OFFICIAL STATEMENT DATED MARCH 18, 2025

NEW ISSUE — BOOK-ENTRY ONLY **RATING: SEE "RATING" HEREIN**

In the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein "Tax Matters," interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "TAX MATTERS."

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
$141,135,000
EDUCATION REVENUE BONDS
(RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

Dated: March 1, 2025 – Interest accrues from date of delivery **Due: as shown on inside cover**

The Arlington Higher Education Finance Corporation (the "*Issuer*"), a nonprofit corporation created and existing under Chapters 53 and 53A of the Texas Education Code, as amended from time to time (the "*Act*"), is issuing its $141,135,000 Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the "*Bonds*"). The Bonds will be dated as of March 1, 2025, will be in authorized principal denominations of $5,000 and integral multiples thereof, and will mature on August 15 of the years as shown on the inside cover page. The Bonds will accrue interest from their date of delivery payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2026, until maturity or earlier redemption.

The Bonds are being issued pursuant to a Trust Indenture and Security Agreement dated as of March 1, 2025 (the "*Bond Indenture*") between the Issuer and Regions Bank, as trustee (the "*Bond Trustee*"). The proceeds of the Bonds will be loaned by the Issuer to Riverwalk Education Foundation, Inc., a Texas nonprofit corporation ("*Riverwalk*") pursuant to the terms of a Loan Agreement dated as of March 1, 2025 (the "*Loan Agreement*").

The Bonds are special limited obligations of the Issuer payable solely from (i) payments to be made by Riverwalk pursuant to the Loan Agreement, (ii) a tax-exempt promissory note (the "*Series 2025 Master Note*") in an amount equal to the principal amount of the Bonds delivered to the Issuer pursuant to the Loan Agreement and the Master Trust Indenture and Security Agreement, dated as of April 15, 2014, as supplemented by Supplemental Master Trust Indenture No. 11 dated as of March 1, 2025 (as supplemented, the "*Master Indenture*"), between Riverwalk and Regions Bank, as master trustee (the "*Master Trustee*"), which Series 2025 Master Note will be entitled to the benefit of the Master Indenture, (iii) the money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund) and (iv) in certain circumstances, out of amounts secured by the exercise of remedies provided in the Loan Agreement, the Bond Indenture, and the Master Indenture. The Series 2025 Master Note constitutes additional indebtedness under the Master Indenture and is issued on parity with certain other promissory notes issued by Riverwalk (the "*Prior Master Notes*" and, together with the Series 2025 Master Note and any additional promissory notes entitled to the benefit of the Master Indenture, the "*Master Notes*"). Riverwalk has previously executed and delivered a Deed of Trust and Security Agreement (With Assignment of Rents and Leases) dated as of December 17, 2019, which will be supplemented in connection with the Bonds (as supplemented and amended from time to time, the "*Deed of Trust*"), in favor of the Master Trustee, encumbering the property of Riverwalk financed with the proceeds of the Bonds, including all future improvements, for the benefit of the holders of certain Master Notes, including the Series 2025 Master Note. See "**SECURITY FOR THE BONDS** " and "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Project Construction – General**."

An application was filed and Riverwalk has received conditional approval for the payment of the Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas. (See "**THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM**"). The Bonds are subject to optional redemption, mandatory sinking fund redemption, mandatory redemption upon a determination of taxability and extraordinary optional redemption prior to maturity, as described herein. See "**THE BONDS — Redemption Provisions**."

Riverwalk will issue the Bonds for the purpose of: (i) financing and refinancing the costs of acquiring, constructing, equipping and renovating certain "educational facilities" (as that term is defined in the Act) and facilities incidental, subordinate or related thereto or appropriate in connection therewith and (ii) paying the costs of issuing the Bonds. See "**PLAN OF FINANCE**." Riverwalk currently operates 15 charter school campuses, each under the name "School of Science and Technology" across 19 sites (collectively, the "*Charter Schools*"), all pursuant to two open-enrollment charter contracts with the Texas State Board of Education. See "**PLAN OF FINANCE**" and "**APPENDIX B — Riverwalk AND THE CHARTER SCHOOLS**." Riverwalk may not charge tuition and has no taxing authority.

THE BONDS ARE NOT OBLIGATIONS OF THE CITY OF ARLINGTON, TEXAS (THE "CITY"), THE STATE OF TEXAS (THE "STATE") OR ANY ENTITY OTHER THAN THE ISSUER. NONE OF THE STATE, THE CITY, NOR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The Bonds will be issued as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"), which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form and purchasers will not receive physical certificates representing the ownership interest in the Bonds purchased by them. See "**BOOK-ENTRY ONLY SYSTEM**."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision, and should pay particular attention to the material under the caption "RISK FACTORS."

The Bonds are offered when, as and if issued by the Issuer and received and accepted by the underwriters listed below (the "*Underwriters*") and subject to the approval of certain matters by the Attorney General of the State and an opinion as to legality by Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon by Troutman Pepper Locke LLP, Houston, Texas, as counsel to the Issuer; by Schulman, Lopez, Hoffer & Adelstein, LLP, Houston, Texas, as company and disclosure counsel to Riverwalk; and by Cantu Harden Montoya LLP, San Antonio, Texas, as counsel to the Underwriters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 31, 2025.

BAIRD

RBC Capital Markets **Texas Capital Securities**

MATURITY SCHEDULE
ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
$141,135,000 EDUCATION REVENUE BONDS
(RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

$34,640,000 Serial Bonds

August 15	Principal Amount ($)	Interest Rate (%)	Yield (%)[2]	CUSIP[1]
2026	$1,590,000	5.000	2.930	041807LS5
2027	$1,670,000	5.000	2.940	041807LT3
2028	$1,760,000	5.000	3.020	041807LU0
2029	$1,850,000	5.000	3.070	041807LV8
2030	$1,945,000	5.000	3.170	041807LW6
2031	$2,040,000	5.000	3.230	041807LX4
2032	$2,145,000	5.000	3.320	041807LY2
2033	$2,255,000	5.000	3.400	041807LZ9
2034	$2,370,000	5.000	3.530	041807MA3
2035	$2,495,000	5.000	3.590	041807MB1
2036	$2,620,000	5.000	3.650	041807MC9
2037	$2,755,000	5.000	3.710	041807MD7
2038	$2,900,000	5.000	3.750	041807ME5
2039	$3,045,000	5.000	3.820	041807MF2
2040	$3,200,000	5.000	3.930	041807MG0

$106,495,000 Term Bonds

$18,410,000 Term Bond Due August 15, 2045; Rate 4.500%; Yield 4.510%; CUSIP No. 041807MH8

$23,055,000 Term Bond Due August 15, 2050; Rate 4.500%; Yield 4.700%; CUSIP No. 041807MJ4

$28,875,000 Term Bond Due August 15, 2055; Rate 4.500%; Yield 4.750%; CUSIP No. 041807MK1

$36,155,000 Term Bond Due August 15, 2060; Rate 4.500%; Yield 4.790%; CUSIP No. 041807ML9

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(1) The Bonds maturing on or after August 15, 2034, are subject to optional redemption prior to scheduled maturity, in whole or in part, on August 15, 2033, and on any date thereafter, at the option of Riverwalk at a redemption price of par, plus accrued interest to the date of redemption. See "**THE BONDS – Redemption Provisions - Optional Redemption**," herein. The Bonds maturing on August 15 in the years 2045, 2050, 2055 and 2060 are additionally subject to mandatory sinking fund redemption prior to maturity. See "**THE BONDS – Redemption Provisions – Mandatory Sinking Fund Redemption**," herein.

(2) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, Riverwalk or the Underwriters and are included solely for the convenience of the holders of the Bonds. None of the Issuer, Riverwalk or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

(2) The initial yields at which the Bonds are prices are established by and are the sole responsibility of the Underwriters and may be changed at any time at the discretion of the Underwriters.

NOTICE TO INVESTORS OF THE BONDS

Purchasers of the Bonds or any interest therein, are hereby given notice as follows:

(a) The Bonds are special, limited obligations of the Issuer payable solely from revenues to be derived by the Issuer under the Loan Agreement, the Series 2025 Master Note, and all money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund), and in certain events out of amounts secured through the exercise of the remedies provided in the Bond Indenture, the Loan Agreement and the Master Indenture. See "**SECURITY FOR THE BONDS**." The Bonds will never be payable out of any funds of the Issuer except with such revenues and in such amounts. THE BONDS ARE NOT OBLIGATIONS OF THE CITY, THE STATE OR ANY ENTITY OTHER THAN THE ISSUER. NONE OF THE STATE, THE CITY NOR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE WILL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

(b) Neither the Issuer nor any director, officer or employee thereof takes any responsibility for, and the purchaser must not rely upon any of such parties, with respect to information appearing anywhere in this Official Statement, other than the information under the captions "**THE ISSUER**," and "**LEGAL MATTERS — Pending and Threatened Litigation — No Proceedings Against the Issuer**" (the "*Issuer's Portion*" of the Official Statement). None of such parties have participated in the preparation of this Official Statement except with respect to the Issuer's Portion of the Official Statement.

(c) Regions Bank, in its capacities as Master Trustee and Bond Trustee, assumes no responsibility for the accuracy or completeness of the information concerning the Issuer or Riverwalk or any other party contained in this document or for any failure by the Issuer or Riverwalk or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

(d) Each purchaser must review this entire Official Statement and the Appendices hereto, including the information relating to the sources of repayment of the Bonds, the Project and Riverwalk (including financial and operating data). The Official Statement is not guaranteed as to its accuracy or completeness.

(e) Each purchaser must be able to bear the economic risk associated with a purchase of securities such as the Bonds and must have the knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, necessary so as to be capable of evaluating the merits and risks of an investment in the Bonds on the basis of the information and review described herein.

(f) The agreements of the Issuer, Riverwalk and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds.

(g) **THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS 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. RIVERWALK DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR. THE FINANCIAL PROJECTIONS OF RIVERWALK CONTAINED IN APPENDIX B ATTACHED TO THIS OFFICIAL STATEMENT ARE NOT HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE OF RIVERWALK, BUT ARE FORWARD-LOOKING PROJECTIONS OF FUTURE, PROJECTED FINANCIAL PERFORMANCE OF RIVERWALK.**

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REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being provided in connection with the sale of the Bonds as referred to herein and may not be reproduced for use, in whole or in part, for any other purpose. The information set forth under the caption "**THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM**" and in **APPENDIX G** has been obtained from the Texas Education Agency. The information set forth herein under the captions "**THE ISSUER**," and "**LEGAL MATTERS — Pending and Threatened Litigation — No Proceedings Against the Issuer**" has been obtained from the Issuer. All other information set forth herein has been obtained from Riverwalk and other noted sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, Riverwalk, or the Underwriters. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, Riverwalk or the Underwriters since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The Bonds have not been registered with the Securities and Exchange Commission in reliance upon an exemption from the Securities Act of 1933, as amended, and neither the Master Indenture nor the Bond Indenture has been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds have been registered or qualified, if any, and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF RIVERWALK AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY, AND NO SUCH AUTHORITIES HAVE CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
$141,135,000 EDUCATION REVENUE BONDS
(RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

INTRODUCTION

General

The purpose of this Official Statement is to provide certain information concerning the issuance and sale by the Arlington Higher Education Finance Corporation (the "*Issuer*") of its $141,135,000 Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the "*Bonds*").

The Bonds are being issued pursuant to a Trust Indenture and Security Agreement dated as of March 1, 2025 (the "*Bond Indenture*") between the Issuer and Regions Bank, as trustee (the "*Bond Trustee*"). The proceeds of the Bonds will be loaned by the Issuer to Riverwalk Education Foundation, Inc., a Texas nonprofit corporation ("*Riverwalk*"), pursuant to the terms of a Loan Agreement dated as of March 1, 2025 (the "*Loan Agreement*") between the Issuer and Riverwalk.

The Bonds are special, limited obligations of the Issuer payable solely from (i) payments to be made by Riverwalk pursuant to the Loan Agreement and the Master Trust Indenture and Security Agreement, dated as of April 15, 2014, as supplemented by Supplemental Master Trust Indenture No. 11 dated as of March 1, 2025 (as supplemented, the "*Master Indenture*"), between Riverwalk and Regions Bank, as master trustee (the "*Master Trustee*"), (ii) a tax-exempt promissory note (the "*Series 2025 Master Note*") in an amount equal to the principal amount of the Bonds delivered to the Issuer pursuant to the Loan Agreement and the Master Indenture, which Series 2025 Master Note will be entitled to the benefits of the Master Indenture, (iii) the money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund) and (iv) in certain circumstances, out of amounts secured by the exercise of remedies provided in the Loan Agreement, the Bond Indenture, and the Master Indenture. The Bonds will be guaranteed under the Bond Guarantee Program of the Permanent School Fund of the State of Texas. See "**THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM**" and **APPENDIX G – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM."** The Series 2025 Master Note constitutes additional indebtedness under the Master Indenture, and is issued on a parity with certain other promissory notes issued by Riverwalk (the "*Prior Master Notes*" and, together with the Series 2025 Master Note and any additional promissory notes entitled to the benefit of the Master Indenture, the "*Master Notes*"). Riverwalk has previously executed and delivered a Deed of Trust and Security Agreement (With Assignment of Rents and Leases) dated as of December 17, 2019, which will be supplemented in connection with the Bonds (as supplemented and amended from time to time, the "Deed of Trust"), in favor of the Master Trustee encumbering the property of Riverwalk financed with the proceeds of the Bonds, including all future improvements, for the benefit of the holders of certain Master Notes, including the Series 2025 Master Note. See "**SECURITY FOR THE BONDS**" and "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Project Construction – General**."

