to time of the Series 2019 Bonds, subject to and in accordance with the terms of the Indenture.

**Application of Moneys in Cost of Issuance Funds
(Section 4.04)**

Moneys deposited in the Costs of Issuance Fund shall be used only to pay the Costs of Issuance for the Series 2019 Bonds, including, without limitation, reimbursements to the Borrower for such costs and expenses paid by the Borrower prior to the issuance of the Series 2019 Bonds. If, as of the ninetieth day following the Closing Date, any amounts remain in the Costs of Issuance Fund moneys, if any, in the Costs of Issuance Fund shall be deposited into the Interest Account and used on the following Interest Payment Date to pay interest on the Series 2019 Bonds.

**Deposit and Application of
Moneys in Revenue Fund (Section 4.06)**

The Revenues and any other moneys that are required to be deposited in the Revenue Fund shall be promptly deposited by the Trustee to the credit of the Revenue Fund as described in the Limited Offering Memorandum under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – The Indenture.”

**Application of Moneys in Debt Service Funds
(Section 4.07)**

On each Interest Payment Date the Trustee shall pay or cause to be paid from the applicable Interest Accounts the interest due on the applicable Outstanding Series 2019 Bonds. The Trustee also shall pay from the applicable Interest Accounts any amounts required for the payment of accrued interest upon any purchase or redemption of the applicable Outstanding Series 2019 Bonds as provided in the Indenture.

The Trustee shall take all action necessary to effect the timely redemption of Outstanding Series 2019 Bonds from the applicable Sinking Fund Accounts in accordance with the Sinking Fund Installments as described in this Limited Offering Memorandum under “THE SERIES 2019 BONDS—Redemption.”

**Application of Moneys in Debt Service
Reserve Funds; Deficiencies and Surpluses
(Section 4.08)**

If on any Interest Payment Date the amount in the applicable Interest Account shall be less than the amount of interest then due on the applicable Series of Bonds or, if on any June 1 the amount credited to any Sinking Fund Account shall be less than the amount of the Sinking Fund Installment (either or both, as the case may be) then due on such Bonds, the Trustee forthwith shall transfer moneys from the appropriate Debt Service Reserve Fund, first, to the applicable Interest Account, and second, to the applicable Sinking Fund Account to the extent necessary to make good any deficiency.

For the purposes of the Indenture, in the case of the Debt Service Reserve Funds: a “deficiency” means that the value of the assets of either Debt Service Reserve Fund is less than the applicable Debt Service Reserve Fund Requirement; and a “surplus” means that the value of the assets of either Debt Service Reserve Fund is in excess of such Debt Service Reserve Fund Requirement; provided, however, that interest earned and profits realized as a result of the investment of amounts on deposit in the Debt Service Reserve Fund and required to be transferred to another fund or account shall not create a surplus even though such amounts shall not have been transferred from such Debt Service Reserve Fund as so required.

Certain Debt Service Reserve Fund Credit Facilities may be substituted for moneys deposited in the Debt Service Reserve Funds as described below under “Investments.” The Trustee shall determine the value of the assets of the applicable Debt Service Reserve Fund in the manner provided in the Indenture as of the close of business (a) on June 1 and December 1 in each Bond Year, and (b) on the date of any withdrawal from the applicable Debt Service Reserve Fund and on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in the applicable Debt Service Reserve Fund, (c) on any date on which the Trustee obtains actual knowledge that any Debt Service Reserve Fund Credit Facility held to the credit of the applicable Debt Service Reserve Fund is no longer entitled to be credited against the corresponding Debt Service Reserve Fund Requirement, (d) on the date that is six months prior to the stated expiration date of any Debt Service Reserve Fund Credit Facility, and (e) on any other date requested by the Borrower.

The Trustee shall transfer the amount of any surplus that exists in any Debt Service Reserve Fund semi-annually to the corresponding Debt Service Fund or the corresponding Redemption Fund, as specified in writing by the Borrower.

Application of Moneys in Redemption Funds (Section 4.09)

On any date on which a determination of the value of the assets of either Debt Service Reserve Fund discloses a deficiency therein, the Trustee shall transfer to such Debt Service Reserve Fund from the corresponding Redemption Fund any amount on deposit in such Redemption Fund (other than moneys set aside to pay the Redemption Price of any Bonds theretofore called for redemption and moneys required for the purchase of Bonds theretofore contracted to be purchased) to the extent of such deficiency. The Trustee shall notify the Borrower of such transfer and the amount thereof.

So long as no Event of Default has occurred and is continuing of which the Trustee has knowledge or is deemed to have actual knowledge according to the Indenture, the Trustee shall set aside any amount on deposit in either Redemption Fund for the redemption of particular Bonds upon receipt of irrevocable written instructions of the Borrower to the Trustee directing the Trustee to set aside such amount for such purpose, in which event all of the provisions of the Indenture shall be applicable to such Bonds and the amounts set aside for the payment of such Bonds. Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions.

Moneys in the applicable Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of the corresponding Series and maturities as the Authorized Officer of the Borrower, by written request on behalf of the Authority, shall direct. At the written direction of the Authorized Officer of the Borrower, the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable with reasonable diligence, but no such purchase shall be made by the Trustee (a) within the period of 45 days immediately preceding any Interest Payment Date on which such Bonds are subject to call for redemption under the provisions of the Indenture; or (b) at a price, including any brokerage or other charges, greater than the Redemption Price of such Bonds on the next Interest Payment Date on which such Bonds are subject to redemption and accrued interest to the date of purchase of such Bonds.

Establishment and Application of Insurance and Condemnation Proceeds Fund (Section 4.10)

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 follows:

(a) Subject to the application of insurance and condemnation provisions in agreements constituting Permitted Encumbrances, all proceeds of the insurance carried (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Property, in each case, in excess of 10% of the Book Value of the 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 Property, the Borrower may retain such proceeds without any formality whatsoever. In the event the Borrower elects to repair or replace the 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 Property damaged, destroyed or taken in the manner and subject to the conditions set forth in Section 4.10 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 that, after repair and replacement, the Property will continue to be used and operated in the manner required by this Loan Agreement.

(b) If the Borrower shall elect not to, or cannot, repair or replace the Property damaged, destroyed or taken, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Redemption Fund 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 Redemption Fund 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 Property, but are not sufficient to retire all Bonds and Parity Debt then outstanding, the Trustee shall not transfer said amounts to the Redemption Fund 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 Property damaged, destroyed or taken, 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.

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.

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 6.03 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 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 the above section.

Investments (Section 4.11)

Moneys in any of the funds and accounts established by the Indenture may be invested.

Any moneys in any of such funds or accounts that are held by the Trustee shall be invested by the Trustee, as shall be directed in a written order signed by the Authorized Officer of the Borrower or its agent designated in a certificate of an Authorized Officer of the Borrower, but only as follows:

(a) moneys in the Revenue Fund, the Interest Accounts, the Cost of Issuance Funds Sinking Fund Accounts, the Project Funds, the Cost of Issuance Funds, the Repair and Replacement Fund, the Redemption Funds and the Insurance and Condemnation Proceeds Fund shall be invested only in Investment Obligations maturing in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts;

(b) moneys in the Rebate Fund shall be invested in accordance with the Indenture; and

(c) moneys in the Debt Service Reserve Funds shall be invested only in Investment Obligations.

Investments designated in any written order by the Borrower or its agent shall have maturities or redemption options consonant with the Borrower's and, the Trustee's need for funds.

Absent written orders from the Borrower or its agent, the Trustee may invest moneys under the Indenture in Government Obligations or in any money market or short term investment fund investing solely in or consisting solely of and secured by Government Obligations.

Except as described below, interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by the Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

Upon the written request of an Authorized Officer of the Borrower, interest earned from the investment of all or any portion of any money in the Redemption Funds shall be paid from such Fund to the corresponding Interest Account during any period set forth in such request.

Interest earned, profits realized and losses suffered by reason of any investment of any Debt Service Reserve Fund shall be determined by the Trustee on each date on which the Trustee is required to determine the value of the assets of such Debt Service Reserve Fund in accordance with the Indenture. If the net investment result for such Debt Service Reserve Fund for any such period is a gain (by virtue of either interest earned or profits realized), the amount of such investment gain shall be credited to such Debt Service Reserve Fund to the extent that there exists a deficiency therein, and the balance of such investment gain, if any, shall be paid by the Trustee from time to time to the corresponding Debt Service Reserve Fund for deposit first in the corresponding Interest Account to the extent necessary to pay interest on the applicable Series of Bonds on the next succeeding interest payment date and second to the corresponding Sinking Fund Account, to the extent necessary to pay principal of the applicable Series of Bonds on the next succeeding date on which principal of the applicable Series is due (whether at maturity or by redemption).

In determining the value of the assets of the funds and accounts created by the Indenture, investments and accrued interest thereon shall be deemed a part thereof. Investments of the Revenue Fund, the Debt Service Reserve Funds, the Interest Accounts, the Sinking Fund Accounts, the

Redemption Funds, the Insurance and Condemnation Proceeds Fund, the Project Funds and the Rebate Fund shall be valued at current market value, or at the redemption price thereof, if then redeemable at the option of the holder.

In addition, in determining the value of the assets of any Debt Service Reserve Fund, there shall be credited to such Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met to the reasonable satisfaction of the Trustee: (a) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee and throughout the period during which such Debt Service Reserve Fund Credit Facility is credited to the applicable Debt Service Reserve Fund, the unsecured long-term indebtedness or the claims-paying ability of the issuer of such Debt Service Reserve Fund Credit Facility or its parent holding company or other controlling entity is rated at least "A" by at least one of the Rating Agencies; (b) such Debt Service Reserve Fund Credit Facility is free and clear of all liens and encumbrances superior to the Indenture; (c) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from the applicable Debt Service Reserve Fund in accordance with the Indenture; (d) if such Debt Service Reserve Fund secures all or any portion of the Series 2019 Bonds, the holders of a majority of such Bonds shall have consented to such Debt Service Reserve Fund Credit Facility; and (e) if amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Gross Revenues or are secured by any property of the Borrower (other than any property donated, granted or bequeathed to the Borrower for such purpose), such amounts shall be payable in no fewer than 12 equal monthly installments; provided, however, that the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility shall not be credited to the Debt Service Reserve Fund on any date that is within six months of the expiration date of such Debt Service Reserve Fund Credit Facility unless such expiration date occurs after the maturity date of the Bonds secured thereby.

Neither the Trustee nor the Authority shall be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by the Indenture shall be invested as set forth above or for any loss arising from any investment permitted in the Indenture.

The Rebate Fund (Section 4.13)

The Trustee shall deposit into the Rebate Fund amounts paid by the Borrower pursuant to the Loan Agreement and the Tax Regulatory Agreement. The Borrower shall determine the Rebate Amount in accordance with the Tax Regulatory Agreement and the Rebate Amount shall be paid at such times and in such installments as provided therein. As further provided in the Tax Regulatory Agreement, the Borrower shall be responsible for paying the Rebate Amount. Neither the Authority nor the Trustee shall be obligated to pay any portion of the Rebate Amount (except from funds on deposit in the Rebate Fund). In addition, neither the Authority nor the Trustee shall have any responsibility with respect to the calculation of the Rebate Amount.

Amounts in the Rebate Fund are not pledged to the payment of the principal or Redemption Price of or interest on Parity Debt.

The Repair and Replacement Fund (Section 4.16)

The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund." 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 2019 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 2019 Bonds.

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, 2020, and the 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.

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 Debt Service required under the Loan Agreement.

Additional Bonds (Section 2.09)

The Indenture authorizes the issuance of Additional Bonds by the Authority for any purpose for which obligations of the Authority may be issued under the Act, including, without limitation, (a) refunding or advance refunding any Outstanding Parity Debt; and (b) obtaining funds to finance the costs of acquisition, construction and equipping of Additional Facilities. The costs to be incurred by the Borrower in connection with the issuance and sale of any such Additional Bonds, the establishment of necessary reserves and the payment of interest prior to and during construction and for a limited period after the completion of any such Additional Facilities, shall be included within each of the foregoing authorized purposes. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture, which shall specify all matters required to be provided in the Indenture.

Each Series of Additional Bonds shall be on a parity with the Series 2019 Bonds, and shall be entitled to the same benefit and security of the Indenture, including, without limitation, the pledge of the Revenues made by the Indenture, as the Series 2019 Bonds and any other Series of Additional Bonds that may be issued from time to time on a parity with such Bonds as provided in the Indenture to the extent provided in the Indenture.

All Additional Bonds shall mature on July 1 and redemptions of Additional Bonds from the Sinking Fund Account for such Additional Bonds shall be made on July 1 of the year in which such redemptions are to be made, and the interest on all Additional Bonds shall be payable on each Interest Payment Date.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for each Series of Bonds, then such Supplemental Indenture shall require (a) that the Revenues received by the Authority or the Trustee for the account of the Authority pursuant to the Loan Agreement shall be deposited pro rata as to time and amount among the various funds and accounts, to the end that the Bonds of each Series shall be equally and ratably secured by the Revenues; and (b) that amounts on deposit in the Debt Service Fund, Repair and Replacement Fund, Project Fund, if any, Debt Service Reserve Fund, if any, and Redemption Fund created for each

Series of Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, the Bonds of such Series and shall not be available to satisfy the claims of Holders of Bonds of any other Series.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that (a) any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of any Additional Facilities financed with the proceeds of such Additional Bonds, as applicable, shall be deposited in the Redemption Fund created for such Series of Additional Bonds; and (b) the amount of the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds, resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of and interest on such Additional Bonds.