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Capitalized terms used but not defined in this Official Statement have the meanings provided in the Bond Indenture, the Master Indenture and the Loan Agreement, as applicable. Excerpts from those documents are attached hereto in **APPENDIX F.**

Forward-Looking Statements

This Official Statement contains statements relating to future results that are forward-looking statements of the type defined in the Private Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "expect," "project," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

THE ISSUER

The Issuer was established by the City of Arlington, Texas (the "*City*") for the specific and limited purpose of issuing revenue bonds to finance or refinance "educational facilities" or "housing facilities" (as such terms are defined in Chapters 53 and 53A, Texas Education Code, as amended (collectively, the "*Act*")) and facilities which are incidental, subordinate or related thereto or appropriate in connection therewith, all in accordance with and pursuant to Sections 53.35(b) and 53A.35(b) of the Act. **The Issuer has no material assets. Other than legal counsel, the Issuer has not engaged any consultant or other professional. THE ISSUER HAS NO TAXING POWER.** The Issuer is receiving a fee of approximately $30,000 in connection with the issuance of the Bonds, after provisions have been made for expenses of the Issuer.

Except for the issuance of certain revenue bonds for the benefit of Riverwalk, the Issuer is not in any manner related to or affiliated with Riverwalk. The Issuer has issued the Bonds and loaned the proceeds to Riverwalk pursuant to the Loan Agreement solely to carry out the Issuer's statutory purposes. Riverwalk has agreed to indemnify the Issuer and the City for certain matters under the Loan Agreement.

The directors of the Issuer are not personally liable in any way for any act or omission committed or suffered in the performance of the functions of the Issuer.

NEITHER THE ISSUER NOR THE CITY HAS ASSUMED ANY RESPONSIBILITY FOR THE MATTERS CONTAINED HEREIN EXCEPT, IN THE CASE OF THE ISSUER, SOLELY AS TO THE MATTERS SET FORTH IN THIS SECTION, AND IN THE SECTION "LEGAL MATTERS – PENDING AND THREATENED LITIGATION – NO PROCEEDINGS AGAINST THE ISSUER". ALL FINDINGS AND DETERMINATIONS BY THE ISSUER AND THE CITY, RESPECTIVELY, ARE AND HAVE BEEN MADE BY EACH FOR ITS OWN INTERNAL USES AND PURPOSES. NOTWITHSTANDING ITS APPROVAL OF THE BONDS FOR PURPOSES OF SECTION 147(F) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), THE CITY DOES NOT ENDORSE IN ANY MANNER, DIRECTLY OR INDIRECTLY, GUARANTEE OR PROMISE TO PAY THE BONDS FROM ANY SOURCE OF FUNDS OF THE CITY OR GUARANTEE, WARRANT OR ENDORSE THE CREDITWORTHINESS OR CREDIT STANDING OF RIVERWALK, OR IN ANY MANNER GUARANTEE, WARRANT, OR ENDORSE THE INVESTMENT QUALITY OR VALUE OF THE BONDS. THE BONDS ARE PAYABLE SOLELY AS DESCRIBED IN THIS OFFICIAL STATEMENT, THE BOND INDENTURE AND ARE NOT IN ANY MANNER PAYABLE WHOLLY OR PARTIALLY FROM ANY FUNDS OR PROPERTIES OTHERWISE BELONGING TO THE ISSUER. BY ITS ISSUANCE OF THE BONDS, THE ISSUER DOES NOT IN ANY MANNER, DIRECTLY OR INDIRECTLY, GUARANTEE, WARRANT OR ENDORSE THE CREDITWORTHINESS OR CREDIT STANDING OF RIVERWALK OR THE INVESTMENT QUALITY OR VALUE OF THE BONDS.

The Issuer has limited recourse liability on the Bonds, and all payments to be made on the Bonds shall be provided for entirely from funds of Riverwalk or other assets pledged as part of the Trust Estate.

Limited Involvement of the Issuer

The Issuer has no obligation to review, control or oversee the activities of the Bond Trustee or Riverwalk or the compliance by either of them with any covenants or provisions of any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the Bonds.

NONE OF THE CITY, THE ISSUER, THE STATE OF TEXAS (THE "STATE"), OR ANY STATE AGENCY, POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, OR ANY STATE AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. HOWEVER, THE BONDS WILL BE GUARANTEED BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS PURSUANT TO THE BOND GUARANTEE PROGRAM ADMINISTERED BY THE TEXAS EDUCATION AGENCY. SUCH GUARANTEE IS SUBJECT TO THE RULES AND REGULATION OF THE TEXAS EDUCATION AGENCY AND SHALL BE REMOVED IN ITS ENTIRETY UPON DEFEASANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

RIVERWALK

Riverwalk is a Texas nonprofit corporation incorporated on September 6, 2002 and an organization described under Section 501(c)(3) of the Code. Riverwalk currently operates 15 charter school campuses, each under the name "School of Science and Technology," across 19 sites under two separate charter contracts, referred to herein as the "SST Main Charter" and the "SST Discovery Charter", between Riverwalk and the Texas State Board of Education (the "*State Board of Education*") under Chapter 12 of the Texas Education Code, Section 12.001 *et seq*. (the "*Charter Schools Act*"). Certain campuses for the Charter Schools were previously financed with the Series 2014 Bonds (as defined herein), the Series 2016 Bonds (as defined herein), the Series 2019 Bonds (as defined herein), the Series 2022 Bonds (as defined herein) or are being financed with proceeds of the Bonds. In the summer of 2022, the Texas Education Agency (*"TEA"*) approved name changes for some of the campuses as set forth in the list below; the newly approved names are used herein. Upon completion of the Project being financed with the Bonds, Riverwalk will operate the 16 charter school campuses set forth below (collectively, the "*Charter Schools*").

School of Science and Technology Main/Charter District #015-827 (the "*SST Main Charter*")

- SST SA College Prep HS – Established 2005
- SST Alamo – Established 2009
- SST The Woodlands – Established 2016
- SST Willow Creek I – Established 2017
- SST Willow Creek II – Established 2024
- SST Spring – Established 2019
- SST Champions – Established 2020
- SST Champions College Prep – Established 2021
- SST Schertz Elementary – Established 2021
- SST Schertz Early Elementary – Established 2023
- SST Sonterra – Opens 2025

School of Science and Technology Discovery/Charter District #015-831 (the "*SST Discovery Charter*")

- SST Discovery– Established 2008
- SST Corpus Christi Early Elementary School – Established 2022
- SST Corpus Christi Elementary School– Established 2009
- SST Corpus Christi College Prep High School– Established 2009
- SST Bayshore – Established 2020
- SST Advancement – Established 2016
- SST Northwest– Established 2018
- SST Sugar Land – Established 2018
- SST Hill Country – Established 2020
- SST Hill Country College Prep – Established 2024
- SST Sugar Land College Prep – Established 2023

SST SA College Prep HS is currently owned by Riverwalk; however, the property comprising the SST SA College Prep HS campus will **not be pledged as security for the Bonds** at closing.

SST The Woodlands is leased by Riverwalk and will continue to be leased by Riverwalk. The property comprising the SST The Woodlands campus **will not be pledged as security for the Bonds** at closing.

SST Corpus Christi Elementary School and SST Corpus Christi College Prep High School are currently leased and will be purchased with Bond proceeds. Both properties **will be pledged as security for the Bonds** at closing.

For more information, see "**PLAN OF FINANCE**" below. For more information on the Project, see "**APPENDIX B – RIVERWALK AND THE CHARTER SCHOOLS – The Project**" and " **– Project Construction – General**."

Riverwalk's Board of Directors is the governing body for all of the Charter Schools. For more information regarding Riverwalk and the Charter Schools, see generally "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS**."

PLAN OF FINANCE

The Project

Riverwalk will issue the Bonds for the purpose of: (i) financing and refinancing the costs of acquiring, constructing, equipping and renovating certain "educational facilities" (as that term is defined in the Act) and facilities incidental, subordinate or related thereto or appropriate in connection therewith, and (ii) paying the costs of issuing the Bonds. For more information, see "—**Project Construction**" below and "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — The Project**."

Refinancing

A portion of the proceeds of the Bonds will be used to refinance the outstanding principal balance of a line of credit from Texas Capital Community Development Corporation ("TCCDC") in the amount of approximately $60,000,000 and to fund the projects, as such projects are more particularly described in the table below entitled "**Projected Uses of Bond Proceeds.**" For more information on the Project, see "**APPENDIX B – RIVERWALK AND THE CHARTER SCHOOLS – The Project" and " – Project Construction – General." All properties acquired with the proceeds of the Bonds will be pledged as security for payment of the Bonds.**

Prior Financings

Series 2014 Bonds. Riverwalk has previously issued its $7,420,000 Danbury Higher Education Authority, Inc. Education Revenue and Refunding Bonds (Riverwalk Education Foundation, Inc.) Series 2014A (the "*Series 2014A Bonds*") and $310,000 Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2014B (the "*Series 2014B Bonds*" and collectively with the Series 2014A Bonds, the "*Series 2014 Bonds*"). The aggregate principal amount of $4,500,000 remains outstanding on the Series 2014A Bonds. **The Series 2014 Bonds are parity debt under the Master Indenture but are not secured by the Deed of Trust.**

Series 2016 Bonds. Additionally, Riverwalk has previously issued its $2,041,000 Danbury Higher Education Authority, Inc. Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2016A (the "*Series 2016A Bonds*") and $196,000 Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2016B (the "*Series 2016B Bonds*" and collectively with the Series 2016A Bonds, the "*Series 2016 Bonds*"). The aggregate principal amount of $762,000 remains outstanding on the Series 2016 Bonds. **The Series 2016 Bonds are parity debt under the Master Indenture but are not secured by the Deed of Trust.**

Series 2019 Bonds. Riverwalk also previously issued its $176,260,000 Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2019 (the "*Series 2019 Bonds*"). The aggregate principal amount of $166,365,000 remains outstanding on the Series 2019 Bonds. **The Series 2019 Bonds are parity debt under the Master Indenture and are secured by the Deed of Trust.**

Series 2022 Bonds. Riverwalk also previously issued its $141,085,000 Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2022 (the "*Series 2022 Bonds*". The aggregate principal amount of $139,440,000 remains outstanding on the Series 2022 Bonds. **The Series 2022 Bonds are parity debt under the Master Indenture and are secured by the Deed of Trust.**

Other Long-Term Debt. Riverwalk has incurred additional indebtedness secured under the Master Indenture as follows:

A $60,000,000 line of credit from TCCDC is currently outstanding in the principal amount of approximately $60,000,000. The line is available to Riverwalk until May 15, 2027 and is expected to be paid down to a zero balance with Bond proceeds.

Capital Leases. Riverwalk currently has three capital leases for SST The Woodlands, SST Corpus Christi College Prep High School and SST Corpus Christi Elementary School. Riverwalk intends to exercise its purchase option on the Corpus Christi facilities with the proceeds of the Bonds. See **APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — – Facilities – Table2: Existing Facilities**.

Future Financings

While Riverwalk does plan to finance additional campuses in New Braunfels and the Woodlands subsequent to the Bond closing with the TCCDC line of credit, the aggregate cost of these campuses would be less than the $60,000,000 maximum amount of the TCCDC line of credit, which is already qualified as master debt under the Master Indenture. Therefore, Riverwalk does not presently intend to issue additional debt on a parity with the Series 2025 Master Note over the next three years.

Project Construction

The Project consists of financing and refinancing of the acquisition, construction and/or development of the following campuses:

- SST Sonterra – Located at 1819 E. Sonterra Blvd. in northern San Antonio, Texas, the $25,000,000 acquisition, construction and renovation of this property was originally financed with the TCCDC line of credit and will be refinanced with the Bonds. The new building, anticipated to open for the 2025-2026 school year, will have the capacity for 600 students in grades PK-6 and feed into SST San Antonio College Prep High School.
- SST Corpus Christi Elementary – Located at 6633 Evans Road, Corpus Christi, 78413, this campus is currently leased and is being acquired with Bond proceeds; no additional construction is being financed at this location.
- SST Corpus Christi College Prep HS - Located at 6609 Evans Road, Corpus Christi, Texas 78413, this campus is currently leased and is being acquired with Bond proceeds; no additional construction is being financed at this location.
- SST Willow Creek Phase 2 – Located at 22719 Kuykendahl, Spring, Texas 77389, the acquisition of this campus was originally financed with the TCCDC line of credit and will be refinanced with the Bonds. The new building, anticipated to open for the 2026-2027 school year, will have the capacity for 800 students in grades 3-8 and feed into the SST Champions College Prep High School.

Completion of all of these projects is expected by June of 2026. Each of the facilities comports with Riverwalk's established building and design standards for all of its academic facilities. Riverwalk is working with the developers listed below on the campuses that are under construction.

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Projected Uses of Bond Proceeds							
Property	**Current Financing**	**Property Address**	**Approx. Square Footage**	**Developer**	**Expected Completion Date**	**Estimated Project Cost**	**Student Capacity**
SST Sonterra	TCCDC line of credit[(1)]	1819 E. Sonterra Blvd. San Antonio, Texas	48,000	Key Construction	July 2025	$20,903,000	600
SST Willow Creek Phase 2	[Not Started][(1)]	22719 Kuykendahl Spring, Texas	60,000	To Be Determined	July 2026	$27,000,000	800
SST Corpus Christi Elementary School	Leased	6633 Evans Road Corpus Christi, Texas	66,000	Completed	2019	$15,400.000	800
SST Corpus Christi College Prep High School	Leased	6609 Evans Road Corpus Christi, Texas	49,505	Completed	2018	$12,600.000	500
TCCDC Line of Credit Refinancings	TCCDC line of credit to be paid down at closing					$60,000,000	
Capital Improvement Projects for Existing Campuses						$5,500,000	

(1) The campus was originally financed with the TCCDC revolving line of credit in the maximum principal amount of $60,000,000.

For a more information on the properties being renovated with the proceeds of the Bonds see "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Project Construction – General**." See also "**RISK FACTORS — Project Approvals, Construction Process; Completion of Construction**." In addition, bond proceeds will be used to refinance the Texas Capital Bank Note described above under **"PLAN OF FINANCE – Refinancing"**.

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SOURCES AND USES OF FUNDS

The following table sets forth anticipated sources and uses of funds in connection with the plan of finance described above:

	SERIES 2025 BONDS
SOURCES OF FUNDS	
Principal Amount	$ 141,135,000.00
TOTAL	$ 141,135,000.00
USES OF FUNDS	
Net Original Issue Discount	$ 624,134.45
Acquisition Costs	$ 28,250,000.00
Credit Line Repayment	$ 60,432,487.32
Project Costs (Construction, Renovations and FF&E)	$ 46,904,330.61
PSF Fee	$. 3,792,093.62
Costs of Issuance[(1)]	$ 1,131,954.00
TOTAL	$141,135,000.00

[(1)] Includes Underwriters' discount, legal fees, printing fees and other costs of issuance.

RISK FACTORS

This Official Statement contains summaries of pertinent portions of the Bonds, the Bond Indenture, the Master Indenture, the Loan Agreement, the Continuing Disclosure Agreement and other relevant documents. Such summaries and references are qualified in their entirety by reference to the full text of such documents. The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

Enforceability and Constitutionality of the Permanent School Fund Guarantee

The Texas Constitution provides that the Legislature by law may provide for using the Permanent School Fund to guarantee bonds issued by school districts. In 2013, the Texas Legislature enacted a law providing a method for Texas charter schools to be designated as "charter districts" and to avail themselves of the guarantee of the Permanent School Fund. Riverwalk has applied for and received conditional approval from TEA for the Bonds to be guaranteed under the Bond Guarantee Program of the Permanent School Fund of the State of Texas. The guarantee of charter school bonds by the Permanent School Fund has not been reviewed for enforceability or constitutionality by any court of law, and no legal opinions from a court of law have been delivered with respect thereto. Although both the Attorney General of the State of Texas and Bond Counsel will deliver an opinion with respect to the validity of the Bonds, neither party will opine with respect to the enforceability of, or constitutionality of, the Permanent School Fund guarantee of the Bonds. Additionally, no other party, including TEA, will give any opinions with respect to the enforceability or constitutionality of the guarantee of the Bonds.

Sufficiency of Revenues

The Bonds are payable solely from certain payments, revenues and other amounts derived by the Issuer pursuant to the Loan Agreement and the Series 2025 Master Note and are secured only by such revenues and a pledge of certain funds and accounts created under the Bond Indenture. Based on present circumstances, and based on its projections regarding enrollment, Riverwalk believes it will generate sufficient revenues for payment of debt service on the Bonds. However, Riverwalk's charter contract may be revoked, or the bases of the assumptions used by Riverwalk to formulate its beliefs may otherwise change. No representation or assurance can be made that Riverwalk will continue to generate sufficient revenues to make payments under the Master Notes and thus debt service on the Bonds and other bonds issued for the benefit of Riverwalk.

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

State charter schools such as the Charter Schools operated by Riverwalk may not charge tuition and have no taxing authority. Payments from the State that Riverwalk receives for educating students comprise the primary source of revenue generated by Riverwalk (approximately 83% for Riverwalk's fiscal year ending June 30, 2024). The amount of such State payments Riverwalk receives is based on a variety of factors, including enrollment at the Charter Schools. The overall amount of education aid provided by the State in any year is also subject to appropriation by the State Legislature. The Legislature may base its decisions about appropriations on many factors, including the State's economic performance. Further, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding, and such factors are subject to change. As a result, the Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, for Riverwalk to generate sufficient revenue to meet its operating expenses and to make payments under the Master Notes sufficient to pay debt service on the Bonds and other bonds that could be issued for the benefit of Riverwalk. No liability would accrue to the State in such event, and the State would not be obligated or liable for any future payments or any damages. If the State were to withhold such State payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, Riverwalk could be forced to cease operations.

Operating History; Projections

Riverwalk's ability to make payments under the Master Notes representing debt service payments on the Bonds and other bonds issued for the benefit of Riverwalk depends on its receipt of payments from the State. See "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — History and Growth Strategy**." The projections of revenues and expenses contained in **APPENDIX B** herein were prepared by Riverwalk and have not been independently verified by any party. No feasibility studies have been conducted with respect to operations of Riverwalk pertinent to the Bonds. The projections prepared by Riverwalk are "forward-looking statements" and are subject to the general qualifications and limitations described under "**INTRODUCTION — Forward-Looking Statements**" with respect to such statements. The Underwriters have not independently verified such projections, and make no representation and gives no assurances that such projections or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Bonds will be outstanding.

The projections are derived from the actual operations of Riverwalk and from assumptions made by Riverwalk about its future student enrollment and expenses. The projections assume increases in enrollment to 16,100 by the fiscal year ending June 30, 2028. This increase in enrollment will be accommodated by the anticipated total physical facility capacity of 16,500 by that date. Beyond the year 2025, the projections further do not assume increases in enrollment above 20,000, which would require an amendment to Riverwalk's charters. These projections are based on the applications for admission for Riverwalk's grades currently in operation, the addition of additional grades and the physical capacity of schools under renovation to be expanded with proceeds of the Bonds. There can be no assurance that the actual enrollment, revenues and expenses for Riverwalk will be consistent with the assumptions underlying the projections contained herein. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of difficulty with or failure of Riverwalk's growth strategy, insufficient enrollment, reduced payments from the State, or otherwise), employee relations, changes in taxes, changes in applicable government regulations, changes in demographic trends, factors associated with education, competition for students and changes in local or general economic conditions. See "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS**" to review certain of the projections and to consider the various factors that could cause actual results to differ significantly from projected results. Refer to "**INTRODUCTION — Forward-Looking Statements**," above, for qualifications and limitations applicable to forward-looking statements.

NO GUARANTEE CAN BE MADE THAT THE PROJECTED INFORMATION CONTAINED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY RIVERWALK. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, DIFFICULTY WITH OR FAILURE OF RIVERWALK'S GROWTH STRATEGY, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED PAYMENTS FROM THE STATE OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAX LAWS, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, FACTORS ASSOCIATED WITH EDUCATION, COMPETITION FOR STUDENTS AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS.

THE PROJECTIONS ARE FROM RIVERWALK, AND NEITHER THE ISSUER, THE FINANCIAL ADVISOR NOR THE UNDERWRITERS HAVE COMMISSIONED AN INDEPENDENT FEASIBILITY ANALYSIS OF ANY OF THE PROJECTED STUDENT ATTENDANCE FIGURES UPON WHICH RIVERWALK'S PROJECTIONS ARE BASED. NO INDEPENDENT CONFIRMATION OF RIVERWALK'S PROJECTIONS HAS BEEN MADE, AND WHILE RIVERWALK BELIEVES ITS PROJECTIONS ARE REASONABLE, SUCH GROWTH MAY OR MAY NOT OCCUR AND MAY BE AFFECTED BY A VARIETY OF FACTORS. SEE "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Projected Revenues and Expenditures.**"

Competition for Students

Potential purchasers should be aware that Riverwalk faces constant competition for students and there can be no assurance that Riverwalk will continue to attract and retain the number of students that are needed to generate revenues sufficient to pay the Master Notes and thus to make payment of debt service on the Bonds and any subsequent bonds issues for the benefit of Riverwalk.

Nonrenewal or Revocation of Charter

Riverwalk initially entered into its SST Main Charter in 2005 for an initial period through July 31, 2009 and its SST Discovery Charter in 2008 for an initial period through July 31, 2013. The SST Main Charter has been renewed for a period through July 31, 2029 and the SST Discovery Charter has been renewed for a period through July 31, 2033. Pursuant to these two charters, Riverwalk currently operates 15 campuses on 19 sites. Both charter contracts have been amended several times to add grade offerings and school sites and to increase Riverwalk's maximum enrollment. See "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Charter Contract**."

Under Texas law, the Commissioner of Education (the "*Commissioner*") may revoke the charter of, or modify the governance of the holder of a charter, of an open-enrollment charter school, or reconstitute the governing body of the charter holder, if the Commissioner determines that the charter holder: (i) committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter; (ii) failed to satisfy generally accepted accounting standards of fiscal management; (iii) failed to protect the health, safety, or welfare of the students enrolled at the school; (iv) failed to comply with any applicable law or rule, (v) failed to satisfy the performance framework standards adopted under Section 12.1181 of the Texas Education Code, or (vi) is imminently insolvent as determined by the Commissioner in accordance with Commissioner Rule.

The Commissioner is required to revoke the charter of an open-enrollment charter school if for the three preceding school years (i) the charter holder has been assigned an unacceptable performance rating ("*Accountability Rating*") under Subchapter C, Chapter 39 of the Texas Education Code; (ii) the charter holder has been assigned a financial accountability performance rating ("*FIRST Rating*") under Subchapter D, Chapter 39 of the Texas Education Code indicating performance lower than satisfactory; or (iii) the charter holder has been assigned any combination of the ratings described in **(i)** or **(ii)**.

Under State law, the Commissioner is required to deny renewal of the charter of an open-enrollment charter school at the end of the term of a charter school if: (i) the charter holder has been assigned the lowest performance rating as its Accountability Rating for any three of the five preceding school years; (ii) the charter holder has been assigned a FIRST Rating that is lower than satisfactory for any three of the five preceding school years; (iii) the charter holder has been assigned any combination of the ratings described in **(i)** or **(ii)** for any three of the five preceding school years; or (iv) any campus operating under the charter has been assigned the lowest performance rating as its Accountability Rating for the three preceding school years and such campus has not been closed.

There can be no assurance Riverwalk will be able to satisfy the academic and/or financial accountability standards described above in the future. If Riverwalk's charter is revoked or if the charter is not renewed, Riverwalk may be forced to cease operations. The taking of any such actions by the Commissioner could have a material adverse effect on the ability of Riverwalk to pay the Master Notes and thus to make payment of debt service on the Bonds and other bonds issued for the benefit of Riverwalk.

Related procedures provide an opportunity for a hearing for the charter holder and parents, which must be held at the charter school's facility. See "**APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW — GENERAL — CHARTER REVISION, REVOCATION AND NON-RENEWAL**" and

"**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Charter Contracts — Revocation and Nonrenewal**." If Riverwalk's charter contracts are revoked or if the charter contracts are not renewed in the future, Riverwalk could be forced to cease operations.

Construction Risks

Key Construction is responsible for the administration of construction and all the related construction contracts at the SST Sonterra campus, while Riverwalk is responsible for such matters in connection with the construction of the SST Willow Creek Phase 2 project. The timely completion of the SST Sonterra campus and the SST Willow Creek Phase 2 project (collectively, the "*Construction Properties*") is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to labor disputes, site difficulties, delays in delivery and shortages of materials, and adverse weather conditions. The cost of completing the Construction Properties may be affected by factors beyond the control of Riverwalk and Key Construction, including labor disputes, site difficulties, energy and material shortages, subcontractor defaults, adverse weather conditions, and other unforeseen contingencies. Riverwalk would have to leverage a line of credit to pay for any increases in the cost of such construction. There can be no assurance that Key Construction or Riverwalk will complete the Construction Properties in accordance with the present construction schedule and construction budget. If the Construction Properties are not completed prior to the commencement of the applicable school year in which Riverwalk anticipates enrolling students in the Construction Properties, Riverwalk may not meet the projected student enrollment for such facility.

Reliance on Phase I Reports

As of the date of this Official Statement, Phase I environmental assessments addressed to Riverwalk have not been obtained for all of the properties financed with the proceeds of the Bonds. Riverwalk has however requested reliance letters for the existing Phase I environmental site assessments for those properties as to which it has not received Phase I environmental assessments and expects to obtain these approvals prior to closing. In the event that Riverwalk does not receive such reliance letters or obtain updated Phase I environmental assessments for the properties financed with the proceeds of the Bonds, there can be no assurances that Riverwalk will have made an "all appropriate inquiry" sufficient enough to establish or preserve the innocent landowner defense to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA). Notwithstanding the foregoing, provided certain conditions are satisfied, the Issuer, Master Trustee and bond holders may still be able to establish and preserve the secured creditor exemption/defense to CERCLA.

Factors Associated with Education in General

There are a number of factors affecting schools in general, including the Charter Schools, which could have an adverse effect on Riverwalk's financial position and the ability of Riverwalk to generate sufficient revenues to pay the Master Notes and thus debt service on the Bonds and other bonds issued for the benefit of Riverwalk. These factors include, but are not limited to, Riverwalk's ability to successfully execute its growth strategy; Riverwalk's ability to attract and retain a sufficient number of students; changes to Riverwalk's reputation, the faculty or student body, either generally or with respect to certain academic or extracurricular areas; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; increasing operating costs of Riverwalk; changes in existing statutes pertaining to the powers of Riverwalk and legislation or regulations which may affect funding; and disruption of any operations by real or perceived threats against Riverwalk, its employees or the students. Riverwalk cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Failure to Provide Ongoing Disclosure

In connection with the issuance of the Bonds, Riverwalk will enter into a Continuing Disclosure Agreement, pursuant to Rule 15c2–12. Failure to comply with the Continuing Disclosure Agreements or Rule 15c2-12 may adversely affect the liquidity for the Bonds and their market price in the secondary market. See "**CONTINUING DISCLOSURE AGREEMENT**" and "**APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT**."