Such Additional Bonds shall be executed substantially in the form and manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but before such Additional Bonds shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee, among other things, the following:

(a) all certificates, opinions, written statements and other documents required pursuant to the Loan Agreement as described in the forepart of this Limited Offering Memorandum under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS—Certain Financial Covenants under the Loan Agreement—Limitation on Incurrence of Additional Indebtedness”; and

(b) an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not adversely affect the excludability from gross income for federal income tax purposes of interest paid on any Tax-Exempt Bonds theretofore issued.

Subordinate Obligations (Section 2.14)

The Authority is authorized to issue and deliver, in addition to Additional Bonds, Subordinate Obligations for the benefit of the Borrower. The Authority may pledge the Revenues and Receipts to the payment of any Subordinate Obligations, but such pledge shall be junior and subordinate to the pledge of the Revenues and Receipts to secure Parity Debt. So long as no Event of Default under the Indenture or the Loan Agreement shall have occurred and be continuing, the Authority or the Borrower may pay or prepay the principal of and interest on any Subordinate Obligation and no recourse shall be had by the holder of any Parity Debt against the person to whom any such payment shall have been made unless such person shall have had, at the time of receipt of such payment, actual knowledge of the insolvency of the Borrower. During the continuance of any Event of Default under the Indenture or the Loan Agreement, no payments shall be made with respect to the principal of or interest on any Subordinate Obligation.

Amendments or Modifications of the Indenture and the Loan Agreement (Sections 8.01, 8.02, 8.04 and 8.05)

The Authority and the Trustee may, from time to time and at any time, enter into a Supplemental Indenture supplementing, modifying or amending the Indenture or any Supplemental Indenture for one or more of the following purposes: (a) to grant to or confer upon the Trustee for the benefit of the holders of Parity Debt any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders; (b) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or

administration of the Property, or relative to the application, custody, use or disposition of the proceeds of Bonds, Parity Obligations or Subordinate Obligations; (c) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Indenture; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Indenture), the Revenues; (e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Indenture or to make such provisions in regard to matters or questions arising under the Indenture as may be necessary or desirable and not contrary to or inconsistent with the Indenture; (f) to authorize the issuance of Additional Bonds or to approve the issuance of Parity Obligations, including, without limitation, any modifications or amendments required to grant to or otherwise secure for the holders of such Additional Bonds and Parity Obligations a parity interest in the security granted to the holders of the Series 2019 Bonds and any other then Outstanding Parity Debt in accordance with the Indenture and the Loan Agreement or to authorize or approve the issuance of Subordinate Obligations; (g) to permit the qualification of the Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law, if any such Supplemental Indenture has no materially adverse effect upon Holders of the Parity Debt; (h) to obtain or to maintain any ratings on Parity Debt from any nationally recognized securities rating agency, if any such Supplemental Indenture has no materially adverse effect upon Holders of the Parity Debt; (i) to make any other change in the Indenture, including, without limitation, any change necessary in connection with the issuance of any Subordinate Obligation, which shall not prejudice in any material respect the rights of the holders of the Parity Debt Outstanding at the date as of which such change shall become effective; (j) to provide for the issuance of certificated Bonds in coupon form or registered form; or (k) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or to comply with any secondary market disclosure requirements.

Before the Authority and the Trustee enter into any Supplemental Indenture as described above, there shall have been delivered to the Trustee and the Authority an opinion of Bond Counsel stating to the effect that such Supplemental Indenture is authorized or permitted by the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the excludability of the interest payable on the Tax-Exempt Bonds from the gross income of the Holders thereof for purposes of federal income taxation pursuant to Section 103 of the Code, in each case, subject to customer exclusions, qualifications and assumptions.

Any modification of the Indenture shall not be made without the prior written consent of the Borrower.

With the prior written consent of the holders of a majority of the Parity Debt, the Authority and the Trustee may, at any time and from time to time, enter into Supplemental Indentures amending or supplementing the Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained; provided, however, that nothing contained in the Indenture shall permit (a) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal or Redemption Price of or interest on any Bond without the consent of the Holder of such Bond; or (b) except as expressly permitted by the Indenture, the creation of a claim or lien upon, or a pledge of, the Revenues ranking prior to or on a parity with the claim, lien and pledge created by the Indenture, a preference or priority of any Parity Debt over any other Parity Debt or a reduction in the percentage of Parity Debt the consent of the

Holders of which is required for any modification of the Indenture, without the unanimous consent of the Holders of all Outstanding Parity Debt.

Without notice to or the consent of the holders of Parity Debt, the Authority and the Borrower may, at any time and from time to time, enter into any amendment, change or modification of the Loan Agreement that is (a) required or permitted by the provisions of the Loan Agreement, or (b) required to cure any ambiguity or formal defect or omission therein, or (c) permitted by the Loan Agreement with respect to amendments of the Facilities or any Additional Facilities, or (d) required or permitted pursuant to the provisions of the Indenture in connection with the issuance of any Additional Bonds or Parity Obligations, or (e) not prejudicial in any material respect to the rights of the holders of Parity Debt in the judgment of the Trustee. Otherwise, neither the Authority nor the Borrower shall enter into any amendment, change or modification of the Loan Agreement without the prior written consent of the Holders of a majority of the Parity Debt Outstanding at the effective date of such amendment, change or modification.

Before the Authority and the Borrower enter into any modification, alteration, amendment or supplement to the Loan Agreement, there shall have been delivered to the Authority, the Borrower and the Trustee an opinion of Bond Counsel stating to the effect that such modification, alteration, amendment or supplement is authorized or permitted by the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority and the Borrower in accordance with its terms and will not adversely affect the excludability of the interest payable on the Tax-Exempt Bonds from the gross income of the Holders of the Tax-Exempt Bonds for purposes of federal income taxation pursuant to Section 103 of the Code.

The Deed of Trust may be amended to the same extent and upon the same conditions that the Loan Agreement may be amended.

Events of Default and Remedies

Events of Default (Sections 7.01 and 7.02). “Events of Default” include, among others: failure to pay the principal of or interest on any of the Bonds when the same shall become due and payable; the appointment of a receiver of the Revenues; failure by the Authority to perform its obligations under the Indenture; and events of default under the Loan Agreement.

Upon the happening and continuance of any Event of Default specified in the Indenture, the Trustee may, and upon the written request of not less than a majority of the Bondholders shall, by a notice in writing to the Borrower, declare the principal of all of the Outstanding Bonds to be due and payable, whereupon such principal and accrued interest thereon shall be immediately due and payable. If all defaults shall have been remedied pursuant to the Indenture and the Loan Agreement, then the Trustee may annul such declaration (but in the event that such declaration has been made upon the written request of the Bondholders, only with the written consent of not less than a majority of the Bondholders). By the terms of the Indenture, the Borrower is not prohibited from taking any action, to the extent permitted by applicable law, to remedy any event of default.

Enforcement and Priority of Payments Following Default (Sections 7.03 and 7.04). Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of not less than a majority of the holders of Parity Debt shall proceed, to protect and enforce its rights and the rights of the holders of Parity Debt under the laws of the State and under the Indenture. If at any time there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee and the Authority under the Indenture, amounts held by the Trustee under the

Indenture together with any moneys thereafter becoming available for such purpose shall be deposited into the Revenue Fund and shall be applied as follows:

(a) unless the principal of all Outstanding Parity Debt shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Debt Outstanding, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Parity Debt;

SECOND, to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Parity Debt that shall have become due and payable, in the order of the due dates of such Parity Debt, with interest upon the principal amount of such Parity Debt from the respective dates upon which they shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Parity Debt due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Parity Debt; and

THIRD, to the payment of the interest on and the principal of the Parity Debt Outstanding as the same become due and payable; and

(b) if the principal of all Outstanding Parity Debt shall have become due by its terms or the principal of all Outstanding Parity Debt subject to acceleration shall have become due and payable by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Parity Debt, 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 Parity Debt over any other Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Parity Debt.

Amounts on deposit in the Cost of Issuance of Funds, the Repair and Replacement Funds, the Project Funds, the Insurance and Condemnation Proceeds Fund, the Debt Service Funds, the Debt Service Reserve Funds, and the Redemption Funds and the investment earnings on such amounts shall be applied solely to the payment of amounts due on the corresponding Series of Bonds and amounts on deposit in any debt service fund, debt service reserve fund, redemption fund or other similar fund created for any Parity Obligation in accordance with the Supplemental Indenture approving the issuance thereof and any amount on deposit in any fund or account securing any Parity Obligation constituting proceeds of such Parity Obligation or investment earnings on such proceeds shall be applied solely to the payment of amounts due on such Parity Obligation.

Restrictions Upon Action by Individual Holders (Section 7.07)

No holder of any Parity Debt shall have any right to institute any suit, action or proceeding in equity or at law on any Parity Debt for the execution of any trust under the Indenture or for any other remedy under the Indenture unless (a) such holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and (b) the holders of not less than a majority of the Parity Debt shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its or their name; and (c) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity may, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture or to any other remedy under the Indenture; provided, however, that notwithstanding the foregoing provisions of the Indenture and without complying therewith, the holders of not less than a majority of the Parity Debt may institute any such suit, action or proceeding in their own names for the benefit of all holders of Outstanding Parity Debt.

Defeasance (Section 9.01)

If the Authority shall pay or cause to be paid the principal or Redemption Price of and interest on all Parity Debt and Subordinate Obligations at the times and in the manner stipulated therein, in the Indenture and in any Supplemental Indenture authorizing or approving the issuance of any Additional Bonds, Parity Obligations or Subordinate Obligations, and pays or causes to be paid all other sums payable including, without limitation, all Administrative Expenses, then the pledge of any Revenues and other property pledged by the Indenture to the Parity Debt and Subordinate Obligations and all other rights granted thereby to the Parity Debt and Subordinate Obligations shall be discharged and satisfied.

A Bond shall be deemed to be paid within the meaning of and for all purposes of the Indenture when: (a) payment of the principal of and Redemption Price, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) shall have been either: (i) made or caused to be made in accordance with the terms thereof; or (ii) provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment the following: (A) moneys sufficient, without reinvestment, to make such payment; and/or (B) Defeasance Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment; and (b) all necessary and proper fees, compensation and expenses of the Authority and all Administrative Expenses with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee in case of payments due the Trustee and in all other cases as evidenced by a certificate from the person to whom payment is due. At such times as a Bond shall be deemed to be paid under the Indenture, such Bond shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations, as the case may be.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) above shall be deemed a payment of such Bond as aforesaid until: (A)(1) if such Bond is to be redeemed, proper notice of redemption of such Bond shall have been previously given in accordance with the Indenture or provision satisfactory to the Trustee and the Authority shall have been made for the giving of such notice; (2) there shall have been delivered to the Trustee and the Authority a report of an Independent Public Accountant verifying that the money and the principal of, and interest on, the Defeasance Obligations so deposited are

sufficient to pay the principal and Redemption Price of, and interest on, the Bond through the applicable redemption date or maturity date, as the case may be; and (3) in the event such Bond is not to be paid or redeemed within the next succeeding 60 days, until the Borrower shall have given the Trustee, on behalf of the Authority, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Holder of such Bond in accordance with the Indenture, that the deposit required by clause (a)(ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof; or (B) the maturity of such Bond.

So long as no Event of Default has occurred and is continuing of which the Trustee has knowledge or is deemed to have knowledge according to the Indenture, at the written request of the Borrower, any moneys held by the Trustee in trust for the payment of any of the Parity Debt or Subordinate Obligations which remain unclaimed for one year after the later of the date at which such Parity Debt or Subordinate Obligations became due and payable and the date of deposit of such moneys shall be repaid by the Trustee to the Borrower, or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto. After the payment of such unclaimed moneys to the Borrower, the Owners of such Parity Debt or Subordinate Obligations shall look only to the Borrower for the payment thereof and all liability of the Authority, the Trustee, and the Paying Agent shall cease upon such payment to the Borrower.

An Additional Bond, Parity Obligation or Subordinate Obligation shall be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if it is deemed to be paid in accordance with the provisions of the Supplemental Indenture authorizing or approving the issuance thereof.

**No Personal Liability of the Authority's Officials;
Obligations of Authority Limited (Section 10.06)**

No Authority Indemnified Party shall be individually or personally liable for the payment of any principal of, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Loan Agreement or any claim based on the Loan Agreement or the Indenture, or be subject to any personal liability or accountability by reason of the execution and delivery of the Indenture or the Loan Agreement. No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any Trustee Indemnified Party (as defined in the Loan Agreement) or of any Authority Indemnified Party in his, her, or its individual capacity, and no Trustee Indemnified Party or Authority Indemnified Party shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Construction of Indenture by Trustee (Section 6.18)

The Trustee may construe any of the provisions of the Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof, and any construction of any such provisions thereof by the Trustee in good faith shall be binding upon the holders of the Bonds.

Responsibilities of Trustee (Sections 6.02 and 6.03)

Except as otherwise expressly provided, the Trustee shall have no responsibility or duty with respect to: (a) the issuance of Parity Debt for value; (b) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee or Paying Agent; or (c) the

application of any moneys paid in accordance with the Indenture except as to the application of any moneys paid to it in its capacity as Trustee or Paying Agent. The duties and obligations of the Trustee shall be determined by the express provisions of the Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture and no implied covenants shall be read into the Indenture against the Trustee. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under the Indenture except for its own negligence or willful misconduct or if the Trustee is otherwise protected with respect to such act or omission under the provisions of the Indenture. The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, for making any determination with respect to any insurance or insurance companies, for collecting any insurance monies or for determining whether the yield on any investments made under the Indenture would cause, or whether any other facts exist which would cause, Tax-Exempt Bonds to become arbitrage bonds under Section 148 of the Code.