State Financial Difficulties

Charter schools depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of legal provisions affecting school district revenues and expenditures, the condition of the State economy and the biennial budget process. Decreases in State revenues may adversely affect education appropriations made by the Legislature. The Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "**RISK FACTORS — Dependence on State Payments that are Subject to Annual Appropriation and Political Factors**" above and "**RISK FACTORS – 2025 Legislature**."

Any future decreases in State revenues or increases in State expenditures may adversely affect education appropriations made by the Legislature. Neither Riverwalk nor any other party to the bond transaction can predict how State revenues or State education funding will vary over the entire term of the Bonds.

No parties to the bond transaction take any responsibility for informing owners of the Bonds about any such changes. Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to the bond transaction take no responsibility for the accuracy, completeness or timeliness of such information and no such information is incorporated herein by these references.

Value of Land and Improvements

Under the Deed of Trust, Riverwalk has granted to the Master Trustee a first lien on and security interest on 11 facilities purchased with the proceeds of outstanding Bonds.

There is no guarantee that the foreclosure value of the Land and/or Improvements will be adequate in the event of any foreclosure to pay defaulted and accelerated debt service on the Bonds. Additionally, the value of the land and improvements may be less than comparable commercial properties in the area, especially in light of the special nature of the Land and Improvements and their limited use.

Value of Facilities May Fluctuate

The value of Riverwalk's educational facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in this transaction. At any time, there may be a difference between the actual market value of Riverwalk's educational facilities subject to the Deed of Trust and the principal amount of Master Notes outstanding under the Master Indenture, and that difference may be material and adverse to owners of the Bonds. In particular, it cannot be determined with certainty what the value of the property subject to the Deed of Trust would be in the event of foreclosure under the Deed of Trust. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated Riverwalk's facilities, which are intended for use as educational facilities, to suggest that their values would remain stable or would increase if the general values of property in the community were to decline.

Foreclosure Deficiency and Delays; No Assurance Regarding Subsequent Tenant

If revenues produced by Riverwalk are insufficient to make payments on the Master Notes representing debt service on the Bonds and to make payments on Master Notes, the Master Trustee may exercise its right to foreclose pursuant to the Deed of Trust. There can be no assurance that the value of Riverwalk's educational facilities will be sufficient to meet all remaining debt service requirements with respect to the Master Notes at the time of any foreclosure. See "**RISK FACTORS – Value of Facilities May Fluctuate**," above. In addition, the time necessary to institute and complete foreclosure proceedings would likely substantially delay receipt of funds from a foreclosure.

Inability to Liquidate or Delay in Liquidating the Project

An event of default gives the Master Trustee the right to sell the land and improvements pursuant to a sale under the Deed of Trust. The land and improvements are intended to be used solely for educational purposes of Riverwalk. Because of such use, a potential purchaser of the Bonds should not anticipate that a sale of the land and improvements could be accomplished rapidly or at all. Any sale of the land and improvements may require compliance with the laws of the State applicable thereto. Such compliance may be difficult, time-consuming, and/or expensive. Any delays in the ability of the Master Trustee to sell the land and improvements will result in delays in the payment of the Bonds.

Since the land and improvements is specifically constructed for use as a school facility, it may not be readily adaptable to other uses. As a result, in the event of a sale of the land and improvements, the number of uses that could be made of the property, and the number of entities that would be interested in purchasing the land and improvements, could be limited, and the sale price could thus negatively be affected. The location of the land and improvements may also limit the number of potential purchasers. The ability of the Master Trustee to sell the land and improvements to third parties, thereby liquidating the investment, would be limited as a result of the nature of the land and improvements. For these reasons, no assurance can be made that the amount realized upon any sale of the land and improvements will be fully sufficient to pay and discharge the Bonds. In particular, there can be no representation that the cost of the property included in the land and improvements constitutes a realizable amount upon any forced sale thereof.

Damage, Destruction or Condemnation

Although Riverwalk will be required to obtain certain insurance against damage or destruction as set forth in the Master Indenture, there can be no assurance that any portion of the properties pledged to the Deed of Trust 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 Riverwalk, as a result of damage or destruction to properties pledged to the Deed of Trust , cannot generate revenues, will not exceed the coverage of such insurance policies.

If the properties pledged to the Deed of Trust, or any portion thereof, is damaged or destroyed, or is taken in a condemnation proceeding, the proceeds of insurance or any such condemnation award for the properties pledged to the Deed of Trust, or any portion thereof, must be applied restore or rebuild the applicable property or to redeem the Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the property, or any portion thereof, or to redeem Bonds will be sufficient for that purpose, or that any remaining portion of the property will generate revenues sufficient to pay the to pay debt service on the Bonds remaining outstanding.

Reliance on Appraisals

As of the date of this Official Statement, Riverwalk has not obtained an appraisal for the properties being purchase with the proceeds of the Bonds and does not intend to obtain any appraisals. As a result of the foregoing, there can be no assurance that (i) Riverwalk is purchasing these properties at a fair market value, or (ii) the value of such properties upon foreclosure would be likely to be sufficient to cover the Bonds.

Future Changes to Charter School Laws

The law applicable to charter schools in the State has frequently changed, including changes to the school funding system and relating to revocation and nonrenewal and the respective rights of the parties. See "**STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS**" and "**STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING**" below. The law affecting charter schools is subject to additional changes. Changes to applicable law by the State Legislature could be adverse to the financial interests of Riverwalk and could adversely affect the ability of Riverwalk to generate sufficient revenues to pay the Master Notes and to pay debt service on the Bonds and other bonds issued for the benefit of Riverwalk. There can be no assurance that the Legislature will not change such laws in the future in a manner which is adverse to the interests of the registered owners of the Bonds. Adverse State budget considerations could increase the likelihood that the State Legislature would change the laws governing charter schools, and in particular charter school funding provisions. Further, State budget considerations may adversely affect appropriations for charter school funding. See "**STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING**" and "**CURRENT PUBLIC SCHOOL FINANCE LITIGATION**" herein.

Changes in the School Finance System

Because Texas charter schools are ultimately funded from the same sources as Texas public school districts, changes in the system of school finance could significantly affect how charter schools are funded. Neither the Issuer nor Riverwalk can make any representation or prediction concerning how or if the State Legislature may change the current public school finance system, and how those changes may affect the funding or operations of charter schools. See "**STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING**" and "**CURRENT PUBLIC SCHOOL FINANCE LITIGATION**" herein.

Since 1989, State funding of education has been challenged on constitutional grounds requiring the Texas Legislature to enact several funding programs, each of which differed in the manner in which State and local funds have been allocated to school districts. On May 13, 2016, the current school funding program was ruled constitutional by the Texas Supreme Court. The Issuer, Riverwalk and the parties cannot predict and provide no assurance regarding: (i) whether the Texas Legislature will act to change the current Texas school funding program; (ii) what effect any such legislative changes would have on the existing Texas school funding program, including the distribution of funds under the current school funding system; and (iii) what effect any action or inaction by the Texas Legislature relating to the current Texas school funding program will have on the ability to receive, continue to receive or timely receive the money that is the primary source of payment for the Bonds. See "**STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING**" and "**CURRENT PUBLIC SCHOOL FINANCE LITIGATION**" herein.

Acceleration

Pursuant to the rules of TEA governing the Permanent School Fund Guarantee Program, the Bonds may not be accelerated as a remedy upon an event of default under the Bond Indenture. However, the Master Notes are subject to acceleration upon an event of default under the Master Indenture.

Key Personnel

Riverwalk's curriculum, educational philosophy and operations depend on the vision and commitment of a few, key personnel who comprise the senior leadership of Riverwalk. See "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Senior Leadership and Succession Planning**." Loss of any such key personnel could adversely affect Riverwalk's growth plans, operations, ability to attract and retain students and ultimately its financial results. Of particular importance to Riverwalk are Fawzy Shemshack, Superintendent, Mustafa Kili, Chief Financial Officer, and Nancy Thompson, Director of Communications, whose contributions to Riverwalk's development and whose ongoing responsibilities are significant. For more information regarding these individuals and other of Riverwalk's key personnel, see "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Senior Leadership.**"

Special, Limited Obligations

The Bonds are special, limited obligations of the Issuer payable solely from revenues to be derived by the Issuer under the Loan Agreement, the Series 2025 Master Note, all money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund), and in certain events out of amounts secured through the exercise of the remedies provided in the Bond Indenture, the Loan Agreement and the Master Indenture. See "**SECURITY FOR THE BONDS**."

The Bonds will never be payable out of any funds of the Issuer except with such revenues and in such amounts described above. NONE OF THE STATE OF TEXAS, ANY STATE AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, INCLUDING THE CITY OF ARLINGTON, IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY STATE AGENCY OR POLITICAL SUBDIVISION OF THE STATE, INCLUDING THE CITY OF ARLINGTON, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. HOWEVER, THE BONDS WILL BE GUARANTEED BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS PURSUANT TO THE BOND GUARANTEE PROGRAM ADMINISTERED BY THE TEXAS EDUCATION AGENCY. SUCH GUARANTEE IS SUBJECT TO THE RULES AND REGULATION OF THE TEXAS EDUCATION AGENCY AND SHALL BE REMOVED IN ITS ENTIRETY UPON DEFEASANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

Pledge of State Revenues

The Master Indenture provides that all of Riverwalk's Adjusted Revenues will be deposited into one or more deposit accounts pledged to the Master Trustee pursuant to Deposit Account Control Agreements (unless such Adjusted Revenues or portion thereof are required to be deposited to the Revenue Fund). Upon the occurrence of an Event of Default under the Master Indenture, the Master Trustee is entitled, at the direction of the holders of not less than 25% in principal amount of the Master Notes Outstanding to (i) issue a Notice of Exclusive Control under the Deposit Account Control Agreements and (ii) collect and receive all of the Riverwalk's Adjusted Revenues to be applied as specified in the Master Indenture. While the Holders of not less than 25% in principal amount of Master Notes Outstanding are entitled to direct the Master Trustee in the exercise of remedies following an Event of Default, such percentage may be composed wholly or partially of the holders of Master Notes other than the Series 2025 Master Note.

If an Event of Default has occurred under the Master Indenture, Riverwalk covenants and agrees in the Master Indenture that, without demand by the Master Trustee, it will deliver or cause to be delivered to the Master Trustee all of its Adjusted Revenues, including amounts subject to the Deposit Account Control Agreement for which a Notice of Exclusive Control has been delivered, for credit to the Revenue Fund. If Riverwalk were to fail to deliver such Adjusted Revenues, either before or after an Event of Default, the only remedy available to the Master Trustee and/or Bondholders would be a suit against Riverwalk to enforce the provisions of the Master Indenture.

Damage or Destruction of the Facilities

The Master Indenture requires that Riverwalk's educational facilities be insured against certain risks. See "**APPENDIX F — FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT — MASTER INDENTURE**" and "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Insurance Coverage**." There can be no assurance that the amount of such insurance required to be obtained or actually obtained will be adequate, or that the cause of any damage or destruction to Riverwalk's educational facilities will be as a result of a risk which is insured. Further, there can be no assurance with respect to the ongoing creditworthiness of the insurance companies from which Riverwalk obtains insurance policies.

Federal Accountability Measures

Title I of the Elementary and Secondary Education Act of 1965, as reauthorized by the Every Student Succeeds Act ("*ESSA*") of 2015, requires each state to submit a plan outlining its statewide accountability system to the U.S. Department of Education (the "*USDOE*"). The plan submitted by the State was approved by USDOE in March 2018 (the "*Texas Plan*").

Under the Texas Plan, TEA will maintain rigorous, yet achievable goals for all student groups; create stronger alignment between all State and federal program areas; shift the proficiency level for students from the "Approaches" label on STAAR to the "Meets" label; and better align federal funding with priorities within TEA's strategic plan. Certain information regarding State assessments, including accountability and transparency metrics, is set forth in **APPENDIX B — "RIVERWALK AND THE CHARTER SCHOOLS— Student Performance and Accountability Ratings**."

Any failure of Riverwalk to meet the requirements of ESSA or the Texas Plan may have a material adverse effect on the ability of Riverwalk to generate revenues sufficient to make payments under the Master Notes representing debt service on the Bonds and other bonds issued for the benefit of Riverwalk. Various other sections of this Official Statement discuss Riverwalk's performance under the State's current accountability system. See "**APPENDIX B — RIVERWALK AND THE CHARTER SCHOOLS — Charter Contracts — Revocation and Nonrenewal**" "**—Student Performance and Accountability Ratings**"; see also "**RISK FACTORS — Nonrenewal or Revocation of Charter**."

Certain ESSA provisions were waived for prior school years, and, on December 18, 2024, the Commissioner of Education requested a renewal of the waiver granted to the State on July 20, 2020.

Environmental Regulation

Riverwalk's properties are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to such properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the properties. Costs incurred with respect to environmental remediation or liability could adversely affect Riverwalk's financial condition and its ability to generate revenues sufficient to pay debt service on the Master Notes and thus debt service on the Bonds and other bonds issued for the benefit of Riverwalk. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully re-let such facilities.

As of the date of this Official Statement, Phase I environmental assessments addressed to Riverwalk have not been obtained for the properties financed with the proceeds of the Bonds. Riverwalk has however requested reliance letters for the existing Phase I environmental site assessments and expects to obtain these approvals prior to closing.

Climate Change

The State, and in particular the Houston region, is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts, rain events and hurricanes, which could result in negative economic impacts on Riverwalk's campuses. These effects may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as "climate change"). While none of the campuses have experienced any flooding in the past five years (including during Hurricane Harvey and Tropical Storm Imelda), no assurances can be given that a future extreme weather event driven by climate change will not adversely affect the operations of Riverwalk.