The Trustee shall be under no obligation to institute suit, to undertake any proceeding under the Indenture, to enter any appearance or in any way defend in any suit in which it may be made defendant or to take any steps in the execution of the trusts created thereby or in the enforcement or any rights and powers thereunder until it shall be indemnified to its satisfaction against all liability except as a consequence of its own gross negligence or willful misconduct. Nevertheless, the Trustee may take such action without indemnity, and in such case the Trustee shall reimburse itself, to the extent not reimbursed by the Borrower, from the Revenues for all costs and expenses properly incurred in connection therewith, and the Trustee shall be entitled to a preference therefor over any Parity Debt Outstanding under the Indenture.

Trustee Resignation and Removal (Sections 6.11 and 6.12)

The Trustee may at any time resign and be discharged by giving not fewer than 30 days' written notice to the Authority, the Borrower and each Holder of any Outstanding Parity Debt or Subordinate Obligations. Such resignation shall take effect upon the appointment of a successor by the Authority or the Holders of Outstanding Parity Debt as provided below under "—Successor Trustee" and the acceptance of such appointment by such successor.

The Trustee may be removed at any time by the holders of a majority of the Outstanding Parity Debt by a written instrument by such holders or by their attorneys-in-fact, duly authorized and delivered to the Authority and the Trustee or, if no Event of Default, or an event that with the giving of notice or lapse of time or both would become an Event of Default, under the Bond Documents has occurred or is continuing, by the Borrower by an instrument or concurrent instruments in writing signed and acknowledged by the Borrower, duly authorized and delivered to the Authority and the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture by any court of competent jurisdiction upon the application of the Authority or of the Holders of not less than 10% of the Outstanding Parity Debt. Any removal shall take effect upon the appointment of a successor by the Authority, the Holders of Outstanding Parity Debt, or the Borrower as provided below and the acceptance of such appointment by such successor.

Successor Trustee (Section 6.13)

The Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its

property or affairs, the position of the Trustee under the Indenture shall thereupon become vacant, and a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the holders of a majority of the Outstanding Parity Debt by a written instrument by such holders or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee, the Authority and the Borrower or, if no Event of Default, or an event that with the giving of notice or lapse of time or both would become an Event of Default, under the Bond Documents has occurred or is continuing, by the Borrower by an instrument or concurrent instruments in writing signed and acknowledged by the Borrower, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the Authority. Until such successor Trustee shall have been appointed by the holders of Parity Debt or the Borrower, the Authority, at the instruction of the Borrower, shall forthwith appoint a Trustee.

If no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any holder of Outstanding Parity Debt or Subordinate Obligations may apply to any court of competent jurisdiction for the appointment of such a successor.

Any successor Trustee appointed under the provisions described above shall be a commercial bank or trust company or national banking association (a) having a capital and surplus aggregating at least \$50,000,000, or a subsidiary bank or trust company whose capital and surplus, together with its parent bank, trust company or bank holding company, as the case may be, is at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms; and (b) authorized by law to perform all the duties of the Trustee required in the Indenture.

Notice of Events of Default (Section 6.17)

The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default under the Indenture or the Loan Agreement other than the failure to pay the principal of, interest on or the purchase price of, any Bond unless an officer, agent or employee responsible for matters relating to the Bonds shall have actual knowledge of such default or Event of Default, or the Trustee shall have been specifically notified in writing of such default or Event of Default by holders of at least a majority of the Parity Debt then Outstanding or by the Authority.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This is not a complete recital of the terms of the Loan Agreement and reference should be made to it for its complete terms. Words and terms used in this summary shall have the same meaning as in the Loan Agreement, except where otherwise noted.

Duration of Loan Agreement (Section 3.01)

The Loan Agreement shall remain in full force and effect from the date of its execution and delivery until the date on which the Indenture shall be discharged and satisfied in accordance with the provision described above under “THE INDENTURE—Defeasance.”

Acquisition and Construction of Additional Facilities (Sections 4.01, 4.02 and 4.03)

The net proceeds of the Series 2019 Bonds shall be used to finance the costs of the Project by the deposit of such proceeds in accordance with the Indenture. The Borrower shall pay the costs of the Project that are in excess of the amount available therefor from the proceeds of the Series 2019 Bonds and any investment earnings on such proceeds, by depositing an amount equal to such excess with the Trustee.

The Borrower shall employ one or more Architects responsible for the acquisition and construction of any Additional Facilities. Each Architect's duties shall include such duties as the Borrower's contract with the Architect may specify. The Borrower shall pay the costs of acquisition, construction and equipping of any Additional Facilities in excess of the amount of moneys available therefor from the proceeds of Parity Debt and any investment earnings on such proceeds.

Loan Payments (Sections 3.02 and 3.03)

The Borrower shall pay (a) the total interest becoming due on all Parity Debt to the respective dates of payment thereof; (b) the total principal amount of Parity Debt; (c) all redemption premiums, if any, payable on the redemption of Parity Debt prior to stated payment dates; and (d) the Costs of Issuance.

In addition, the Borrower shall pay (a) to the Trustee and the Dissemination Agent, respectively the Administrative Expenses applicable to such party, and (b) to the Trustee, any amount required to maintain the Debt Service Reserve Funds at the Debt Service Reserve Fund Requirements in accordance with the Indenture.

In addition, at the times required by the Borrower's Tax Certificates, the Borrower shall pay to the Trustee for deposit in the Rebate Fund, moneys sufficient to satisfy the requirements of the Borrower's Tax Certificates with respect to the Rebate Amount.

In order to provide for the payment of the amounts due under the Loan Agreement with respect to the Series 2019 Bonds, the Borrower shall pay an amount equal to the sum of the following:

(a) on the twenty-fifth day of each month, commencing December 25, 2019, the amount, if any, necessary to make the amount on deposit in the Series 2019 Interest Account equal to the amount of accrued and unpaid interest on the Series 2019 Bonds as of the first day of the immediately succeeding month; and

(b) on the twenty-fifth day of each month, commencing December 25, 2019, the lesser of (a) one-twelfth of the amount of any Sinking Fund Installment for the Series 2019 Bonds Outstanding becoming due on the immediately succeeding June 1 (except that from December 25, 2019 through May 25, 2020, such amount shall be one-sixth of the Sinking Fund Installment for the Series 2019 Bonds Outstanding due on June 1, 2020); and (b) the amount required to make the amount on deposit in the Series 2019 Sinking Fund Account equal to the Sinking Fund Installment for the Series 2019 Bonds, if any, due on the immediately succeeding June 1.

The Loan Agreement is a general obligation of the Borrower and the full faith and credit of the Borrower is pledged to the payments required under the Loan Agreement.

**Operation and Maintenance of Property;
Payment of Impositions (Sections 5.01, 5.02 and 8.09)**

The Borrower shall operate the Property in a sound and economical manner and shall maintain, preserve and keep the Property in good condition and repair. The Borrower shall make all necessary and proper repairs, replacements and renewals so as to conduct the operation of the Property in accordance with all applicable governmental operating standards. The Borrower shall operate the Facilities and any Additional Facilities financed with the proceeds of Bonds as facilities permitted to be financed and refinanced under the Act and/or any applicable federal law. The Borrower shall pay all expenses, including without limitation, all extraordinary expenses, of maintaining, repairing and replacing the Property to the extent necessary to permit the Borrower to make the payments required by the Loan Agreement and to perform its obligations thereunder, except insofar as funds are available from insurance proceeds to pay such expenses in accordance with the Loan Agreement. The Borrower shall pay all governmental impositions and assessments, if any, levied or assessed upon or in respect of the Property or any revenue therefrom, all ground rents, if any, on the Property and all costs of operating, maintaining, repairing and replacing the Property and its equipment.

No later than July 1, 2024, 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 Facilities. 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.

Additions to Property (Section 7.02)

Any additions, improvements and extensions to the Property and repairs, renewals and replacements thereof, including, without limitation, any Capital Improvements, shall upon their acquisition become part of the Property.

Limitation on Disposition of Property, Plant and Equipment (Section 7.03)

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: (i) of Property, Plant and Equipment no longer necessary for the operation of the Property; (ii) 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; or (iii) of Property, Plan and Equipment sold or disposed of at a price equal to their fair market value.

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 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 the Charter School Act. No exercise of the rights and remedies under the Deed of Trust 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.

Partial Release of Liens (Section 7.04)

The Authority and the Trustee, at the expense of the Borrower, shall execute and deliver any instrument necessary or appropriate to confirm, grant or convey any property or interest therein transferred in accordance with the Loan Agreement as described above under “—Disposition of Assets” and to release such property or interest therein from the liens and security interests granted to the Authority and the Trustee as security for outstanding Parity Debt.

Financial Reporting (Section 8.08)

Borrower agrees to provide to the Trustee, and upon written request of the Authority, to the Authority, the following information:

(a) If Borrower is undertaking any construction or renovations at the Property, not later than 60 days after the end of each fiscal quarter of Borrower, 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 Borrower not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2019.

(c) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2019, a report of the Borrower’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 Borrower 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, 2019, 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 June 30, 2020, a copy of any recommendations of any Independent Consultant received in accordance with the Loan Agreement.

(g) Annually, no later than six months after the close of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, copies of the audited financial statements of Borrower 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 Debt Service Coverage Ratio for the Borrower as described in the Liquidity Covenant and Debt Service Coverage Ratio described in the Loan Agreement.

(i) Such other information as may be reasonably requested by the Authority and the Trustee.

The Trustee shall act only as a repository for, and shall have no obligation to review, any financial statements submitted by the Borrower pursuant to the Loan Agreement.

Maintenance of Corporate Existence of the Borrower; Consolidation, Merger, Sale or Transfer Under Certain Conditions (Section 8.10)

The Borrower covenants and agrees that it will maintain its existence as a Nevada nonprofit corporation and 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 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:

(a) the surviving, resulting or transferee Person, as the case may be: (i) assumes in writing, if such Person is not the Borrower, all of the obligations of the Borrower under this Loan Agreement and the other Bond Documents and agrees to fulfill and comply with the terms, covenants and conditions thereof; (ii) is not, after such transaction, otherwise in default under any provisions in this Loan Agreement or the Deed of Trust; and (iii) is an organization described in Section 501(c)(3) of the Code;

(b) the Trustee shall have received a statement of an Authorized Officer 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;

(c) the Trustee and the Authority shall have received an 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;

(d) 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;

(e) the surviving, resulting or transferee Person shall be a Participating Party under the Act and the Authority has received an opinion of Independent Counsel to that effect;

(f) 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

(g) the surviving, resulting or transferee Person, as the case may be, shall deliver to the Trustee a statement of an Authorized Officer 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.

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.

Parity Obligations (Section 8.12)

The Borrower shall have the right to issue its Parity Obligations for any lawful purpose of the Borrower upon the following terms and conditions:

(a) prior to the issuance of any Parity Obligation, the Borrower shall provide evidence in form and substance satisfactory to the Trustee that (i) the conditions set forth in the Indenture have been satisfied for the issuance of such Parity Obligation as if such Parity Obligation were an Additional Bond, and (ii) the conditions set forth in the Indenture have been satisfied for the issuance of such Parity Obligation;

(b) any Parity Obligation may be secured as to payment by pledges, liens, mortgages or other security interests with respect to any tangible property of the Borrower; provided, however, that the Borrower shall execute, deliver, file and record, or cause to be executed, delivered, filed and recorded, such documents as an opinion of Independent Counsel shall indicate are necessary or appropriate to grant to and otherwise secure to the Trustee an interest in any security granted to the holder of such Parity Obligation that is equivalent to the interest granted to such holder, to the end that all Parity Debt shall be secured equally and ratably by the security for the Series 2019 Bonds except for the security of any fund or account securing certain Series of Bonds or Parity Obligations to the exclusion of other Parity Debt pursuant to the Indenture or any Supplemental Indenture;

(c) except for the security of any fund or account securing certain Series of Bonds or Parity Obligations to the exclusion of other Parity Debt pursuant to the Indenture or any Supplemental Indenture, all Parity Debt shall be secured equally and ratably by the security for the Series 2019 Bonds;

(d) any default under such Parity Obligations or under any agreement for the repayment of such Parity Obligations that shall not have been cured within any applicable grace period shall be a default under the Loan Agreement and under the Deed of Trust;

(e) the Borrower shall deliver to the Trustee (i) a copy of the applicable resolutions of the Board of Directors of the Borrower authorizing the issuance of such Parity Obligation, certified by an Authorized Officer of the Borrower, and (ii) a certificate of an Authorized Officer of the Borrower to the effect that, as of the date of delivery of such Parity Obligation, (A) to the

knowledge of such Authorized Officer of the Borrower, the Authority is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Indenture; and (B) no Event of Default or event that, with notice or lapse of time or both, would constitute an Event of Default, shall have occurred and be continuing;

(f) the Trustee shall have received an opinion of Independent Counsel to the effect that: (i) the issuance of such Parity Obligation has been duly and validly authorized by the Board of Directors of the Borrower and all conditions precedent to the delivery of such Parity Obligation have been fulfilled; (ii) such Parity Obligation is a valid and binding obligation of the Borrower in accordance with its terms; (iii) any instruments or other documents executed in connection with the issuance of such Parity Obligation have been recorded to the extent required by law and any financing and continuation statements required to be filed under the provisions of the Nevada Uniform Commercial Code have been duly filed in such manner and in such places as may be required by law in order to perfect any security interest purported to be granted thereby; (iv) all taxes, if any, payable in connection with the execution and issuance of such Parity Obligation have been paid; (v) no governmental orders, permits, approvals or authorizations not theretofore obtained are necessary in connection with the execution and issuance of such Parity Obligation; (vi) the issuance of such Parity Obligation is in accordance with law and the provisions of the Indenture, the Supplemental Indenture approving the issuance of such Parity Obligation and the Loan Agreement; and (vii) all Parity Debt then outstanding is equally and ratably secured by any security for such Parity Obligation, except for the security of any fund or account securing certain Series of Bonds or Parity Obligations to the exclusion of other Parity Debt pursuant to the Indenture or any Supplemental Indenture;

(g) the Trustee and the Authority shall have received an opinion of Bond Counsel to the effect that the issuance of such Parity Obligation will not adversely affect the excludability from gross income for federal income tax purposes of interest paid on any Tax-Exempt Bonds theretofore issued; and

(h) if such Parity Obligation is a Hedge Agreement, the Holders of a majority of the Outstanding Series 2019 Bonds shall have consented to such Parity Obligation.