Potential Effects of Bankruptcy

As is true with many entities which issue debt, there is a risk that the Issuer may file for bankruptcy and afford itself the protection of the federal Bankruptcy Code. In that case, the Issuer would receive the benefit of the automatic stay and creditors, such as the registered owners of the Bonds, would not be able to pursue their remedies against it without the permission of the Bankruptcy Court. The Issuer would also have the right to reorganize and adjust its debts with the approval of the Bankruptcy Court. While the relevant law on this point is not clear, it may be possible for the Issuer to be forced into involuntary bankruptcy by one or more creditors. A bankruptcy filing by or against the Issuer could adversely affect the receipt of principal of and interest on the Bonds.

Similarly, there is a risk that Riverwalk may file for bankruptcy and afford itself the protection of the federal Bankruptcy Code. In that case, Riverwalk would receive the benefit of the automatic stay and creditors, such as the registered owners of the Bonds, would not be able to pursue their remedies against it without the permission of the Bankruptcy Court. Riverwalk would also have the right to reorganize and adjust its debts with the approval of the Bankruptcy Court. While Riverwalk is a nonprofit corporation, the schools are part of the public school system. Consequently, it is not clear whether Riverwalk would properly file as a corporate debtor or under Chapter Nine of the United States Bankruptcy Code, which Chapter governs government subdivisions. So long as Riverwalk is a nonprofit corporation, it cannot be forced into involuntary bankruptcy by one or more creditors even if it is properly characterized as a corporate debtor. A bankruptcy filing by or Riverwalk could adversely affect the receipt of principal of and interest on the Bonds.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of Riverwalk under the Master Notes will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described above.

The obligations described herein of Riverwalk to make payments of debt service on Master Notes issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles

Limitation on Security

The lien granted under the Deed of Trust provides limited security. Property that is subject to the Deed of Trust consists of educational facilities. Consequently, it could be difficult to find a buyer or lessee for the property, and, upon default, the Master Trustee may not obtain an amount equal to the aggregate liabilities of Riverwalk (including liabilities in respect of the Bonds then outstanding) from the sale or lease of the property, whether pursuant to a judgment against Riverwalk or otherwise.

The effectiveness of the security interest in Riverwalk's Adjusted Revenues granted in the Master Indenture may be limited by a number of factors, including: (i) federal bankruptcy laws which would, among other things, preclude enforceability of the security interest as to revenues arising subsequent to the commencement of bankruptcy proceedings and limit such enforceability as to revenues arising prior to such commencement to the extent a security interest therein would constitute a voidable preference or fraudulent conveyance, (ii) rights of third parties in cash, securities and instruments arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal 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 and rights of donors of property, (v) claims that might obtain priority if continuation statements or financing statement amendments are not filed in accordance with applicable laws, (vi) the rights of holders of prior perfected security interests in equipment and other goods owned by Riverwalk and in the proceeds of sale of such property, and (vii) statutory liens. Accordingly, such security interest is expected to provide only limited value upon an event of default.

Campus Security

Schools are generally subject to risks related to campus security, including, but not limited to, bullying, abuse, and, in extreme case, physical violence. While Riverwalk's management believes that the Charter Schools are secure, instances of breaches of campus security in the future may have a material adverse effect on Riverwalk's operations and reputation, and may result in litigation, any of which could adversely affect Riverwalk's financial condition and its ability to pay debt service on the Bonds.

Cybersecurity

Riverwalk relies on a technological environment to conduct its operations and potentially faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). While Riverwalk mitigates this Systems Technology risk by using the digital data storage services of third party providers that maintain cybersecurity protection policies, as a recipient and provider of personal, private, or sensitive information, Riverwalk may be the target of cybersecurity incidents that could result in adverse consequences to Riverwalk and its Systems Technology, requiring a response action to mitigate the consequences. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to Riverwalk's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. Cybersecurity breaches could cause material disruption to Riverwalk's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto, or protecting against future attacks could be substantial, and insurance (if any can be obtained) may not be adequate to cover such losses or other resultant costs and expenses. Further, cybersecurity breaches could expose Riverwalk to material litigation and other legal risks, which could cause Riverwalk to incur material costs related to such legal claims or proceedings.

Additional Debt

The Master Indenture permits the issuance of additional Debt on a parity with the Master Notes if certain conditions are met, which could reduce the amount of revenues available to pay debt service on the Bonds. See "**SECURITY FOR THE BONDS — Master Notes and the Master Indenture — Additional Debt**" and "**APPENDIX F — FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT — MASTER INDENTURE**." Riverwalk currently has 6 Master Notes outstanding under the Master Indenture in the aggregate principal amount of $371,067,000. Riverwalk does not presently intend to issue additional Master Notes in the next three years. However, the issuance of additional Debt and bonds may adversely affect the investment security of the Bonds.

Enforcement of Remedies

The remedies available to registered owners of the Bonds upon an Event of Default depend in many respects upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Bond Indenture, the Loan Agreement and the Master Indenture may not be readily available, may be limited, and may prove to be expensive, time-consuming and difficult to enforce. Further, as noted above, the Bonds are special and limited obligations of the Issuer and the existence of any remedy does not guarantee sufficient assets of Riverwalk pledged to payment of the Master Notes to secure such payment. See " – **Special, Limited Obligations**" above. The various legal opinions to be delivered concurrently with the delivery of the 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.

Remedies with respect to foreclosure under the Deed of Trust for the benefit of the beneficiaries thereof may be further limited by State constitutional and statutory limitations on foreclosure, including the right of redemption of foreclosed property granted to debtors under the Texas Constitution.

TEA's Rights Under the Financing Documents

As a condition for guarantee of the Bonds under the Charter School Bond Guarantee Program of the Permanent School Fund of the State of Texas, TEA requires certain provisions in the financing documents granting TEA certain rights to consents, notices and to control certain procedures, including, without limitation, the right to control proceedings, without the consent of bondholders, following an event of default under the financing documents. Reference is made to the provisions of the financing documents for a more complete description of TEA's rights thereunder. See "**APPENDIX F - FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT**."

Charter Schools in General

Nationally, charter schools in general have come under some criticism as having failed to meet certain objectives in educating students to a success level above students in traditional public school systems. Proponents of charter schools have indicated that comparisons used in such critiques often fail to measure performances between similarly situated schools, or fail to acknowledge the time that will be required for a charter school system to develop historically significant data. The politically sensitive issues surrounding the development of charter schools will continue to garner public attention, and any development of a national sense that charter schools do not present a fiscally responsible alternative could adversely affect the willingness of states, including Texas, to fund charter school operations, to take legislative or regulatory action adverse to charter schools, or the willingness to approve or renew charter contracts.

Litigation

Schools are often the subject of litigation. Actions alleging wrongful conduct that seek punitive damages often are filed against education providers such as Riverwalk. Litigation may also arise from the corporate and business activities of Riverwalk, such as employee-related matters. As with educator's professional liability, many of these risks are covered by insurance, but some are not. For example, some business disputes and worker's compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of Riverwalk if determined or settled adversely. Although Riverwalk maintains insurance policies covering educator's professional and general liability, management of Riverwalk is unable to predict the availability, cost or adequacy of such insurance in the future. There is no known litigation pending or threatened against Riverwalk as of the date of this Official Statement, except for the following lawsuit, which the landlord has agreed to resolve prior to or contemporaneously with the closing of Riverwalk's purchase of the Corpus Christi campuses with proceeds of the Bonds:

> Cause No. 224DCV-4973-B; *DLMR Group, LLC d/b/a SERVPro Corpus Christi East, Plaintiff, vs. Riverwalk Education Foundation, Inc. d/b/a School of Science & Technology and VMB Equity Properties, LLC, Defendants*; in the District Court, Nueces County, Texas, in which certain claims in the aggregate principal amount of $21,996.41 have been made individually against Riverwalk as tenant

on the property rented by VMB Equity Properties, LLC, as landlord. In addition, the plaintiff has pleaded in the alternative that Riverwalk and the landlord are jointly and severally liable in the amount of $296,083.29.

Additionally, management of Riverwalk has no knowledge of any litigation threatened against Riverwalk, (i) which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale and delivery, or (ii) which would, if adversely determined, cause any material adverse change in the financial conditions of Riverwalk.

Tax-Exempt Status of the Bonds

The Code imposes a number of requirements that must be satisfied in order for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States, and a requirement that issuers file an information report with the Internal Revenue Service (the "*IRS*"). Riverwalk has agreed that it will comply with all such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings, and policies may result in the treatment of the interest on the Bonds as taxable. Such adverse treatment may be retroactive to the date of issuance. See "**TAX MATTERS FOR THE BONDS**."

In December 1999, as a part of a larger reorganization of the IRS, the IRS commenced operation of its Tax-Exempt and Government Entities Division (the "*TE/GE Division*") as the successor to its Employee Plans and Exempt Organizations division. The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. The number of tax-exempt bond examinations has increased significantly under the TE/GE Division. Riverwalk has not sought to obtain a private letter ruling from the IRS with respect to the Bonds, and the opinion of Bond Counsel is not binding on the IRS. There is no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds. See "**TAX MATTERS FOR THE BONDS**."

If a Determination of Taxability (as defined in the Bond Indenture) were to occur, the Bonds would be subject to mandatory redemption, as a whole and not in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date not more than 120 days following receipt of notice by the Bond Trustee of such determination, subject to certain conditions and notice requirements. See "**THE BONDS — Redemption Provisions — Mandatory Redemption Upon Determination of Taxability**."

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations. Bond Counsel expresses no opinion regarding any pending or proposed federal or State legislation, regulations or litigation and its impact.

Tax-Exempt Status of Riverwalk

The tax-exempt status of the Bonds presently depends upon maintenance by Riverwalk of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of this status depends on compliance with general rules regarding the organization and operation of tax-exempt entities, including operation for charitable and educational purposes and avoidance of transactions that may cause earnings or assets to inure to the benefit of private individuals, such as the private benefit and inurement rules.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanctions and monetary penalties imposed by the IRS. One primary penalty available to the IRS under the Code with respect to a tax- exempt entity engaged

in inurement or unlawful private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit organizations, it could do so in the future. Loss of tax-exempt status by Riverwalk could result in loss of tax exemption of the Bonds and defaults in covenants regarding the Bonds and other obligations would likely be triggered. Loss of tax-exempt status by Riverwalk could also result in substantial tax liabilities on its income. For these reasons, loss of tax-exempt status of Riverwalk could have material adverse consequences on the financial condition of Riverwalk.

With increasing frequency, the IRS has imposed substantial monetary penalties and future charity or public benefit obligations on tax-exempt entities in lieu of revoking tax-exempt status, as well as requiring that certain transactions be altered, terminated, or avoided in the future and/or requiring governance or management changes. These penalties and obligations typically are imposed on the tax-exempt organization pursuant to a "closing agreement," a contractual agreement pursuant to which a taxpayer and the IRS agree to settle a disputed matter. Given the exemption risks involved in certain transactions, Riverwalk may be at risk for incurring monetary and other liabilities imposed by the IRS. These liabilities could be materially adverse.

Less onerous sanctions, referred to generally as "intermediate sanctions," have been enacted that focus enforcement on private persons who transact business with an exempt organization rather than the exempt organization itself, but these sanctions do not replace the other remedies available to the IRS, as mentioned above.

Riverwalk may be audited by the IRS. Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, an IRS audit could result in additional taxes, interest, and penalties. An IRS audit ultimately could affect the tax-exempt status of Riverwalk, as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds and any other tax-exempt debt issued for benefit of Riverwalk.

Risk of Failure to Comply with Certain Covenants

Failure of the Issuer to comply with certain covenants contained in the Bond Indenture or of Riverwalk with certain covenants in the Loan Agreement on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "**TAX MATTERS FOR THE BONDS**."

State and Local Tax Exemption

The State has not been as active as the IRS in scrutinizing the tax-exempt status of nonprofit organizations. It is possible that legislation may be proposed to strengthen the role of the Attorney General of the State in supervising nonprofit organizations. It is likely that the loss by Riverwalk of federal tax exemption also would trigger a challenge to the State or local tax exemption of Riverwalk. Depending on the circumstances, such event could be adverse and material.

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

Unrelated Business Income

The IRS and State, 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*"). Riverwalk 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 Riverwalk as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds.

Secondary Market

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

Risk of Loss from Nonpresentment upon Redemption

The rights of the registered owners of the Bonds to receive interest will terminate on the date, if any, on which the Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Indenture.

Risk of Amendment

Most of the provisions of the Master Indenture may be amended with the consent of the holders of a majority in principal amount of Outstanding Master Notes. If Master Notes are issued in an amount greater than the previously Outstanding Master Notes, such new Master Notes could cause the Master Indenture to be amended in material ways. Additionally, such amendment could result if the underwriter for the new bonds were to vote such bonds to direct the related bond trustee to vote such new Master Notes to amend the Master Indenture prior to the distribution of the new bonds to the purchasers.

COVID-19 and Other Similar Outbreaks

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "*Pandemic*") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. On March 13, 2020, the Governor of Texas (the "*Governor*") declared a state of disaster for all counties in Texas in response to the Pandemic. During the subsequent three years, the Governor and TEA implemented various programs, including remote learning, to cope with the Pandemic. All such temporary virtual learning programs ended effective September 1, 2023.