Liens and Encumbrances; Further Assurances by Borrower (Section 8.13)

Except as otherwise specifically permitted by the Loan Agreement, the Borrower shall neither create any lien or encumbrance nor allow any lien to remain against any portion of the assets or Gross Revenues of the Borrower other than Permitted Encumbrances.

The Borrower shall execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the Deed of Trust and any rights, security interests in Gross Revenues and other moneys, securities, funds and assets pledged or assigned to the Authority or the Trustee, or intended to be, or that the Borrower may hereafter become bound to mortgage, pledge or assign.

Insurance (Section 6.01)

The Borrower covenants and agrees that it will keep property insurance (including builder's all risk insurance if applicable) against loss or damage to any structure constituting any part of the 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 Property; or (ii) the principal amount of the Bonds then Outstanding, and shall be subject to a deductible not to exceed \$100,000.

The Borrower covenants and agrees 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 payments on the Loan hereunder for a period of at least twelve (12) months. Proceeds of such insurance in the amount of at least twelve (12) months of payments on the Loan 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.

The Borrower covenants and agrees 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.

An Independent 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, 2024. If such review indicates that the Borrower, as appropriate, should increase any of the coverages required by the Loan Agreement, the Borrower shall review such recommendation with the governing body of the Borrower, 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 Independent Insurance Consultant delivered pursuant to this Section. The Trustee shall have no duty with respect to such reports other than to retain the reports.

The Borrower hereby covenants that it will use its best efforts to apply for 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 programs.

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.

Independent Consultant (Section 8.16)

For the purpose of performing the duties imposed on the Independent Consultant by the Indenture or the Loan Agreement, the Borrower shall employ an Independent Consultant from time to time as required by the provisions of the Indenture or the Loan Agreement.

Notwithstanding anything to the contrary contained in the Loan Agreement or in the Indenture, the Borrower shall not be required to concur with a recommendation contained in the report of an Independent Consultant that (a) conflicts with law or existing contracts; or (b) the Board of Directors of the Borrower has determined by resolution to be unreasonable, impractical, unfeasible or in violation of such Board of Directors' fiduciary duty based upon the Borrower's articles of incorporation, charter, bylaws, constitution, mission, vision and principles then in effect, nor shall the Borrower be obliged to implement any such recommendation, if, in the reasonable judgment of the Independent Consultant, such failure to concur with or to implement such recommendation will not prevent the implementation of other recommendations that are sufficient in the aggregate to enable the Borrower to rectify, within a reasonable period of time, the circumstance giving rise to employment of such Independent Consultant.

Non-Sectarian Use (Section 8.15)

The Borrower has not permitted and will not permit any portion of the assets of the Borrower financed with the proceeds of any Tax Exempt Bonds to be used (a) for sectarian religious instruction or study or as a place of sectarian religious worship or as a facility used primarily in connection with any part of a program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or other similar persons in the field of religion; or (b) in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or by any comparable provisions of the Constitution of the State of Nevada and the decisions of the Court of Appeals of the State of Nevada interpreting the same. Notwithstanding the foregoing provisions of the paragraph, if the Borrower receives an opinion of Bond Counsel that compliance with the foregoing restrictions is no longer necessary under applicable law, the Borrower shall no longer be required to comply with such restrictions.

Disposition of Insurance and Condemnation Proceeds (Section 6.03)

Subject to the application of insurance and condemnation provisions in agreements constituting Permitted Encumbrances, all proceeds of the insurance carried pursuant to the Loan Agreement (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Property, in each case, in excess of 10% of the Book Value of the 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 Property, the Borrower may retain such proceeds without any formality whatsoever. In the event the Borrower elects to repair or replace the 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 Property damaged, destroyed or taken in the manner and subject to the conditions set forth in 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 that, after repair and replacement, the Property will continue to be used and operated in the manner required by the Loan Agreement.

If the Borrower shall elect not to, or cannot, repair or replace the Property damaged, destroyed or taken, as provided in the Loan Agreement, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Redemption Fund 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 Redemption Fund 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.

If all amounts in the Insurance and Condemnation Proceeds Fund exceed 10% of the Book Value of the Property, but are not sufficient to retire all Bonds and Parity Debt then outstanding, the Trustee shall not transfer said amounts to the Redemption Fund 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 Property damaged, destroyed or taken, as provided in the Loan Agreement, 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 the Loan Agreement.

Events of Default (Section 9.01)

The following shall be “Events of Default” under the Loan Agreement: (a) failure by the Borrower to pay when due the principal or redemption price or interest on any Bond; (b) failure by the Borrower to pay when due any other amount required to be paid under the Loan Agreement, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee; (c) failure by the Borrower in the due observance and performance of any covenant, condition or agreement contained in the Loan Agreement with respect to the disposition of assets, limits on the merger, consolidation, acquisition and transfer of assets, additional indebtedness and liens and encumbrances; (d) failure by the Borrower to perform, observe or comply with any other of the terms, covenants, conditions or provisions contained in the Loan Agreement, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Trustee; provided, however, that (except for the terms, covenants, conditions of the Rate Covenant and the Liquidity Covenant, as each are described in the forepart of this Limited Offering Memorandum under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS”) if the Borrower shall proceed to make any repair, restoration or replacement or take any curative action that, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such period shall be increased by 30 days to enable the Borrower to complete such repair, restoration or replacement or other curative action through the exercise of due diligence; (e) abandonment by the Borrower of the Property, or any substantial part thereof, or the operations therein, which abandonment shall continue for a period of 60 days after written notice thereof shall have been given to the Borrower by the Trustee; (f) if the Borrower shall become insolvent or the subject of insolvency proceedings or shall file a petition or other pleading seeking an “order for relief” within the meaning of the United States Bankruptcy Code, or shall file any petition or other pleading seeking any reorganization, composition, readjustment, liquidation of assets or similar relief for itself under any present or future law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower, or of substantially all of the assets of the Borrower, or shall make a general assignment for the benefit of creditors, or shall be unable or admit in writing its inability to pay its debts generally as they become due; (g) if a petition or other

pleading shall be filed against the Borrower seeking an “order for relief” within the meaning of the United States Bankruptcy Code or any reorganization, composition, readjustment, liquidation of assets or similar relief under any present or future law or regulation, and shall remain undismissed or unstayed for a period of 90 days, or if, by an order or decree of a court of competent jurisdiction, the Borrower shall become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code or relief shall be granted under or pursuant to any such petition or other pleading, or if, by order or decree of such court, there shall be appointed, without the consent or acquiescence of the Borrower, a trustee in bankruptcy or reorganization or a receiver or liquidator of the Borrower or of all or any substantial part of the property of the Borrower, and any such order or decree shall have continued unvacated or unstayed, on appeal or otherwise, and in effect for a period of 90 days; (h) default in the payment of the principal of or interest on any Outstanding Indebtedness of the Borrower (other than the Loan), or default under any indenture, agreement or other similar instrument under which any such Indebtedness may be issued, which default permits the acceleration of the maturity of such indebtedness; provided, however, it shall not constitute an Event of Default if (A) the outstanding principal balance of such indebtedness is not in excess of \$100,000, or (B) the Borrower certifies to the Trustee that the default is being contested by the Borrower in good faith and by appropriate proceedings; (i) default under any Parity Obligation or under any agreement for the repayment of such Parity Obligation, which default shall not have been cured within any applicable grace or cure period provided in such Parity Obligation or such agreement; (j) if any material representation or warranty made in the Loan Agreement or in the Deed of Trust or in any report, certificate, financial statement, opinion or other instrument furnished in connection with the making of the Loans or the issuance of the Bonds proves to be false or misleading in any material respect when made or affirmed; (k) the termination of the Charter School Contract either by its terms or for any other reason; or (l) an “Event of Default” occurs under the Deed of Trust (as that term is defined in the Deed of Trust).

Remedies (Section 9.02)

Upon the occurrence of an Event of Default and upon written notice thereof to the Borrower, the Trustee may, and upon the written request of not less than a majority of the Bondholders shall, (a) upon the declaration of acceleration of Outstanding Bonds pursuant to the Indenture, accelerate the payment of the Loans made with the proceeds of any Series of Bonds upon notice to the Borrower, whereupon the entire unpaid principal of such Loans and all interest accrued thereon and all amounts to be paid under the Loan Agreement shall immediately become due and payable without further demand upon the Borrower; and (b) take any action at law or in equity to collect the payments due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement or under the Deed of Trust.

Foreclosure of Deed of Trust and Sale (Section 9.03)

Upon the occurrence of an Event of Default, the Trustee shall have the right to foreclose on the Property subject to the Deed of Trust and on the Gross Revenues. Upon foreclosure, the Trustee shall sell the Property upon such terms as shall be satisfactory to the Trustee and receive the proceeds of the sale thereof, and the Borrower shall thereupon have no right to repossess the Property. For the purpose of sale, the Trustee shall be authorized to make such repairs or alterations in or to the Property as may be necessary to place the same in good order and condition. The Borrower shall be liable to the Trustee for the cost of such repairs or alterations and all expenses of any sale. If the sum realized from the sale is insufficient to satisfy the payments provided in the Loan Agreement, the Trustee, at its option, may require the Borrower to pay such deficiency month by month, or may require the Borrower to pay the entire amount of such deficiency in a single payment.

Moneys realized upon any such sale shall be delivered to the Trustee for deposit in the Revenue Fund for payment of Outstanding Parity Debt as provided in the Indenture.

Voluntary Prepayment (Section 10.01)

The Borrower shall have the right to make voluntary payments in any amount to the Trustee for the account of the Authority, which voluntary payments shall be deposited in the Revenue Fund for immediate payment to the applicable Redemption Fund as directed by the Borrower. Upon deposit of such moneys, the Trustee shall purchase or redeem Bonds in accordance with the Indenture.

Limited Liability of the Authority (Section 11.04)

The Authority is entering into the Loan Agreement pursuant to the authority conferred upon it in the Act. No provision thereof shall be construed to impose a charge against the general credit or taxing power of the Authority or any personal or pecuniary liability upon the Authority or its officers or employees except with respect to the proper application of the proceeds to be derived from the sale of the Bonds and the revenues and receipts to be derived from the loan of said proceeds pursuant to the Loan Agreement.

THE DEED OF TRUST

The following is a summary of certain provisions of the Deed of Trust. It is not a complete recital of the terms of the Deed of Trust and reference should be made to it for its complete terms. Words and terms used in this summary shall have the same meaning as in the Deed of Trust.

Property Subject to the Deed of Trust (Grant)

The following property is conveyed to the Trustee, as beneficiary (the “Beneficiary”) as security for the repayment of such principal sum with interest, and other indebtedness, and performance of the Borrower’s obligations under the Loan Agreement (the “Bond Indebtedness”):

- (a) all the Land;
- (b) all buildings and improvements of every kind and description now or hereafter erected and placed thereon (collectively, the “Improvements”);
- (c) all right, title and interest of the Borrower, including any after-acquired title or reversion in and to the beds of the ways, streets, avenues and alleys adjoining the Land;
- (d) all and singular the tenements, hereditaments, easements, appurtenances, passages, waters, water rights, water courses, riparian rights, other rights, liberties and privileges thereof or in any way now or thereafter appertaining to the Deed of Trust Property (defined below) or any part thereof, including, but not limited to, any homestead or other claim at law or in equity, as well as any after-acquired title, franchise or license and reversion and reversions and remainder and remainders thereof and also all the estate, property, claim, right, title or interest now-owned or hereafter acquired by the Trustor in or to the Deed of Trust Property or any part thereof;
- (e) all building materials, fixtures, machinery, equipment and tangible personal property of every kind and nature whatsoever (but not including consumable goods or trade fixtures or other personal property owned by any third parties occupying all or any portion of the Improvements), now or hereafter located or contained in or upon or attached to the Land or the Improvements or any part thereof, and used or usable in connection with any present or future use or operations of the Land or the Improvements or any part thereof, whether now owned or

hereafter acquired by the Borrower, together with any and all alterations, additions, accessions, extensions, betterments and improvements to the Deed of Trust Property (or any portion thereof), substitutions therefor, and renewals and replacements thereof (all of the foregoing being hereinafter sometimes referred to collectively as the "Equipment Collateral"). All of the Equipment Collateral, so far as permitted by law, shall be deemed to be fixtures and part of the Land and of the Improvements, and as to any part of the Equipment Collateral not deemed or permitted by law to be fixtures, the Deed of Trust shall also constitute a security agreement under the Nevada Uniform Commercial Code, and pursuant thereto, and in order to secure the repayment of the Bond Indebtedness and the performance of the obligations to be secured by the Deed of Trust, the Borrower granted the Trustee, and its assigns, a continuing security interest under the Nevada Uniform Commercial Code in and to such part of the Equipment Collateral not deemed or permitted by law to be fixtures, and the proceeds thereof, including the proceeds of any and all insurance policies in connection therewith. With respect to such Equipment Collateral, the Trustee, and its assigns, shall have all the rights and remedies of a secured party under the Nevada Uniform Commercial Code;

(f) all of the rents, royalties, issues, profits, revenues, income and other benefits of the conveyed Property, or arising from the use or enjoyment of all or any portion thereof, or from any lease or agreement pertaining thereto and all right, title and interest of the Borrower in and to, and remedies under, any and all leases and subleases of the conveyed Property, or any part thereof, both now in existence or hereafter entered into, and all accounts, general intangibles and other rights growing out of or in connection with such leases and subleases, together with all proceeds thereof; and including, without limitation, all cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder whether such cash or securities are to be held until the expiration of the terms of such leases and subleases or are to be applied to one or more of the installments of rent coming due immediately pursuant to such leases or subleases prior to the expiration of such terms; and reserving in the Borrower a license terminable upon the occurrence of an Event of Default under the Deed of Trust to collect and receive the same.

Unless specifically designated otherwise, the Land, the Facility, the Improvements, the Equipment Collateral, and all other items and property described in the preceding paragraphs hereof, together with all Additions thereto, shall be herein collectively referred to as the "Deed of Trust Property";

(g) any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (i) any taking of the Conveyed Property or any part thereof under the power of eminent domain, either temporarily or permanently; (ii) any change or alteration of the grade of any street; and (iii) any other injury or damage to, or decrease in value of, the Conveyed Property or any part thereof (all of the foregoing being hereinafter sometimes referred to, collectively, as the "Condemnation Awards," or singularly a "Condemnation Award"), to the extent of all Bond Indebtedness which may be secured by the Deed of Trust at the date of receipt of any such Condemnation Award by the Trustee, and of the reasonable counsel fees, costs and disbursements, if any, incurred by the Trustee in connection with the collection of such Condemnation Award;

(h) any and all payments, proceeds, settlements or other compensation heretofore made (but not yet received by the Borrower) or hereafter made, including any interest thereon,

and the right to receive the same, from any and all insurance policies covering the Deed of Trust Property or any portion thereof; and

(i) all of the Borrower's rights, options, powers and privileges in and to all architectural, engineering and similar plans, specifications, drawings, reports, surveys, plats, permits and the like, contracts for construction, operation and maintenance of, or provision of services to, the Deed of Trust Property (including all sewer taps and allocations, agreements for utilities, bonds and the like, all relating to the Land and the Improvements).

Transfer of Property (Section 3.14)

Except for Permitted Encumbrances, the Grantor will not encumber, transfer, sell, assign, lease, dispose of, or contract to transfer all or any part of the Deed of Trust Property except as provided by the Loan Agreement.

Events of Default and Remedies (Sections 4.01 and 4.02)

The following are "Events of Default" under the Deed of Trust: (a) occurrence of an Event of Default under the Loan Agreement or under any of the other documents executed and delivered in connection with the issuance of the Bonds; (b) failure by the Borrower to fully and promptly perform, comply with or observe any of the terms, covenants or agreements in the Deed of Trust with respect to insurance, taxes, and transfer of property; (c) and failure of the Borrower to fully and promptly perform, comply with or observe any other term, covenant or agreement contained in the Deed of Trust which failure shall continue for a period of 30 days after written notice or for such longer period to cure such failure.

If an Event of Default shall occur, the Trustee may take possession of and sell the Deed of Trust Property. Proceeds from the sale of the Deed of Trust Property after payment of unpaid costs and expenses incurred in the possession and sale of the Deed of Trust Property.

In addition, the Trustee may enter and take possession of the Deed of Trust Property, may use, operate, manage and control the Deed of Trust Property. Upon taking possession, the Trustee shall have the right to manage, and to receive all revenues and income from the Deed of Trust Property, and to carry on the business and exercise all rights and powers of the Borrower with respect to the Deed of Trust Property.

Any amounts collected pursuant to action taken pursuant to the Deed of Trust shall be paid over to the Trustee and applied to the Bond Indebtedness and the Borrower's obligations under the Loan Agreement and the Deed of Trust, as set forth in the Indenture.

If an Event of Default occurs, the Trustee shall be entitled as a matter of right, without regard to the adequacy of the security, to the immediate appointment of a receiver of the Deed of Trust Property and of the revenues and profits thereof.

Security Agreement (Sections 3.09 and 4.02)

The Deed of Trust constitutes a security agreement under the Nevada Uniform Commercial Code. The Trustee may proceed under the remedies provided by the Nevada Uniform Commercial Code following an Event of Default.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

December 20, 2019

Public Finance Authority
Madison, Wisconsin

\$13,845,000
Public Finance Authority
Charter School Revenue Bonds
(Coral Academy of Science Reno)
Series 2019A

\$710,000
Public Finance Authority
Charter School Revenue Bonds
(Coral Academy of Science Reno)
Series 2019B (Taxable)

Ladies and Gentlemen:

We are acting as bond counsel to the Public Finance Authority (the “Authority”) in connection with the issuance of the above captioned Series 2019A Bonds and Series 2019B Bonds (collectively, the “Bonds”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Constitution of the State of Wisconsin, Chapter 66, Subchapter III, Section 66.0304 of the Wisconsin Statutes and an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010, which the Attorney General of the State of Wisconsin has determined to be in proper form and compatible with the laws of the State of Wisconsin, all as now in effect and as it may from time to time hereafter be amended or supplemented (the “Act”), a resolution (the “Bond Resolution”) duly adopted by the Authority on May 29, 2019, a Trust Indenture, dated as of December 1, 2019 (the “Indenture”) by and between the Authority and U.S. Bank National Association, a national banking association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Authority will lend the proceeds of the Bonds to Coral Academy of Science Reno, a Nevada nonprofit corporation (the “Borrower”), pursuant to the Loan Agreement, dated as of December 1, 2019, by and between the Authority and the Borrower.

The Bonds are payable solely from the Revenues, as defined in the Indenture.

As to questions of fact material to our opinion, we have relied upon (a) representations of the Authority and the Borrower, (b) certified proceedings and other certifications of public officials furnished to us, and (c) certifications furnished to us by or on behalf of the Borrower, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of compliance with paragraph 4 below, assuming the accuracy of certain representations and continuing compliance with certain covenants contained in such proceedings and other documents, it is our opinion as Bond Counsel that:

1. The Indenture and the Loan Agreement have been duly executed and delivered by, and constitutes the valid and binding obligations of, the Authority, enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid lien on the Revenues to secure the payment of the

principal 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 therein.

2. The Bonds (a) have been duly authorized, executed, and issued by the Authority and (b) are valid and binding special limited obligations of the Authority payable solely from the Revenues.

3. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2019A Bonds is excludible from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Series 2019A Bonds will not be treated as a specific item of tax preference in computing the alternative minimum tax for individuals and for corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants made by the Authority and the Borrower designed to meet the requirements of Section 103 of the Code.

4. Interest on the Series 2019B Bonds is included in gross income for federal income tax purposes.

5. Interest on the Bonds is not exempt from Wisconsin income taxes or franchise tax.

In rendering this opinion, we have examined and relied upon the opinion of von Briesen & Roper, s.c., dated the date hereof, as special counsel to the Authority as to the due creation and valid existence of the Authority, the due adoption of the Bond Resolution and the due execution and delivery of the Bonds.

In rendering the foregoing opinions, we are not passing upon the matters of (i) the corporate status of the Borrower, (ii) the power of the Borrower to execute and deliver the Bond Documents (as defined in the Indenture) to which the Borrower is a party or to perform its obligations thereunder, or (iii) the enforceability of the Bond Documents to which the Borrower is a party against the Borrower.

We have relied upon the opinion, dated this date, of Kirton McConkie PC, acting as counsel to the Borrower, with respect to, among other matters, the current qualification of the Borrower as a public charter school duly organized and validly existing under the applicable laws of the State of Nevada and certain other matters with respect to the Borrower. Such opinion is subject to a number of qualifications and limitations. Failure of the Borrower to be organized and operated in accordance with Nevada Law or to comply with the terms of the Tax Regulatory Agreement, dated December 20, 2019, by and between the Borrower and Authority, may result in interest payable with respect to the Series 2019A Bonds being included in federal gross income, possibly from the original issuance of the Series 2019A Bonds.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof and their successors and assigns shall be entitled to rely upon this opinion without our prior written approval.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of December 1, 2019, is executed and delivered by and between Coral Academy of Science Reno (the “Borrower”) and Urban Futures, Inc., as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Public Finance Authority (the “Authority”) of its Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019A and Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019B (Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2019 (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 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 or the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Authority*” means the Public Finance Authority, its successors and assigns.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Bonds*” means the Series 2019A Bonds and the Series 2019B Bonds.

“*Borrower*” means Coral Academy of Science Reno, a Nevada nonprofit corporation.

“*Disclosure Representative*” shall mean the chief financial officer of the Borrower or such other officer, agent or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means Urban Futures, Inc., as dissemination agent under this Disclosure Agreement, and its successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

“*Events Notices*” means the notices required to be given by the Borrower pursuant to Section 5 of this Disclosure Agreement.

“*Financial Obligation*” means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

“*Fiscal Year*” means the twelve month accounting period used with respect to the operations of the Borrower ending June 30 of each year; provided, however, the Borrower, by resolution duly passed, may change such accounting period to end on another date if such change is found and determined to be necessary or appropriate for budgetary or other fiscal purposes.

“*Indenture*” means the Trust Indenture, dated as of December 1, 2019, between the Authority and the Trustee, as the same may be amended and supplemented from time to time.

“*MSRB*” means the Municipal Securities Rulemaking Board, located at 1300 I Street, NW, Suite 1000, Washington, DC 20005, its successors and assigns.

“*Limited Offering Memorandum*” means the Limited Offering Memorandum dated as of December 5, 2019, relating to the Bonds.

“*Operations Report*” means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to the Section 4 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 Borrower to the Dissemination Agent pursuant to Section 7 of this Disclosure Agreement.

“*Repository*” means EMMA, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*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.

“*SEC*” means the Securities and Exchange Commission, its successors and assigns.

“*Series 2019A Bonds*” means the Authority’s Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019A.

“*Series 2019B Bonds*” means the Authority’s Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019B (Taxable).

“*Trustee*” means U.S. Bank National Association, in its capacity as trustee under the Indenture, and its successors and assigns.

Section 3. Provision of Annual Reports.

(a) The Borrower shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than December 15 of each year, so long as the Borrower’s Fiscal Year ends on June 30 of each year (or, otherwise, 180 days after the end of the Borrower’s Fiscal Year), commencing with the Fiscal Year ending June 30, 2020, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure

Agreement; provided that the audited financial statements of the Borrower (and any information determined from the audited financial statement) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower'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 Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify Bonds by name and CUSIP number, if available.

(b) The Borrower shall be responsible for the preparation of the Annual Report. Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Borrower shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Annual Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 4. Content of Annual Reports.

(a) The Annual Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) The audited financial statements of the Borrower for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental units from time to time, if available.

(ii) An Executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(b) Any or all of the items listed above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the Borrower or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference. The Borrower is 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 Borrower is to include in the next disclosure report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower 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 the Bonds or other events affecting the tax exempt status of the Series 2019A 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 the sale of all or substantially all of the assets of the Borrower (other than in the ordinary course of business) or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than in accordance with its terms;
 - (vii) appointment of a successor or additional trustee or change in name of a trustee; or
 - (viii) incurrence of a Financial Obligation of the Borrower, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders.
- (b) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to 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 the Series 2019A Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB);
 - (viii) tender offers;
 - (ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties; and
 - (x) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower.

For purposes of the event identified in clause (x) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), the Borrower shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If the Borrower has determined that the occurrence of a Listed Event specified in Section 5(a) would be material, or upon the occurrence of a Listed Event specified in Section 5(b), the Borrower shall notify the Dissemination Agent in writing within three business days of the occurrence of such event in a format suitable for filing with the MSRB, with instructions to the Dissemination Agent to file a notice of the occurrence of such Listed Event pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter in a timely manner not in excess of ten business days after the occurrence of the event.

Section 6. Provision of Quarterly Reports.

(a) The Borrower agrees to provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 60 days after the end of each of the Borrower's fiscal quarters, commencing with the fiscal quarter ending December 31, 2019, 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.

(b) The Borrower shall be responsible for the preparation of the Quarterly Report. Not later than five (5) business days prior to the date specified in subsection (a) for providing the Quarterly Report to the MSRB, the Borrower agrees to provide the Quarterly Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Quarterly Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 7. Content of Quarterly Reports.

(a) The Borrower'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 Facility being constructed with proceeds of the Bonds, 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 the Borrower for the prior Fiscal Year.

(iii) Enrollment data and waitlist data by grade as of the end of the previous fiscal quarter.

(iv) For the last fiscal quarter of each Fiscal Year, a copy of the Borrower'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, if any.

(vii) Notice of any threatened termination of any license, charter or other official approval or accreditation which is material to the activities of the Borrower, or of the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to the Borrower could result in a judgment in excess of available insurance coverage or otherwise have a material adverse effect on the operations or financial condition of the Borrower, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of the Borrower.

(viii) Management discussion of any significant variance between budgeted and actual revenues and expenditures during the previous fiscal quarter, if any.

(ix) Changes in key management personnel for the Borrower's leadership team, if any.

(x) Information provided to any rating agency then rating the Bonds.

(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 Borrower or related public entities, which have been submitted to each of the MSRB. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so included by reference. The Borrower is solely responsible for the content and format of the Quarterly Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Quarterly Report.

Section 8. Use of EMMA. Any filings required to be made with or notices to be given to the MSRB under this Disclosure Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an electronic format accompanied by identifying information as prescribed by the MSRB, or to such other entity and in such other format as may be designated under the Rule. The Dissemination Agent agrees to comply with the provisions of EMMA in making such filings and giving such notices under this Disclosure Agreement.