The full extent of the ongoing impact of COVID-19 on Riverwalk's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the duration and spread of COVID-19, future governmental actions, and the effectiveness of mitigation strategies, all of which are highly uncertain and cannot be predicted. While the potential impact of the Pandemic on Riverwalk cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on Riverwalk's operations and financial condition. For example, if it is perceived that competitors of Riverwalk, including traditional public schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide virtual learning, it could lead to lower enrollment in the future (see "**RISK FACTORS – Operating History; Reliance on Projections**" and "**– Competition for Students**"). Further, Riverwalk's charter may be revoked for failure to protect the health, safety, or welfare of the students enrolled at the school. If the Commissioner determines that Riverwalk has not adequately addressed COVID-19 or future outbreaks, it could lead to Riverwalk's charter being revoked (see "**RISK FACTORS – Nonrenewal or Revocation of the Charter**").

Additionally, State funding of charter districts in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic, as well as ongoing disruptions in global oil markets. Furthermore, the value of the PSF guarantee could be adversely impacted by ongoing volatility in the diversified global markets in which the PSF is invested. For a discussion of the impact of the Pandemic on the PSF, see "**APPENDIX G – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – Infectious Disease Outbreak**."

2025 Legislation

The Legislature meets in regular session in odd-numbered years for 140 days. The 89th Texas Legislature convened on January 14, 2025. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda.

THE BONDS

Description

The Bonds will be issued in the aggregate principal amounts, will mature on the dates and in the amounts, and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement. Interest on the Bonds will accrue from the date of delivery and will be calculated on the basis of a 360-day year of twelve 30-day months payable on February 15, 2026, and on each August 15 and February 15 thereafter until the earlier of maturity or redemption.

The Bonds will be initially issued in book-entry only form and maintained by a depository, as discussed under "**BOOK-ENTRY ONLY SYSTEM**" herein, but may be subsequently issued in fully registered form only, without coupons, and in any case, will be issued in denominations of $5,000 or any integral multiples thereof.

The principal of, premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Amounts due on the Bonds will be paid by check mailed to the owner thereof at its address as it appears on the bond registration books on the first day of the calendar month in which such payment date occurs (the "*Record Date*"). Upon written request of a registered owner of at least $1,000,000 in principal amount of Bonds, all payments of principal, premium, if any, and interest on Bonds will be paid by wire transfer (at the risk and expense of such registered owner) in immediately available funds to an account in the United States designated by such registered owner upon 15 days prior written notice to the Bond Trustee. Notwithstanding the foregoing, while the Bonds are held in book-entry-only form, interest, principal, and redemption premium, if any, will be paid through The Depository Trust Company ("*DTC*") as described under "**BOOK-ENTRY ONLY SYSTEM**."

Permanent School Fund Guarantee

An application has been filed and Riverwalk has received conditional approval for the payment of the Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas. As discussed under the heading "**THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM**" herein, the Bonds will be guaranteed under the Bond Guarantee Program of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due from the corpus of the Permanent School Fund; provided, however, that the Bonds are not subject to acceleration. In the event Riverwalk causes the Issuer to defease any of the Bonds, the payment of such defeased Bonds will cease to be guaranteed by the Permanent School Fund Guarantee. See "**APPENDIX G – PERMANENT SCHOOL FUND GUARANTEE PROGRAM**."

As a condition for guarantee of the Bonds under the Charter School Bond Guarantee Program, TEA requires certain provisions in the financing documents granting TEA certain rights to consents, notices and to control certain procedures, including, without limitation, the right to control proceedings, without the consent of bondholders, following an event of default under the financing documents. Reference is made to the provisions of the financing documents for a more complete description of TEA's rights thereunder. See "**APPENDIX F – FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT**."

Redemption Provisions

The Bonds. The Bonds are subject to redemption as described below:

Optional Redemption. The Bonds maturing on or after August 15, 2034, are subject to optional redemption prior to scheduled maturity, in whole or in part, on August 15, 2033, and on any date thereafter, at the option of Riverwalk at a redemption price of par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption in part prior to maturity with funds from the Debt Service Fund, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on the dates, and in the principal amounts shown in the following schedules:

Series 2025 Bonds Maturing August 15, 2045

Principal Amount ($)	Redemption Date
3,360,000	2041
3,510,000	2042
3,675,000	2043
3,845,000	2044
4,020,000	2045*

*Stated Maturity

Series 2025 Bonds Maturing August 15, 2050

Principal Amount ($)	Redemption Date
4,205,000	2046
4,400,000	2047
4,600,000	2048
4,815,000	2049
5,035,000	2050*

*Stated Maturity

Series 2025 Bonds Maturing August 15, 2055

Principal Amount ($)	Redemption Date
5,265,000	2051
5,510,000	2052
5,765,000	2053
6,030,000	2054
6,305,000	2055*

*Stated Maturity

Series 2025 Bonds Maturing August 15, 2060

Principal Amount ($)	Redemption Date
6,595,000	2056
6,900,000	2057
7,215,000	2058
7,550,000	2059
7,895,000	2060*

*Stated Maturity

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemptions is required to be reduced by the principal amount of any Bonds of the same maturity date which, at least 60 days prior to the mandatory sinking fund redemption date (i) have been purchased and delivered to the Bond Trustee for cancellation, (ii) have been purchased and canceled by the Bond Trustee with funds furnished for such purpose, in each case at a purchase price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof or (iii) have been redeemed pursuant to the optional redemption provision described above.

Mandatory Redemption Upon Determination of Taxability. The Bonds will be redeemed in whole prior to maturity on a date selected by Riverwalk which is not more than 150 days following the occurrence of a Determination of Taxability (as hereinafter defined) at a redemption price equal to 100% of the principal amount thereof plus interest to the redemption date; provided that such redemption of the Bonds will not be payable from the Permanent School Fund.

"*Determination of Taxability*," as used herein, means a determination that the interest income on any of the Bonds does not qualify as interest excluded from gross income of the recipient thereof for the purpose of federal income taxation ("*exempt interest*") under Section 103 of the Code (in the case of a private activity bond, for a reason other than a registered owner is or a former registered owner was a substantial user within the meaning of Section 147 of the Code), which determination will be deemed to have been made upon the first to occur of any of the following: (i) the date on which the Bond Trustee is notified that an opinion of counsel is unable to be delivered to the effect that the interest on the Bonds qualifies as such exempt interest; or (ii) the date on which the Bond Trustee is notified by or on behalf of the Issuer that a change in law or regulation has become effective or that the Internal Revenue Service has issued any public or private ruling, technical advice memorandum or any other written communication or that there has occurred a ruling or decision of a court of competent jurisdiction with or to the effect that the interest income on any of the Bonds does not qualify as such exempt interest; or (iii) the date on which Riverwalk receives notice from the Bond Trustee in writing that the Bond Trustee has been notified by the Internal Revenue Service, or has been advised by the Issuer, Riverwalk or any owner or former owner of a Bond that the Internal Revenue Service has issued a final determination (after the Issuer has exhausted all administrative appeal remedies and has determined not to pursue any remedies in a court of competent jurisdiction) of deficiency or similar notice which asserts that the interest on any of the Bonds does not qualify as such exempt interest.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption, at the option of the Issuer upon the request of Riverwalk, at a redemption price of par plus interest accrued thereon to the redemption date, without premium, on any date, in the event the Project is damaged, destroyed, or condemned or threatened to be condemned, (i) in whole, if, in accordance with the terms of the Loan Agreement, the Project is not reconstructed, repaired or replaced upon the change or destruction thereof, from insurance or condemnation proceeds transferred from the Project Fund established pursuant to the Bond Indenture to the Debt Service Fund established pursuant to the Bond Indenture which, together with an amount required to be paid by Riverwalk pursuant to the Loan Agreement, will be sufficient to pay the Bonds in full, or (ii) in part, after reconstruction, repair, or replacement of the Project in accordance with the terms of the Loan Agreement, from excess insurance or condemnation proceeds transferred from the Project Fund established pursuant to the Bond Indenture to the Debt Service Fund established pursuant to the Bond Indenture for such purpose.

Redemption in Part. If less than all of the Bonds of a stated maturity are called for redemption, the particular Bonds or portions thereof to be redeemed will be redeemed by the Bond Trustee in accordance with the written direction of Riverwalk; *provided*, *however*, that portions of the Bonds will be redeemed in Authorized Denominations; and *provided further*, that no redemption will result in an outstanding Bond being held in less than an Authorized Denomination.

In case part, but not all, of a Bond is selected for redemption, the owner thereof or his attorney or legal representative must present and surrender the Bond to the Bond Trustee for payment of the redemption price, and the Issuer will cause to be executed, authenticated, and delivered to or upon the order of such owner or his attorney or legal representative, without charge therefor, in exchange for the unredeemed portion of the principal amount of such Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Notice of Redemption. At least 30 days prior to the date fixed for any redemption of the Bonds, but not more than 60 days prior to any redemption date, the Bond Trustee will cause a written notice of such redemption to be mailed by first class mail, postage prepaid, to the holders of the Bonds to be redeemed, at such holder's address appearing on the bond registration books on the date such notice is mailed by the Bond Trustee. Any redemption may be conditioned upon the occurrence of events occurring after the mailing of the notice of redemption. Any notice mailed as provided herein will be conclusively presumed to have been given, irrespective of whether or not received. By the date fixed for any such redemption, due provision is required to be made with the Bond Trustee and the Paying Agent for the payment of the redemption price, premium, if any, and interest accrued thereon. If such written notice of redemption is made, due provision for payment of the redemption price is made, and all conditions to the redemption have been fulfilled, all as provided above and in the Bond Indenture, the Bonds which are to be redeemed will become due and payable at the redemption price and after such date will cease to bear interest. Such Bonds will not be regarded as being Outstanding except for the right of the Owner to receive the redemption price out of the funds provided for such payment. If any Bond is not paid upon the surrender thereof for

redemption, such Bond will continue to be Outstanding under the Bond Indenture and will continue to bear interest until paid at the interest rate borne by such Bond.

Defeasance. The Bonds may be discharged, or advance refunded in advance of their optional redemption date in any manner now or hereafter permitted by law. Upon any discharge, defeasance or refunding of all or a portion of the Bonds, such Bonds shall no longer be regarded to be outstanding or unpaid; *provided*, *however*, the Issuer will remain obligated for all payments, including the contribution of additional money or securities to any defeasance escrow or trust account, if necessary to provide sufficient amounts to satisfy the payment obligations (but only from the sources described herein). The Permanent School Fund Guarantee will terminate with respect to the Bonds defeased in the manner provided above.

SECURITY FOR THE BONDS

General

The Bonds are special, limited revenue obligations of the Issuer payable solely from revenues to be derived from the Loan Agreement, the Series 2025 Master Note, the money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund); and in certain events out of amounts secured through the exercise of the remedies provided in the Bond Indenture, the Loan Agreement and the Master Indenture.

NONE OF THE STATE OF TEXAS, ANY STATE AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, INCLUDING THE CITY OF ARLINGTON, IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY STATE AGENCY OR POLITICAL SUBDIVISION OF THE STATE, INCLUDING CITY OF ARLINGTON, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. HOWEVER, THE BONDS WILL BE GUARANTEED BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS PURSUANT TO THE BOND GUARANTEE PROGRAM ADMINISTERED BY THE TEXAS EDUCATION AGENCY. SUCH GUARANTEE IS SUBJECT TO THE RULES AND REGULATION OF THE TEXAS EDUCATION AGENCY AND SHALL BE REMOVED IN ITS ENTIRETY UPON DEFEASANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

Master Notes and the Master Indenture

General

To evidence its obligations under the Loan Agreement, Riverwalk will execute and deliver to the Bond Trustee, as the assignee of the Issuer, the Series 2025 Master Note in principal amount equal to the principal amount of the Bonds. Payments under the Series 2025 Master Note are scheduled to be made at the times and in the amounts required to pay debt service on the Bonds and will be credited against the Loan Payments required to be made by Riverwalk under the Loan Agreement.

The Series 2025 Master Note is a duly authorized promissory note of Riverwalk issued pursuant to and secured by the Master Indenture. Under the Master Indenture, all of the Master Notes are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate. See "**APPENDIX F — FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT — MASTER INDENTURE — Granting Clauses**," and " — **Issuance and Form of Notes –Section 210. Security for Notes**."

Under the Master Indenture the Trust Estate consists of:

(i) all Adjusted Revenues (defined below) of Riverwalk except and excluding all such items, whether now owned or hereafter acquired by Riverwalk, which by their terms or by reason of applicable law would become void or voidable if granted, assigned or pledged by Riverwalk, or which cannot be granted, assigned or pledged without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to liability not otherwise contemplated by the provisions of the Master Indenture, or which otherwise may not be lawfully and effectively granted, pledged, and assigned by

Riverwalk; provided that Riverwalk may subject to the lien of the Master Indenture any such excepted property, whereupon the same shall cease to be excepted property;

(ii) all money and securities, if any, at any time held by the Master Trustee in the Revenue Fund or any reserve fund established pursuant to and subject to any restrictions provided within any supplement to the Master Indenture and any other fund or account established under the terms of the Master Indenture, or held by other banks or fiduciary institutions which are collaterally assigned to the Master Trustee as security for the Master Notes including the depository account specified in the Deposit Account Control Agreement and all securities, financial assets (as defined in Section 8-102(a)(9) of the Uniform Commercial Code as in effect in the State of Texas (the "UCC")) and securities entitlements (within in the meaning of Section 8-102(a)(17) of the UCC) and, with respect to book-entry securities, in the applicable Federal Book-Entry Regulations, carried in or credited to such fund or account;

(iii) all accounts established by or under the Master Indenture, general intangibles and related rights of Riverwalk (each as defined in the UCC), whether now owned or hereafter assigned or arising and wherever located;

(iv) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as additional security under the Master Indenture by Riverwalk or by anyone on its behalf to the Master Trustee, subject to the terms thereof, including, without limitation, funds of Riverwalk held by the Master Trustee as security for the Master Notes;

(v) the real and personal property subject to the lien of any Deed of Trust; and

(vi) proceeds of the foregoing, including cash proceeds and cash equivalents, products, accessions and replacements.