Section 9. Termination of Reporting Obligation. The obligations of the Borrower and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, prepayment or payment in full of all of Bonds. If such termination occurs prior to the final maturity of Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

Section 10. Annual Conference Calls. The Borrower shall schedule annual conference calls by January 31 of each year, beginning by January 31, 2021, 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 the Borrower 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 MSRB, the Borrower and the Participating Underwriter in substantially the form attached as Exhibit B. If the Borrower 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. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Borrower shall be the Dissemination Agent. The initial Dissemination Agent shall be Urban Futures, Inc. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to the Borrower.

Section 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of 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 the Borrower, materially impair the interests of the Holders or Beneficial Owners of Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(d).

Section 14. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 15. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent (at the written direction of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Bonds may,

take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under Bonds, the Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall not be required to take any action whatsoever to cause the Borrower to comply with its obligations under this Dissemination Agreement other than those specifically set forth in Sections 3, 5 and 6 hereof.

Section 16. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, fees, expenses and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, as the case may be. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of Bonds. The Dissemination Agent shall have no liability for the Borrower's failure to report any event or any financial information or operating data as to which the Borrower has not provided an information report in format suitable for filing with the MSRB. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in a fiduciary capacity. In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent by the Disclosure Representative and conforming to the requirements of this Disclosure Agreement. In the case of any Annual Reports or description of any Listed Events, or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the Disclosure Representative. The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower. The Borrower shall not be liable for the fees and expenses of any such counsel consulted by the Dissemination Agent without the prior consent of the Borrower. The Dissemination Agent shall not be bound to make any investigation into the facts or matters stated in and Annual Report or description of a Listed Event.

Section 17. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower:

Coral Academy of Science Reno
Attn: Chief Financial Officer
1350 E. 9th Street
Reno, NV 89512

To Dissemination Agent:

Urban Futures, Inc.
17821 East 17th Street, Suite 245
Tustin, CA 92780

A copy of each notice shall be sent to the Participating Underwriter as follows:

Stifel, Nicolaus & Company, Incorporated
Attn: John Kim
515 S. Figueroa Street, Suite 1800
Los Angeles, CA 90071

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, 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 the Borrower 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 Nevada, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 22. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 23. Other Instruments. The Borrower and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 24. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 25. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

URBAN FUTURES, INC., as Dissemination Agent

By: _____
Its: Authorized Officer

CORAL ACADEMY OF SCIENCE RENO

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN FINANCIAL AND OPERATING COVENANTS

Name of Issuer: Public Finance Authority

Name of Bond Issue: Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science Reno) Series 2019A and Series 2019B (Taxable)

Dissemination Agent: Urban Futures, Inc.

Name of Borrower: Coral Academy of Science Reno

Date of Issuance: December 20, 2019

The undersigned authorized representative of the Borrower is providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of December 1, 2019 (the “Disclosure Agreement”), between the Dissemination Agent and the Borrower. The Disclosure Agreement requires that this information be provided to the MSRB 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 Loan Agreement. The information contained below is unaudited.

1. The undersigned is familiar with the provisions of the Loan Agreement, and based on such review and familiarity, the Borrower 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 Loan Agreement.
2. All insurance required by the Loan Agreement is in full force and effect as of the date hereof.
3. Financial Covenants As of June 30, 20__:
4. The following information with respect to the Borrower:
 - (a) Enrollment by Grade Level, by campus (Actual for Prior + Projected for Two Following Years)
 - (b) Student Retention (Prior Year)
 - (c) Teacher Retention (Prior Year)
 - (d) The State of Nevada’s Smarter Balanced Assessment Consortium (“SBAC”) assessment results in English language arts and math, ACT results, and End of Course (“EOC”) examination results, or the State of Nevada’s current academic measures, if different.
 - (e) Wait List Data (Prior Year).

This certificate is being provided by the Borrower to the Dissemination Agent on a date which is [on or before][after] December 15, 20__.

Dated: _____

CORAL ACADEMY OF SCIENCE RENO

By: _____
Its: _____

EXHIBIT B

**NOTICE TO REPOSITORIES OF FAILURE TO
FILE ANNUAL OR QUARTERLY REPORT**

Name of Issuer: Public Finance Authority
Name of Bond Issue: Public Finance Authority Charter School Revenue Bonds
(Coral Academy of Science Reno) Series 2019A & Series 2019B (Taxable)
Dissemination Agent: Urban Futures, Inc.
Name of Borrower: Coral Academy of Science Reno
Date of Issuance: December 20, 2019

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 December 1, 2019, between the undersigned Dissemination Agent and the Borrower. The Borrower anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

URBAN FUTURES, INC.,
as Dissemination Agent

By _____
Authorized Signatory

cc: Stifel, Nicolaus & Company, Incorporated

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

CHARTER SCHOOLS IN NEVADA

This Appendix F is intended to provide a general overview of State of Nevada (the “State”) charter school law and is not comprehensive or definitive. The State Legislature (as defined herein) may enact changes to the laws governing charter schools, such as the Borrower, at any time. The Borrower cannot predict the nature, scope or timing of any such changes, and makes no representation with respect thereto.

GENERAL

In 1997, the Nevada State Legislature (the “State Legislature”) enacted Nevada Revised Statutes (“NRS”) 388A.010 *et seq.* (as amended, the “Act”) which allows for the creation and development of public charter schools to be operated within the State. Charter schools are prohibited from operating for profit and may not be supported by or otherwise affiliated with any religion or religious organization or institution.

Charter schools each have their own governing body that directs operations. The Act prohibits sponsoring districts from interfering in the normal day-to-day business of the charter schools. Charter schools can use a unique curriculum and different instructional methods; however, students are expected to meet State or district academic standards and they must take all state-mandated tests. Charter schools cannot be affiliated with nor controlled by any church, may not engage in religious instruction and may not discriminate.

The State Legislature authorized the formation of charter schools and later created the State Public Charter School Authority (the “State Charter School Authority”) for the stated purpose of serving and expanding the opportunities for pupils in the State, including, without limitation, pupils who are “at risk.” The original stated intention of the State Legislature was to provide: (i) the board of trustees of school districts with a method to experiment with providing a variety of independent public schools to the pupils of the State; (ii) a framework for such experimentation; (iii) a mechanism by which the results achieved by charter schools may be measured and analyzed; and (iv) a procedure by which the positive results achieved by charter schools may be replicated and the negative results may be identified and eliminated.

The State Legislature further clarified that charter schools must have as their stated purpose at least one of the following goals: (i) improve the academic achievement of pupils; (ii) increase the opportunities for learning and access to quality education by pupils; (iii) encourage the use of different and innovative teaching methods; (iv) establish appropriate measures for and assessments of the learning achieved by pupils who are enrolled in charter schools; (v) provide a more thorough and efficient system of accountability of the results achieved in public education in the State; and (vi) create new professional opportunities for teachers and other educational personnel, including, without limitation, the opportunity to increase the accessibility and responsibility of teachers and other educational personnel for the program of learning offered.

State Public Charter School Authority

The State Legislature created the State Charter School Authority in 2011. The State Charter School Authority consists of seven members, including (i) two members appointed by the Governor; (ii) two members, who are not legislators, appointed by the Majority Leader of the Senate; (iii) two members, who are not legislators, appointed by the Speaker of the Assembly; and (iv) one member appointed by the Charter School Association of Nevada or its successor organization. The Governor, Majority Leader of the Senate and Speaker of the Assembly must ensure that the State Charter School Authority membership includes: (i) persons with a demonstrated understanding of charter schools and a commitment to using charter schools as a way to strengthen public education in the State; (ii) a parent or legal guardian of a pupil enrolled in a charter school in the State; and (iii) persons with specific knowledge of: (a) issues relating to elementary and secondary education; (b) school finance or accounting, or both; (c) management practices; (d) assessments required in

elementary and secondary education; (e) educational technology; and (f) the laws and regulations applicable to charter schools. Additionally, they must ensure, to the extent practical, that the membership reflects the ethnic and geographical diversity of the State and consists of persons who are experts on best practices for authorizing charter schools and developing and operating high-quality charter schools and charter management organizations.

The State Charter School Authority is deemed a local educational agency (as defined in 20 U.S.C. § 7801(26)(A)) for the purpose of directing the proportionate share of any money available from federal and state categorical grant programs to charter schools sponsored by the State Charter School Authority or a college or university within the Nevada System of Higher Education that are eligible to receive such money.

Management of Charter School Growth

Pursuant to Chapter 388A of the NRS, the State Charter School Authority is required to establish a plan to manage the growth of charter schools in the State (the “Growth Plan”). The Growth Plan must set forth the status of existing charter schools and a 5-year projection of anticipated growth in the number of charter schools.

To develop the Growth Plan, the State Charter School Authority shall determine the projected number of:

- (a) New charter schools that the State Charter School will approve;
- (b) Additional campuses of charter schools that the State Charter School Authority will approve;
- (c) Charter schools that will expand the grade levels offered at the charter schools or will otherwise increase enrollment of pupils at the charter schools; and
- (d) Charter schools whose charter contracts will expire and the likelihood that the charter contracts will be renewed;

In addition to the information described above, to develop the Growth Plan, the State Charter School Authority shall consider:

- (a) Information relating to pupils included in the statewide system of accountability for public schools, including, without limitation, information relating to specific groups and subgroups of pupils;
- (b) Information relating to the academic needs of pupils in the various geographic areas of the State; and
- (c) Any other information the Authority deems necessary to determine whether increasing the number of charter schools or expanding the campuses of existing charter schools will best serve the pupils of this State.

Sponsorship of Charter Schools

The State Charter School Authority sponsors charter schools whose applications it has approved. In addition, the board of trustees of a school district or a college or university within the Nevada System of Higher Education may apply to the State of Nevada Department of Education (the “State Department of Education”) for authorization to sponsor charter schools within the school district or proposed geographic area, as applicable.

The Borrower's charter school operations are sponsored by the Washoe County School District.

Membership of Committee to form Charter School

A committee to form a charter school is to consist of: (i) at least one member who is a teacher or other person licensed pursuant to Chapter 391 of NRS and who has at least two years of experience as an employed teacher, or who previously held such a license and is retired, as long as his or her license was held in good standing, (ii) an additional member satisfying the qualifications of (i) above or a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing; (iii) one parent or legal guardian who is not a teacher or employee of the proposed charter school; and (iv) two members who possess knowledge and expertise in one or more of the areas of accounting, financial services, law or human resources. Additionally, such a committee may include up to four additional members consisting of members of the general public, representatives of nonprofit organizations and businesses, or representatives of a college or university within the Nevada System of Higher Education.

Submission of Application

Applications from a committee to form a charter school may be submitted to the State Charter School Authority or to the board of trustees of a school district or a college or university within the Nevada System of Higher Education, which has previously been authorized by the State Department of Education to be a charter school sponsor. Each sponsor is responsible for evaluating and approving or declining to approve applications submitted to the sponsor for the formation of charter schools. The application must include all information prescribed by State Department of Education regulations and State statute, such as:

1. a summary of the plan for the proposed charter school, and a clear written description of the mission and the goals of the charter school. A charter school must have as its stated purpose at least one of the following goals:
 - Improving the academic achievement of pupils;
 - Encouraging the use of effective and innovative methods of teaching;
 - Providing an accurate measurement of the educational achievement of pupils;
 - Establishing accountability and transparency of public schools;
 - Providing a method for public schools to measure achievement based upon the performance of the schools; or
 - Creating new professional opportunities for teachers;
2. the kind of school for which the charter school intends to operate;
3. a clear description of the indicators, measures and metrics for the categories of academics, finances and organization that the charter school proposes to use, the external assessments that will be used to assess performance in those categories and the objectives that the committee to form a charter school plans to achieve in those categories;
4. the time by which certain academic or educational results will be achieved;
5. the proposed location of, or the geographic area to be served by, the charter school and evidence of a need and community support for the charter school in that area;

6. the minimum, planned and maximum projected enrollment of pupils in each grade in the charter school for each year that the charter school would operate;
7. the academic program that the charter school proposes to use;
8. the proposed curriculum including the textbooks to be used; the qualifications of the persons who will provide instruction at the charter school;
9. the manner in which the charter school plans to identify and serve the needs of pupils with disabilities, pupils who are English language learners, pupils who are academically behind their peers and gifted pupils;
10. a statement of whether the charter school will enroll pupils who are in a particular category of at-risk pupils before enrolling other children who are eligible to attend the charter school;
11. plans and timelines for recruiting and enrolling students, including procedures for any lottery for admission that the charter school plans to conduct;
12. a statement of whether the charter school will provide for the transportation of pupils;
13. proposed organizational structure of the charter school and a clear description of the roles and responsibilities of the governing body, administrators and any other persons included in such structure, including a charter management organization operating the charter school, if any;
14. the proposed system of governance for the charter school;
15. the method by which disputes will be resolved between the governing body of the charter school and the sponsor of the charter school;
16. the process by which the governing body of the charter school will negotiate employment contracts;
17. the procedure for the evaluation of teachers of the charter school, if different from the procedure prescribed in NRS 391.680 and 391.725. If the procedure is different from such procedures, the charter school's procedure must provide the same level of protection and otherwise comply with the standards for evaluation set forth in NRS 391.680 and 391.725;
18. a description of the financial plan and policies to be used by the charter school;
19. a description of the insurance coverage the charter school will obtain;
20. budgets for starting operation at the charter school, the first year of operation of the charter school and the first 5 years of operation of the charter school, with any assumptions inherent in the budgets clearly stated;
21. evidence of any money pledged or contributed to the budget of the charter school;
22. a statement of the facilities that will be used to operate the charter school and a plan for operating such facilities, including, without limitation, any backup plan to be used if the charter school cannot be operated out of the planned facilities; and

23. any additional information that the sponsor determines is necessary to evaluate the ability of the proposed charter school to serve pupils in the school district in which the proposed charter school will be located;

An application that proposes to convert an existing public school (unless such application concerns a public school that has been identified as a low performing school pursuant to criteria set out in NRS 388B et seq.), home school or other program of home study into a charter school will automatically be denied. Upon receipt of an application and a determination that the application is complete, the proposed sponsor shall consider the application at a publicly held meeting held no later than 60 days after receipt or a period mutually agreed upon between the proposed sponsor and the committee to form the charter school. The application shall be reviewed for compliance with the Act and all other regulations applicable to charter schools.

If the proposed sponsor denies an application, it must give written notice of the reasons for the denial and the deficiencies in the application. The applicant has 30 days after receipt of the written notice to correct any deficiencies and resubmit the application.

If an application is denied by the board of trustees of a school district or a college or university after resubmission, the committee to form the charter school can submit the application to the State Charter School Authority not more than 30 days after receipt of the written denial. If the State Charter School Authority approves the charter, it will be the sponsor. If the State Charter School Authority denies the application after resubmission, the decision can be appealed to the district court of the county in which the proposed charter will be located within 30 days of receipt of the State Charter School Authority's written denial.

Sponsor Responsibilities

In addition to its duties described above relating to charter school applications, charter school sponsors are responsible for negotiating and executing charter contracts; monitoring the charter school's performance and compliance with the charter contract and applicable State law; determining whether the charters of the charter schools it sponsors should be renewed, denied or revoked; and determining whether a charter school's governing body should be reconstituted and, if so, adopting a policy for appointing a new governing body of such charter school.

The sponsor is required to develop policies and practices that are consistent with State and federal law and regulations governing charter schools. Such policies and practices must include: (i) the organizational capacity and infrastructure of the sponsor for sponsorship of charter schools; (ii) the procedures and criteria for soliciting and evaluating applications and amendments and renewals of charters; (iii) a description how the sponsor will maintain its oversight of the charter schools it sponsors; and (iv) a description of the process of evaluation for charter schools it sponsors.

Additionally, charter school sponsors must conduct site evaluations of each campus of a charter school it sponsors during the first, third and fifth years after entering into or renewing a charter contract. Such evaluations must include, without limitation, evaluating pupil achievement and school performance at each campus of the charter school and identifying any deficiencies relating to pupil achievement and school performance.

A sponsor who fails to carry out its responsibilities may have its authority to sponsor charter schools revoked.

Approval of Application

If a charter school sponsor approves an application to form a charter school, it will negotiate and execute a charter contract with the governing body of the charter school. A charter contract must be executed not later than 60 days before the charter school commences operation. The charter contract must be in writing

and incorporate, (a) the performance framework for the charter school; (b) a description of the administrative relationship between the sponsor of the charter school and the governing body of the charter school, including, the rights and duties of the sponsor and the governing body; and (c) any pre-opening conditions which the sponsor has determined are necessary for the charter school to satisfy before the commencement of operation to ensure that the charter school meets all building, health, safety, insurance and other legal requirements. The charter contract must be signed by a member of the governing body of the charter school and the appropriate person at the sponsor. Before the charter contract is executed, the sponsor of the charter school must approve the charter contract at a publicly held meeting of the sponsor.

The sponsor of the charter school is also required to provide notice of the charter contract and other information to the State Department of Education. A written charter or a charter contract, as applicable, must be for a term of six years. The term of the charter contract begins on the first day of operation of the charter school after the charter contract has been executed. The sponsor of the charter school may require, or the governing body of the charter school may request that the sponsor authorize, the charter school to delay commencement of operation for one school year.

Amendment of Charter

The governing body of a charter school may submit to the sponsor of the charter school a written request for an amendment of the charter contract. If the proposed amendment complies with the provisions of the Act and any other statute or regulation applicable to charter schools, the sponsor and the governing body of the charter school may amend the charter contract in accordance with the proposed amendment. If the sponsor denies the request for an amendment, the sponsor shall provide written notice to the governing body of the charter school setting forth the reasons for the denial.

The sponsor may hold a public hearing concerning any request to amend a written charter or a charter contract of the charter school it sponsors, including, without limitation, a request to amend a written charter or charter contract for the purpose of (i) seeking to acquire an additional facility in any county of the State to expand the enrollment of the charter school or (ii) consolidating the operations of multiple charter schools pursuant to NRS 388A.282. The sponsor must deny such a request described in (i) or (ii) above if the sponsor determines that either (a) the charter school is not meeting the requirements of the performance framework concerning academics, finances or organization established pursuant to NRS 388A.273; or (b) the governing body does not have a comprehensive and feasible plan to operate additional facilities.

Renewal of Charter

On or before June 30 immediately preceding the final school year in which a charter school is authorized to operate pursuant to its charter contract, the sponsor of the charter school must submit to the governing body of the charter school a written report summarizing the performance of the charter school during the term of the charter contract, including, among other things, the criteria that the sponsor will apply in making a determination on the application for renewal based upon the performance framework for the charter school and other statutory requirements.

The governing body of a charter school may submit a written response to the sponsor of the charter school concerning the performance report prepared by the sponsor, which may include any revisions or clarifications that the governing body seeks to make to the report.

If a charter school seeks to renew its charter contract, the governing body of the charter school must submit an application for renewal to the sponsor of the charter school on or before October 15 of the final school year in which the charter school is authorized to operate pursuant to its charter contract. The sponsor of a charter school is required to consider the application for renewal of the charter contract at a meeting held in accordance with applicable law. The sponsor must provide written notice to the governing body of the charter school concerning its determination on the application for renewal of the charter contract not more than 60

days after receipt of the application for renewal from the governing body. The determination of the sponsor must be based upon the criteria of the sponsor for the renewal of charter contracts; and evidence of the performance of the charter school during the term of the charter contract in accordance with the performance framework for the charter school. Charter contracts may be renewed for a term of 6 years.

Revocation of Charter

The sponsor of a charter school must revoke a written charter or terminate a charter contract or restart the charter school under a new charter contract if the charter school receives, in any period of five consecutive school years, three annual ratings established as the lowest rating possible indicating underperformance of a public school, as determined by the State Department of Education pursuant to the Nevada statewide system of accountability for public schools. However, a charter school's annual rating pursuant to the statewide system of accountability based upon the performance of the charter school must not be included in the count of annual ratings for the preceding purposes for any school year before the 2015-2016 school year and the 2016-2018 school year. Subsequent procedures to be followed upon revocation of a charter, which may include closure of the charter school, are provided in the Act.

The sponsor of a charter school may also revoke a written charter or terminate a charter contract or restart the charter school under a new charter contract if the sponsor determines that (i) the charter school, its officers or its employees committed a material breach of the terms and conditions of the written charter or charter contract, failed to comply with generally accepted standards of fiscal management, failed to comply with the applicable statutes or regulations applicable to charter schools, or if the charter school holds a charter contract, has persistently underperformed, as measured by the performance indicators, measures and metrics set forth in the performance framework for the charter school; (ii) the charter school has filed for a voluntary petition of bankruptcy, is adjudicated bankrupt or insolvent, or is otherwise financially impaired such that the charter school cannot continue to operate; (iii) there is reasonable cause to believe that revocation or termination is necessary to protect the health and safety of the pupils who are enrolled in the charter school or persons who are employed by the charter school from jeopardy, or to prevent damage to or loss of the property of the school district or the community in which the charter school is located; (iv) the committee to form the charter school or charter management organization, as applicable, or any member of the committee to form the charter school or charter management organization, as applicable, or the governing body of the charter school has at any time made a material misrepresentation or omission concerning any information disclosed to the sponsor; (v) the charter school is a high school that has a graduation rate for the immediately preceding school year that is less than 60 percent; (vi) the charter school is an elementary or middle school or junior high school that is rated in the lowest 5% of elementary schools, middle schools or junior high schools in the State in pupil achievement and school performance, as determined by the State Department of Education pursuant to the statewide system of accountability for public schools; or (vii) pupil achievement and school performance at the charter school is unsatisfactory as determined by the State Department of Education pursuant to criteria prescribed by regulation by the State Department of Education to measure the performance of any public school.

Before the sponsor reconstitutes a governing body, revokes a written charter or terminates a charter contract, the sponsor shall provide written notice of its intention to the governing body of the charter school which includes, among other items, a statement of the deficiencies upon which the action of the sponsor is based and a period not less than 30 days during which the charter school may correct the deficiencies.

Except as otherwise provided by law, not more than 90 days after the notice is provided as described above, the sponsor shall hold a public hearing to make a determination regarding whether to revoke the written charter or terminate the charter contract. If the charter school corrects the deficiencies to the satisfaction of the sponsor within the time prescribed, the sponsor shall not revoke the written charter or terminate the charter contract of the charter school. The sponsor may not include in a written notice pursuant any deficiency which was included in a previous written notice and which was corrected by the charter school, unless the deficiency

recurred after being corrected. The sponsor of a charter school and the governing body of the charter school may enter into a written agreement that prescribes different time periods than those set forth above.

Governing Body of Charter School

Unless a waiver is granted, the governing body of a charter school must consist of (i) one member who is a teacher or other person licensed pursuant to Chapter 391 of NRS and who has at least two years of experience as an employed teacher, or who previously held such a license and is retired, as long as his or her license was held in good standing, (ii) an additional member satisfying the qualifications of (i) above or a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing; (iii) one parent or legal guardian of a pupil enrolled in the charter school who is not a teacher or employee of the proposed charter school; and (iv) two members who possess knowledge and expertise in one or more of the areas of accounting, financial services, law or human resources. Additionally, such a committee may include, without limitation, parents and representatives of nonprofit organizations and businesses. Unless a waiver is granted, not more than two persons who serve on the governing body may represent the same organization or business or otherwise represent the interests of the same organization or business. A majority of the members of the governing body must reside in the State. If the membership of the governing body changes, the governing body must provide written notice to the sponsor of the charter school within 10 working days after such change.

The governing body of a charter school is a public body and must during each calendar quarter hold at least one regularly scheduled public meeting.

Operation: General Requirements. Under the Act, a charter school is required to:

- Comply with all laws and regulations relating to discrimination and civil rights.
- Remain nonsectarian, including, without limitation, in its educational programs, policies for admission and employment practices.
- Refrain from charging tuition or fees, except for tuition or fees that the board of trustees of a school district is authorized to charge, levying taxes or issuing bonds.
- Comply with any plan for desegregation ordered by a court that is in effect in the school district in which the charter school is located.
- Comply with State law regarding public meetings.
- Except as otherwise provided in this paragraph, schedule and provide annually at least as many days of instruction as are required of other public schools located in the same school district as the charter school is located. The governing body of a charter school may submit a written request to the Superintendent of Public Instruction for a waiver from providing the days of instruction required by this paragraph. The Superintendent of Public Instruction may grant such a request if the governing body demonstrates to the satisfaction of the Superintendent that: (1) extenuating circumstances exist to justify the waiver; and (2) the charter school will provide at least as many hours or minutes of instruction as would be provided under a program consisting of 180 days.
- Cooperate with the board of trustees of the school district in the administration of the achievement and proficiency examinations and, if the charter school enrolls pupils at a high school grade level, the end-of-course examinations administered pursuant to State statute and the college and career readiness assessment administered pursuant to State statute to the pupils who are enrolled in the charter school.

- Comply with applicable statutes and regulations governing the achievement and proficiency of pupils in the State.
- Provide instruction in the core academic subjects set forth in State statute, as applicable for the grade levels of pupils who are enrolled in the charter school, and provide at least the courses of study that are required of pupils by statute or regulation for promotion to the next grade or graduation from a public high school and require the pupils who are enrolled in the charter school to take those courses of study. This paragraph does not preclude a charter school from offering, or requiring the pupils who are enrolled in the charter school to take, other courses of study that are required by statute or regulation.
- If the parent or legal guardian of a child submits an application to enroll in kindergarten, first grade or second grade at the charter school, comply with State statute regarding the ages for enrollment in those grades.
- Refrain from using public money to purchase real property or buildings without the approval of the sponsor.
- Hold harmless, indemnify and defend the sponsor of the charter school against any claim or liability arising from an act or omission by the governing body of the charter school or an employee or officer of the charter school. An action at law may not be maintained against the sponsor of a charter school for any cause of action for which the charter school has obtained liability insurance.
- Provide written notice to the parents or legal guardians of pupils in grades 9 to 12, inclusive, who are enrolled in the charter school of whether the charter school is accredited by the Northwest Accreditation Commission.
- Adopt a final budget in accordance with the regulations adopted by the State Department of Education. A charter school is not required to adopt a final budget pursuant to NRS 354.598 or otherwise comply with the provisions of Chapter 354 of NRS.
- If the charter school provides a program of distance education, comply with all State statutes and regulations that are applicable to a program of distance education for purposes of the operation of the program.

STATE FUNDING OF CHARTER SCHOOLS

Account for Charter Schools

The Account for Charter Schools (the “Account”) is a revolving loan account administered by the State Charter School Authority. The money in the Account must be invested as money in other State accounts is invested.

After deducting the costs directly related to administering the Account, the State Charter School Authority may use the money in the Account, including repayments of principal and interest on loans made from the Account, and interest and income earned on money in the Account, to make loans at or below market rate to charter schools for the costs incurred: (a) in preparing a charter school to commence its first year of operation; (b) to improve a charter school that has been in operation; and (c) to fund recruitment of teachers and pupils to new charter school facilities and enrollment of pupils in such facilities. The total amount of a loan that may be made to a charter school must not exceed the lesser of an amount equal to \$500 per pupil enrolled or to be enrolled at the charter school or \$200,000.

Apportionment

Each pupil who is enrolled in a charter school must be included in the count of pupils in the school district for the purposes of apportionments and allowances from the State Distributive School Account (as defined below, the “DSA”). A charter school is entitled to receive its proportionate share of any other money available from federal, state or local sources that the school or the pupils who are enrolled in the school are eligible to receive.

For making apportionments of the State Distributive School Account, the basic support guarantee for each school district is established by law for each school year. The basic support per pupil amount is calculated for each school district by a formula that allows for differences in school districts in the costs of providing education and in local wealth. The DSA budget does not include the entire funding for K-12 education, but rather only includes the State’s portion of the operating funds that provide the basic support guarantee. The guaranteed basic support per pupil should not be confused with expenditures per pupil.

In addition to the DSA payments, charter schools in Nevada received additional funds from certain locally generated sources. These locally generated sources are described in the following section.

The table below shows the historical DSA basic support per student in the Washoe County School District, the district in which the Borrower’s charter school operations and the Series 2019 Facilities (as defined in the forepart of this Limited Offering Memorandum) are physically located, along with historical additional locally generated sources.

Historical Funding per Student Washoe County School District 2015-16 through 2019-20

	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20⁽¹⁾</i>
DSA Basic Support	\$5,612	\$5,658	\$5,677	\$5,764	\$6,034
Additional Local Revenue	1,173	1,225	1,242	1,352	1,444
Total	\$6,785	\$6,883	\$6,919	\$7,116	\$7,478

⁽¹⁾ Budgeted.
Source: *The Borrower*.

Funding Process

The Legislative declaration is that “the proper objective of state financial aid to public education is to ensure each Nevada child receive a reasonably equal educational opportunity.” Therefore, the quintessence of the State’s financial obligation for such programs can be expressed in a formula partially on a per pupil basis and partially on a per program basis. This program is designated the “Nevada Plan.”

The primary purpose of the DSA is to “supplement local financial ability to whatever extent necessary” and provide the means by which the State meets its guaranteed financial support to school districts under the Nevada Plan. The State Board of Education, through the State Department of Education, is responsible for administering the Nevada Plan and allocating the legislatively-approved funds from the DSA to school districts and charter schools.

The Nevada Plan guaranteeing financial support to public schools is comprised of a combination of state revenues and two locally-generated tax revenue sources. The State revenue sources include, primarily:

- a) Apportionment from the State General Fund;

- b) Investment income from the permanent school fund;
- c) Federal mineral land lease receipts;
- d) Sales tax on out-of-State sales that cannot be attributed to a particular county;
- e) Estate taxes; and
- f) A portion of the annual slot machine tax.

The two locally-generated revenues of the Nevada Plan include:

- a) State-mandated 2.6% Local School Support Tax; and
- b) 1/3 of the State's ad valorem property/mining tax ("PSOPT").

In addition to the Nevada Plan's two basic components of funding: (a) State obligated revenues and (b) the two locally-generated fund source; there is also a third funding component for Nevada's public schools which is not part of the Nevada Plan. This third funding component consists primarily of 2/3 of the PSOPT, a governmental services tax, franchise fees, unrestricted federal revenues, interest and other revenues dedicated to local education.

Biennial Budget

To prepare a biennial budget for Nevada's public schools, estimated general fund expenditures for charter schools and each of the 17 school districts are combined into a single, statewide budget for each year of the coming biennium. All estimated costs, including adult high school diploma programs and special education costs that are funded by State or local revenues, but tracked separately in funds other than schools' general funds, are included in the budget. Federal categorical funds, such as those received through the Every Student Succeeds Act and the Individuals with Disabilities Education Act, are not included in this budget of general fund expenditures, but do contribute significantly to the total amount of funding available to local schools.

Schools' opening fund balances and local revenues considered "outside" the formula are deducted to derive a guaranteed level of funding, called the State guarantee. Local revenues contributed that are not part of the Nevada Plan are not built into the State guarantee. Thus, local school districts benefit when these "outside" revenues are in excess of projections or incur a loss when these revenues do not meet projections.

Next, the costs of programs which are not allocated to schools on the basis of enrollment, such as the costs of adult high school diploma programs and special education program units, are subtracted to yield statewide basic support which, in turn, is divided by the estimated (weighted) enrollment for the year to determine the statewide average basic support per pupil for each fiscal year in the coming biennium. In summary, the estimated need, minus local revenues "outside" the Nevada Plan, is divided by the number of pupils to determine a statewide average basic support per pupil that will be guaranteed by the combination of State DSA funding and local revenues "inside" the plan.

From the statewide average basic support per pupil, the State Department of Education calculates a separate basic support per pupil figure for each school district, using a formula that considers the economic and geographic characteristics of each district. The dollar amount of basic support differs across school districts due to variations in the cost of living, differences in the costs of providing education as a result of school size, and the cost per pupil of administration and support services. A wealth adjustment, based on each district's ability to generate revenue in addition to the guaranteed level of funding, is also included in the formula.

Since funding through the Nevada Plan is based on a guaranteed amount of basic support per pupil set forth in law during each legislative session, the only way to increase the total amount to be received through the Nevada Plan is if enrollment increases. If, on the other hand, enrollment fails to meet projections, schools will receive less money than expected, because a given dollar amount per pupil is guaranteed only for those pupils enrolled.

An additional provision assists school districts that experience significant growth in enrollment within the school year. If a district grows by more than 3 percent but less than 6 percent after the second school month, a growth increment consisting of an additional 2 percent of basic support is added to the guaranteed level of funding. If a district grows by more than 6 percent, the growth increment is 4 percent.

Payments to charter schools are made by the State Department of Education and are based on the student's county of residence and the respective school district's Nevada Plan basic support per student and its "outside" revenues per student.

Each pupil who is enrolled in a charter school must be included in the count of pupils in the school district for the purposes of apportionments and allowances from the State Distributive School Account.

Hold Harmless

To protect districts during times of declining enrollment, the Nevada Plan includes a "hold-harmless" provision which, as revised effective July 1, 2017, provides that if the enrollment of pupils in a school district or a charter school that is located within the school district based on the average daily enrollment of pupils during the quarter of the school year is less than or equal to 95% of the enrollment of pupils in the same school district or charter school based on the average daily enrollment of pupils during the same quarter of the immediately preceding school year, the enrollment of pupils during the same quarter of the immediately preceding school year must be used for purposes of making the quarterly apportionments from the State Distributive School Account to that school district or charter school.

Federal Impact Aid

Federal Impact Aid is intended to assist public schools and school districts that have (i) lost local property tax revenue due to the presence of tax-exempt Federal property within a school district, or (ii) experienced increased expenditures due to the enrollment of Federally connected children. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – OPERATING AND FINANCIAL INFORMATION – Federal Impact Aid" attached hereto.

Pre-Kindergarten

In 2001, the State Legislature allocated \$3.5 million per year for Fiscal Years 2001-02 and 2002-03 for the establishment of a comprehensive early childhood education program across Nevada (the "Pre-Kindergarten Program"). Under the Pre-Kindergarten Program, the State Department of Education was authorized to offer competitive grants to school districts and community-based organizations to initiate or expand pre-Kindergarten education programs. During Fiscal Years 2009-10 through 2014-15, the Pre-Kindergarten Program was funded annually at \$3,338,875.

In 2014, Nevada was selected as an award recipient of the U.S. Department of Education and U.S. Department of Health and Human Services Preschool Development Grants program (the "Federal Grant"). Under the Federal Grant, Nevada was allotted approximately \$6.4 million in the first year of the program, with approximately \$43 million over the full four years of the Federal Grant. The State of Nevada budget for the 2017-2019 biennium included \$13.8 million in State funding for the Pre-Kindergarten Program, along with \$25.1 million in funds from the Federal Grant over the same time period.

APPENDIX G

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 S&P Global Ratings 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 H

FORM OF INVESTOR LETTER

Public Finance Authority
Madison, Wisconsin

Kutak Rock LLP
Los Angeles, California

U.S. Bank National Association
Phoenix, Arizona

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

Re: Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science) Series 2019A and Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science) Series 2019B (Taxable)

Ladies and Gentlemen:

The undersigned (“Investor”) is the purchaser of \$[_____] principal amount of the [check the applicable series]:

___ Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science) Series 2019A

___ Public Finance Authority Charter School Revenue Bonds (Coral Academy of Science) Series 2019B (Taxable)

(the “Bonds”) issued by the Public Finance Authority (the “Issuer”) pursuant to that certain Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between the Issuer and U.S. Bank National Association, a national banking association, as Trustee (the “Trustee”).

Capitalized terms not defined herein shall be given the meaning ascribed thereto in the Indenture.

Investor has been informed that the Issuer will not sell or permit any Bonds to be sold to Investor unless Investor makes the representations, warranties and covenants herein and authorizes the Issuer and the Trustee to rely thereon and such representations, warranties and covenants are made by the Investor AS AN INDUCEMENT to the sale of the Bonds to Investor.

In connection with the sale of the Bonds to Investor, Investor hereby makes the following covenants and representations upon which you may rely:

1. Investor has received and reviewed a copy of (a) the Limited Offering Memorandum relating to the Bonds, dated as of December 5, 2019; and (b) such other documents, agreements, certificates and instruments referenced therein or pertaining thereto or to the Bonds to which Investor is a party or deems necessary and appropriate in its evaluation of the Bonds, and hereby represents and warrants that the information contained therein, along with all other additional information supplied by the Borrower to the Investor, is sufficient for the Investor to decide to purchase the Bonds. The Investor acknowledges that the issuance and sale of the Bonds and the execution, delivery and performance of the Loan Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Deed of Trust, the Tax Certificate, the Bonds or the Indenture will be governed by and construed in accordance with the applicable laws of the State of Wisconsin, the State of Nevada and the United States of America, each as set forth therein.

2. Investor has sufficient knowledge and experience in financial and investment matters, including the purchase and ownership of municipal and other tax-exempt or taxable obligations, to be able to

evaluate and understand the risks and merits of an investment in the Bonds (and is able to bear the risks of such investment for an indefinite time).

3. Investor is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds, provided however, Investor reserves the right to sell or transfer the Bonds in the future in accordance with the transfer restrictions set forth in the Indenture and paragraph 7 below.

4. Investor understands that it may be required to bear the risks of this investment in the Bonds for an indefinite time, since any sale prior to maturity may not be possible.

5. The Bonds are a financially suitable investment for Investor consistent with Investor's investment needs and objectives.

6. Investor is either (a) an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "1933 Act"); or (b) a "Qualified Institutional Buyer" as defined in Rule 144A under the 1933 Act; Investor understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (i) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) may not be resold, transferred, pledged or hypothecated, in whole or in part, unless they are registered under the 1933 Act, and applicable state securities laws or unless an exemption from registration is available; (iii) will not be listed in any stock or other securities exchange, (iv) will be delivered in a form which may not be readily marketable, and (v) will not carry a rating from any rating service.

7. Investor acknowledges that (a) the Bonds are not transferable except to (i) an "accredited investor," or (ii) a "Qualified Institutional Buyer"; and (b) if the Bonds are transferred to an "accredited investor" who is not also a Qualified Institutional Buyer, such transferee must purchase and hold a minimum \$100,000 in principal amount of Bonds regardless of any lower denomination provided in the Indenture; and Investor agrees to abide by such transfer restrictions. Investor shall be solely and exclusively responsible for compliance with such transfer restrictions, including having a reasonable belief that its transferee is an accredited investor or a Qualified Institutional Buyer, as the case may be.

8. Investor acknowledges that it has either been supplied with or been given access to information (including, without limitation, financial statements and other financial information and copies of the Indenture, the Loan Agreement and the Tax Certificate (as defined in the Indenture)), to which a reasonable investor would attach significance in making investment decisions, and Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Facilities, the Project and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make its own independent decision to purchase the Bonds and to whether the Bonds are appropriate or proper for investment by the Investor. Investor acknowledges that it has not relied upon the Issuer or the Trustee for any information in connection with the Investor's purchase of the Bonds.

9. INVESTOR ACKNOWLEDGES THAT THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE AND, EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER, ANY MEMBER, ANY SPONSOR, ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE), THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE BONDS ARE NOT A DEBT OF THE STATE OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE IN ANY MANNER ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE

ISSUANCE OF THE BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER OR OF ANY SPONSOR OR AUTHORITY INDEMNIFIED PARTY, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

10. Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor (including, without limitation, a credit evaluation of the Borrower, to the extent Investor deemed it necessary or appropriate), and other material factors affecting the security and payment of the Bonds. Investor is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds.

11. The Investor hereby certifies that it is not now and has never been controlled by, or under common control, with the Borrower. The Borrower has been and is now not controlled by the Investor.

12. Investor agrees to indemnify and hold harmless the Authority and each Authority Indemnified Party (as defined in the Indenture) with respect to any claim asserted against the Authority or any such Authority Indemnified Party that is based upon Investor's breach of any representation, warranty or agreement made by it herein, other than any claim that is based upon the willful misconduct of the person seeking indemnification.

13. The Issuer and the Trustee have not undertaken and will not undertake steps to ascertain the accuracy or completeness of the information furnished to the Investor with respect to the Borrower, the Facilities, the Bonds or the Project. The Investor has not relied and will not rely upon the Issuer, any Member or any Authority Indemnified Party or the Trustee in any way with regard to the accuracy or completeness of the information regarding the Borrower, the Facilities or the Project furnished to the Investor in connection with its purchase of the Bonds, nor have any such parties made any representation to the Investor with respect to that information.

Dated [_____]

By _____
Name _____
Title _____