In addition, the Trust Estate under the Master Indenture includes all goods, documents, instruments, tangible and electronic chattel paper, letter of credit rights, investment property, accounts, deposit accounts, general tangibles (including payment intangibles and software), money and other items of personal property, including proceeds (as each such term is defined in the UCC) which constitute any of the property described in the paragraphs above.

"*Adjusted Revenues*" means, for any period of calculation, the total of all operating and nonoperating revenues of Riverwalk directly related to the Charter, including but not limited to State Revenues, federal and local funds for school lunches and other food programs, special education, and transportation, including accounts receivable and rights to receive the same plus investment and other income or loss of Riverwalk for such period; provided, however, that no determination thereof shall take into account (a) income derived from the operation of any adult education, restaurant facilities, affordable housing or other activities of Riverwalk that do not directly relate to the operation of their open-enrollment charter schools, (b) income derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on Debt or Related Bonds, (c) any gains or losses resulting from the early extinguishment of Debt, 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, (d) gifts, grants (excluding grants from the State), bequests or donations and income thereon restricted as to use by the donor or grantor for a purpose inconsistent with the payment of debt service on Debt or Related Bonds or Notes (i.e., unrelated to the purposes for which such obligations were issued), (e) net unrealized gain (losses) on investments and Financial Products Agreements, (f) proceeds of borrowing and (g) prior year ending fund balances. Notwithstanding any provision herein to the contrary, State Revenues received by each of Riverwalk's campuses will be used in accordance with Section 12.107(a) of the Texas Education Code.

Revenue Fund

The Master Indenture provides for the creation of a Revenue Fund, which contains a principal account and an interest account. Upon an Event of Default under the Master Indenture, Riverwalk is required to deposit to the Revenue Fund, within five business days from the date of receipt, all of its Adjusted Revenues, including without limitation, amounts subject to the Deposit Account Control Agreement for which a notice of exclusive control has been delivered (except as otherwise provided in the Master Indenture), as well as any insurance and condemnation proceeds, beginning on the first day of such Event of Default and on each day thereafter until no payment default under the Master Indenture exists. The Master Indenture provides that the Master Trustee shall immediately withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order of priority indicated:

FIRST: to the Master Trustee any fees or expenses which are then due and payable;

SECOND: equally and ratably to the Holder of each instrument evidencing a Master Note on which there has been a default in the payment of principal of, premium, if any, or interest on the Master Notes, an amount equal to all defaulted principal of, premium, if any, and interest on such Master Note;

THIRD: to the Interest Account an amount necessary to accumulate in equal monthly installments the interest on the Master Notes due and payable on the next Interest Payment Date; *provided*, *however*, that to the extent available, each transfer made on the 5th Business Day before the end of the month immediately preceding each Interest Payment Date shall be in an amount to provide, together with amounts then on deposit in the Interest Account, the balance of the interest due on the Master Notes on the next succeeding Interest Payment Date. There shall be paid from the Interest Account equally and ratably to the Holder of each instrument evidencing a Master Note the amount of interest on each Master Note as such interest becomes due;

FOURTH: to the Principal Account the amount necessary to accumulate in equal monthly installments the principal of the Master Notes maturing or subject to mandatory sinking fund redemption on the next Principal Payment Date taking into account with respect to each such payment (i) any other money actually available in the Principal Account for such purpose and (ii) any credit against amounts due on each Principal Payment Date granted pursuant to other provisions of the Master Indenture; *provided*, *however*, that to the extent available, the transfer made on the 5th Business Day before the end of each month immediately preceding such Principal Payment Date shall be in an amount to provide, together with amounts then on deposit in the Principal Account, the balance of the principal maturing or subject to mandatory sinking fund redemption on such Principal Payment Date. There shall be paid from the Principal Account equally and ratably to the Holder of each instrument evidencing a Master Note the amount of principal payments due on each Master Note, whether at maturity or earlier mandatory redemption (other than by reason of acceleration of maturity or other demand for payment), as such principal becomes due;

FIFTH: to the Holder of any Master Note entitled to maintain a reserve fund for the payment of such Master Note, an amount sufficient to cause the balance on deposit in such reserve fund to equal the required balance in 12 equal monthly installments or as otherwise required by the applicable bond documents; and

SIXTH: to Riverwalk, the amount specified in a request of Riverwalk as the amount of ordinary and necessary expenses of Riverwalk for its operations for the following month. The Master Indenture provides that any balance remaining in the Revenue Fund on the day following the end of the month in which all Events of Default under the Master Indenture relating to the payment of the principal of, premium, if any, or interest or any other amount due on any Master Note have been cured or waived, will be paid to Riverwalk at its depository bank upon request for deposit in a deposit account of Riverwalk that is subject to a Deposit Account Control Agreement to be used for any lawful purpose.

Additional Debt

Under the Master Indenture, additional Debt payable from the Adjusted Revenues of Riverwalk may be delivered pursuant to the Master Indenture to pay the costs associated with such additional Debt and/or for the purpose of refunding any Outstanding Debt if the following conditions have been met:

(i) an Officer's Certificate is delivered stating that the Master Indenture is in effect and no Event of Default exists under the Master Indenture or any Debt Outstanding or any agreement entered into in conjunction with such Debt;

(ii) the additional Debt is secured on a parity with respect to the Trust Estate; provided that the terms of any Supplemental Master Indenture may expressly relinquish any right to any of the collateral provided in the Trust Estate (in which case it shall only be entitled to its pro rata share of the collateral which has not been relinquished) and is payable by the issuer solely from the Adjusted Revenues and other amounts derived from the loan agreement relating to such Debt (except to the extent paid out of money attributable to the proceeds derived from the sale of the additional Debt or to income from the temporary investment thereof);

(iii) (A) an Officer's Certificate is delivered stating that, for either Riverwalk's most recently completed fiscal year or for any consecutive 12 months out of the most recent 18 months immediately preceding the issuance of the additional Debt, the Available Revenues equal at least 1.10x the Maximum Annual Debt Service on all Debt then Outstanding prior to the issuance of the additional Debt; and (B) an Independent Management Consultant selected by Riverwalk provides a written report setting forth projections which indicate that the estimated Available Revenues are equal to at least 1.20x the Maximum Annual Debt Service for all Debt then Outstanding, including the proposed additional Debt, in the fiscal year immediately following the completion of the Project being financed; and

(iv) Instead of the requirements described in clause (iii) above, Riverwalk may deliver an Officer's Certificate stating that, based on the audited results of the operations for the most recently completed fiscal year, the Available Revenues equal at least 1.10x the Maximum Annual Debt Service on all Debt then Outstanding as well as the additional Debt.

Under the Master Indenture, if additional Debt is being issued for the purpose of refunding any Outstanding Debt, the report required by clauses (iii) and (iv) above will not apply so long as both the total and Maximum Annual Debt Service Requirements on all Outstanding Debt after issuance of the additional Debt will not exceed both the total and the Maximum Annual Debt Service Requirements on all Outstanding Debt prior to the issuance of such additional Debt.

In the event additional Debt is being issued or incurred for the purpose of completing any Project (as that term is defined in connection with the issuance of additional Debt) for which additional Debt is issued or incurred, such series of completion bonds may be issued in amounts not to exceed 10% of the principal amount of the Debt originally issued for such Project upon delivery of an Officer's Certificate that such additional Debt is required to fund the costs of completion, *provided that* such additional Debt must comply with any applicable requirements imposed by the Bond Indenture and Related Loan Documents (as such terms are defined in the Master Indenture).

Under the Master Indenture, Riverwalk reserves the right to issue and incur Short-Term Debt, which is defined to mean indebtedness that is (i) subordinate to any Debt secured under the Master Trust Indenture, (ii) utilized for the acquisition, construction, renovation or equipping of educational facilities and (iii) payable within 7 years of the incurrence of such indebtedness.

Debt Service Coverage Ratio Covenant

Under the Master Indenture, Riverwalk has covenanted that as long as the Bonds remain outstanding, its Available Revenues for each fiscal year will be equal to at least 1.10x the Annual Debt Service Requirements of Riverwalk as of the end of the first fiscal year after the date of issuance of the Bonds and thereafter until such Bonds have been paid in full. If Riverwalk is unable to comply with the above debt service coverage ratio, it will not constitute an Event of Default if Riverwalk timely engages (as described in the Master Indenture) a Management Consultant, such consultant timely prepares (as described in the Master Indenture) a report to be delivered to Riverwalk and the Master Trustee with recommendations for meeting the required debt service coverage ratio and Riverwalk, to the extent legally permissible, implements, within 30 days of receipt of such recommendation, the consultant's recommendation. However, if the debt service coverage ratio falls below 1.0x the Annual Debt Service Requirements of Riverwalk, it will constitute a default under the Master Indenture.

Working Capital Balance Covenant

Under the Master Indenture, Riverwalk has covenanted, for so long as the Bonds are outstanding, to budget and maintain operating reserves in an amount equal to 45 days of Expenses (the "Working Capital Balance"). Such Working Capital Balance will not be funded with Bond proceeds. The Working Capital Balance will be tested as of the end of each Fiscal Year of each year based upon Riverwalk's audited financial statements, commencing with the Fiscal Year ending June 30, 2025. Riverwalk will deliver to the Master Trustee, within 180 days after the end of each Fiscal Year, a certificate executed by Riverwalk's Authorized Representative stating the Working Capital Balance for such Fiscal Year just ended. If Riverwalk fails to maintain balances equal to the Working Capital Balance, then, Riverwalk will retain, at its expense, a Management Consultant to submit a written report and make recommendations with respect to Riverwalk's revenues or other financial matters that are relevant to increasing the Working Capital Balance to equal or exceed 45 days of Expenses. So long as Riverwalk is implementing these recommendations to the extent practical, Riverwalk will be deemed to have complied with this covenant.

Amendment to Master Trust Indenture

In connection with the issuance of the Series 2025 Master Note, the Master Indenture is being amended by Supplemental Master Trust Indenture No. 11 to revise the restrictions on disposition of assets to provide for Permitted Sales of all or any portion of the Collateral (as defined in the Deed of Trust) provided that certain requirements are met, including the deposit of proceeds of any such sale with the Related Bond Trustee for purposes of completing a project or payment of debt service on the Related Bonds, and to provide for the imposition of certain Customary Development Encumbrances in connection with the development of Real Property (as such term is defined in the Deed of Trust).

The Bond Indenture

General

Under the Bond Indenture, the Issuer will grant to the Bond Trustee for the equal and ratable benefit of the holders of the Bonds, all of the Issuer's right, title, and interest in and to, among other things, the following: (i) the Loan Agreement, including all amounts payable thereunder, including but not limited to the Loan Payments thereunder, the Series 2025 Master Note, any and all security granted or held for the payment thereof, and the present and continuing right to bring actions and proceedings under the Loan Agreement or for the enforcement thereof and to do any and all things which the Issuer is or may become entitled to do thereunder, but excluding certain amounts agreed to be paid by Riverwalk noted in such Loan Agreement (the "*Issuer's Unassigned Rights*"), (ii) all money and investments held for the credit of the funds and accounts established by or under the Bond Indenture (except the Rebate Fund) as described in such Bond Indenture, and (iii) any and all property that may by delivery or by writing of any kind, be subjected to the lien and security interest of the Bond Indenture by the Issuer or by anyone on its behalf, subject to the limitations provided in the Bond Indenture. See "**APPENDIX F — FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT — THE SERIES 2025 BOND INDENTURE — Granting Clauses**."

Debt Service Fund

The Bond Indenture establishes a Debt Service Fund for the Bonds. The money deposited into the Debt Service Fund, together with all investments thereof and investment income therefrom, will be held in trust and applied solely as provided in the Bond Indenture. On the date of issuance of the Bonds, the Bond Trustee is required to deposit into the Debt Service Fund any accrued interest and additional proceeds on such Bonds as may be set forth in an order of the Issuer, for the purpose of paying a portion of the interest coming due on such Bonds on the interest payment date therefor. The Bond Trustee is required to deposit to the credit of the Debt Service Fund immediately upon receipt: (i) amounts due and payable by Riverwalk pursuant to the terms of the Loan Agreement and the Series 2025 Master Note, (ii) any other amounts required by the Bond Indenture, including transfers from the Debt Service Reserve Fund, and (iii) any other amounts delivered to the Bond Trustee for deposit thereto. On each Interest Payment Date, the Bond Trustee will withdraw money first from the Debt Service Fund to pay the principal and interest due on the Bonds.

The Loan Agreement

General

The Bonds are payable from and secured in part by a pledge and assignment to the Bond Trustee of the Issuer's rights under the Loan Agreement and the rights of the Issuer to receive loan payments thereunder (excluding certain fees and expenses and certain indemnity payments payable to the Issuer). Pursuant to the Loan Agreement, Riverwalk agrees to make Loan Payments sufficient to provide funds to make required payments of principal, premium, if any, and interest on the Bonds in full. See "**APPENDIX F — FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT — THE SERIES 2025 LOAN AGREEMENT**."

Deed of Trust

Riverwalk has previously executed and delivered a Deed of Trust and Security Agreement (With Assignment of Rents and Leases) dated as of December 17, 2019, which will be supplemented in connection with the Bonds to encumber the real property financed with the proceeds of the Bonds, including all future improvements, in favor of the Master Trustee for the benefit of the holders of certain Master Notes, including the Series 2025 Master Note. The Prior Master Notes for the Series 2014 Bonds and the Series 2016 Bonds are not secured by the Deed of Trust. See "**APPENDIX F — FINAL FORM OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT**." The Deed of Trust, as amended, will not encumber the facilities located at the School of Science and Technology: San Antonio, the School of Science and Technology: Houston and the School of Science and Technology: Discovery.

STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS

Overview

The following is a description of the system of State funding for traditional school districts in the State (the "*Finance System*") and *not* for open-enrollment charter schools. *However, it is necessary to understand the Finance System in order to understand the system of State funding applicable to open-enrollment charter schools*. For a more complete description of school finance and fiscal management in the State, reference is made to the Texas Education Code, Chapters 43 through 49, as amended. Laws enacted by the Texas Legislature may materially change school district finance, appropriations and the statutory authority related thereto, including many provisions discussed in this Official Statement. See "– **2021 Legislative Session,**" **"- 2023 Legislative Session" and "- 2025 Legislative Session"** below and "**APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW**" herein.

During the 2019 legislative session, the Texas Legislature made numerous changes to the Finance System, including particularly those contained in House Bill 3 ("HB 3"). Additional changes were made to the Finance System during the 2021 Legislative Session and the 2023 Legislative Session, and further changes may be made during the 2025 Legislative Session, which is currently underway.

The following language constitutes only a summary of the Finance System as it is currently structured. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended.

Funding for school districts in the State is provided primarily from State and local sources. State funding for all school districts is provided through a set of funding formulas comprising the "*Foundation School Program*," as well as two facilities funding programs. Generally, the Finance System is designed to promote wealth equalization among school districts by balancing State and local sources of funds available to school districts. In particular, because districts with relatively high levels of property wealth per student can raise more local funding, such districts receive less State aid, and in some cases, are required to disburse local funds to equalize their overall funding relative to other school districts. Conversely, because districts with relatively low levels of property wealth per student have limited access to local funding, the Finance System is designed to provide more State funding to such districts. Thus, as a school district's property wealth per student increases, State funding to the school district is reduced. As a school district's property wealth per student declines, the Finance System is designed to increase that district's State funding. The Finance System provides a similar equalization system for facilities funding wherein districts with the same tax rate for debt service raise the same amount of combined State and local funding. Facilities funding for debt incurred in prior years is expected to continue in future years; however, State funding for new school facilities has not been consistently appropriated by the Texas Legislature (the "*Legislature*").

Local funding is derived from collections of ad valorem taxes levied on property located within each district's boundaries. School districts are authorized to levy two types of property taxes: a limited maintenance and operation ("*M&O*") tax to pay current expenses and an unlimited interest and sinking fund ("*I&S*") tax to pay debt service on bonds. School districts may not increase their M&O tax rate for the purpose of creating a surplus to pay debt service on bonds. Prior to 2006, school districts were authorized to levy their M&O tax at a voter-approved rate, generally up to $1.50 per $100 of taxable value. Since 2006, the State Legislature has enacted various legislation that has compressed the voter-approved M&O tax rate, as described below. Current law also requires school districts to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate of not to exceed $0.50 per $100 of taxable value at the time bonds are issued. Once bonds are issued, however, districts may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount. As noted above, because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is also subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district's M&O tax rate.

2025 Legislative Session

The Legislature meets in regular session in odd-numbered years for 140 days. The 89th Texas Legislature convened on January 14, 2025 and is scheduled to close on June 2, 2025. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time the 89th Texas Legislature may enact laws that materially change current law as it relates to the school finance system and TEA. No representation is made regarding any actions the 89th Texas Legislature may take, but Riverwalk intends to monitor proposed legislation for any applicable developments.

2023 Legislative Session

The 88th Texas Legislature concluded on May 29, 2023. The Governor called and the Legislature concluded four special sessions of the 88th Texas Legislature during 2023 (such special sessions, together with the 88th Regular Session are collectively referred to as the "*2023 Legislative* Session").

During the 88th Texas Legislative Session, the Legislature approved a general appropriations act for the 2024-2025 biennium and several pieces of legislation affecting the Finance System and property taxation procedures. Key developments included the passage of House Bill 1, which allocated $50.4 billion for K-12 public education, a 21.5% increase from the prior biennium, and $17.6 billion dedicated to property tax relief as established under SB 2 in the second called special session. House Bill 3 introduced significant school safety requirements, mandating at least one armed security officer at each school campus and increasing the school safety allotment to $10 per student, along with $15,000 per campus in additional funding. Additionally, SB 30 provided $1.1 billion in supplemental appropriation to support school safety initiatives and clarified the use of bond proceeds for school safety compliance.

Other legislative measures addressed various aspects of school finance and taxation. Adjustments to the "golden penny yield" under Tier 2 of the Finance System were made to enhance enrichment funding opportunities for school districts, while House Bill 4456 provided clarification on the calculation of "no-new-revenue" M&O tax rates for ISDs. Senate Bill 2350 revised the definition of the voter-approval tax rate, excluding the unused increment rate from prior calculations to refine property tax management. Further, House Bill 5 replaced the Chapter 313 agreements with a new tax abatement framework to support job creation and economic development, excluding renewable energy projects.

In addition, programs and funding were introduced to address specific needs within school districts. House Bill 2209 created the Rural Pathway Excellence Partnership Program (R-PEP), incentivizing rural districts to collaborate on college and career pathways aligned with local labor market demands. House Bill 3708 established funding for non-enrolled students participating in UIL activities, while House Bill 4456 reinforced financial transparency in tax rate calculations

2021 Legislative Session

The 87th Texas Legislature concluded on May 31, 2021. The Governor called and the Legislature concluded three special sessions of the 87th Texas Legislature in 2021 (collectively with the 87th Regular Session, the "*2021 Legislative Session*").

During the 87th Texas Legislative Session, the Legislature approved a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures, among other legislation affecting school districts and the administrative agencies that oversee school districts. Of note, House Bill 1525 contained a number of technical modifications to the Finance System as established under HB 3 during the 86th Legislative Session. During the second called special session, the Legislature approved bills addressing virtual learning, taxation of the elderly and disabled and residence homesteads and related hold harmless provisions for school districts, and other matters. During the third special session the legislature passed Senate Joint Resolution 2, which proposes a constitutional amendment to increase the residence homestead exemption from ad valorem taxation for public schools from $25,000 to $40,000, and its enabling legislation Senate Bill 1. Senate Joint Resolution 2 was approved by voters in the May 7, 2022, election, resulting in increased property tax relief for Texas homeowners.

Local Funding for School Districts

The primary source of local funding for school districts is collections from ad valorem taxes levied against taxable property located in each school district. Prior to the 2019 Legislative Session, a district's maximum M&O tax rate for a given tax year was determined by multiplying that district's 2005 M&O tax rate levy by a compression percentage set by legislative appropriation or, in the absence of legislative appropriation, by the Commissioner of Education. This compression percentage was historically set at 66.67%, effectively setting the maximum compressed M&O tax rate for most school districts at $1.00 per $100 of taxable value since most school districts in the State had a voted maximum M&O tax rate of $1.50 per $100 of taxable value. School districts were permitted, however, to generate additional local funds by raising their M&O tax rate up to $0.04 above the compressed tax rate or, with voter-approval at a valid election in the district, by up to $0.17 above the compressed rate (for most districts, this equated to an M&O tax rate between $1.04 and $1.17 per $100 of taxable value). District's received additional State funds in proportion to such taxing effort.

The 86th Texas Legislature made several significant changes to the funding methodology for school districts (the "*2019 Legislation*"). It orders a district's M&O tax rate into two distinct parts: "Tier One Tax Rate", which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate", which is any local M&O tax effort in excess of its Tier One Tax Rate. The 2019 Legislation amended formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively.

Recent legislation enacted by the 88th Texas Legislative Session in 2023 further addressed M&O tax compression and school funding reforms. Adjustments to the Tier Two or "golden penny" yield under the Foundation School Program increased revenue opportunities for school districts. Additionally, Senate Bill 2350 redefined the voter-approval tax rate calculation to exclude unused increment rates from prior years, refining districts' tax management strategies. House Bill 4456 reinforced transparency in tax rate calculations by clarifying the methodology for calculating "no-new-revenue" M&O tax rates.

State Compression Percentage

The "*State Compression Percentage*" is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%. For the State fiscal year ending in 2024, the SCP was set at 68.55%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "*MCR*") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is set to 90% of the maximum MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2023 Legislative Session, the statewide MCR for Tax year 2024 was established at $0.6855, with a minimum MCR of $0.6169.

Tier One Tax Rate

For the Tax Year 2024, a school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

Enrichment Tax Rate

The "*Enrichment Tax Rate*" is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional $0.17. The Enrichment Tax Rate is divided into two components: (i) "*Golden Pennies*" which are the first $0.08 of tax effort in excess of a school district's Tier One Tax Rate; and (ii) "*Copper Pennies*" which are the next $0.09 in excess of a school district's Tier One Tax Rate plus Golden Pennies.

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to certain limitations, including in some cases requirements for a voter approval tax rate election; however, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR for the applicable tax year. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next (see "STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS – State Funding for School Districts – *Tier Two*").

The basis for determining whether voter approval elections are required will begin with the district's Tax Year 2024 MCR plus the number of enrichment pennies authorized and set in Tax Year 2023, less any pennies adopted under disaster provisions.

Tier	Pennies	Action Required to Access
Tier Two Copper Pennies	9-17	Voter Approval Required (or previously authorized and set in TY 2023)
Tier Two Golden Pennies	6-8	Voter Approval Required (or previously authorized and set in TY 2023)
Tier Two Golden Pennies	1-5	No Voter Approval
Tier One	0-MCR	No Voter Approval

State Funding for School Districts

State funding for school districts is provided through the two-tiered Foundation School Program, which provides each district with a State-appropriated baseline level of funding (the "*Basic Allotment*") for each student in "*Average Daily Attendance*" in the Regular Program (being the sum of student attendance for each State-mandated day of regular instruction divided by the number of State-mandated days of instruction, defined herein as "*ADA*"). The Basic Allotment per student is revised downward if a district's Tier One Tax Rate does not meet or exceed the State-determined threshold. This Basic Allotment is then supplemented by additional State funds, allotted for all other instructional programs based upon the unique district characteristics and demographics of students in ADA, to make up most of a district's basic level of State funding (referred to herein as "*Tier One*") under the Foundation School Program. Tier One is then "enriched" with additional funds known as "*Tier Two*" of the Foundation School Program. Tier Two provides a guaranteed level of funding for each cent of a district's Enrichment Tax Rate, which is the M&O tax effort that exceeds the Tier One Tax Rate.

The Finance System also provides an Existing Debt Allotment ("*EDA*") to subsidize debt service on eligible outstanding district bonds, an Instructional Facilities Allotment ("*IFA*") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("*NIFA*") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor districts. For the 2024-2025 State fiscal biennium, the State Legislature appropriated funds in the amount of $872,500,000 for the EDA and IFA, excluding NIFA.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of districts, with local M&O taxes representing the district's local share. EDA and IFA allotments supplement a district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities provided that a school district qualifies for such funding and that the State Legislature makes sufficient appropriations to fund the allotments for a State fiscal biennium. Tier One and Tier Two allotments and existing EDA and IFA allotments are generally required to be funded each year by the Texas Legislature.

Tier One allotments are intended to provide all districts a basic level of education necessary to meet applicable legal standards. Tier Two allotments are intended to guarantee each district that is not subject to the wealth transfer provisions described below an opportunity to supplement Tier One at a level of its own choice; however, Tier Two allotments may not be used for the payment of debt service or capital outlay.

As described above, Tier One funding is based on the Basic Allotment. For the State fiscal year ending in 2024 and subsequent State fiscal years, the Basic Allotment for a school district with a Tier One Tax Rate equal to the school district's MCR, is $6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district's MCR. The Basic Allotment is then supplemented for all districts by various weights to account for differences among districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment, (iii) a college, career and military readiness allotment to further Texas' goal of increasing the number of student who attain post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation retention in disadvantaged or rural school districts. The sum of a district's Basic Allotment and all statutory adjustments, divided by $6,160, is that district's measure of students in "Weighted Average Daily Attendance" ("*WADA*"), which serves to calculate Tier Two funding.

For the 2024-2025 school year, the fast growth allotment weight is 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $320 million for the 2024-2025. This represents an adjustment from prior years, including a cap of $270 million for the 2021-2022 school year, $310 million for the 2022-2023 school year and $315 million for the 2023-2024 school year.

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2022-2023 State fiscal biennium, school districts are guaranteed a yield of $98.56 per student in WADA for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

In addition to the operations funding components of the Foundation School Program discussed above, the Foundation School Program provides a facilities funding component consisting of the IFA program and the EDA program. These programs assist school districts in funding facilities by, generally, equalizing a district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "*IFA Yield*") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2024-2025 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the "EDA Yield") is the lesser of (i) $40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of $60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were $35. The portion of a school district's local debt service rate that qualifies for EDA assistance is limited to the first $0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the State Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the State Legislature for the 2024-2025 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. In the 2023 Legislative Session, the State Legislature

appropriated funds in the amount of $100,000,000 for each fiscal year of the 2024-2025 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

The Commissioner may proportionally reduce the amount of funding a district receives under the Finance System and the ADA calculation if the district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Commissioner may also adjust a district's ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a district's attendance.

Furthermore, "property-wealthy" school districts that received additional State funds under the Finance System prior to the enactment of the 2019 Legislation were entitled to an equalized wealth transition grant on an annual basis through the 2023-2024 school year in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. This grant was phased out through the 2023-2024 school year as follows: (1) 20% reduction for the 2020-2021 school year, (2) 40% reduction for the 2021-2022 school year, (3) 60% reduction for the 2022-2023 school year, and (4) 80% reduction for the 2023-2024 school year. Notwithstanding the foregoing, beginning with the 2021-2022 school year, if the total amount of allotments to which school districts and open-enrollment charter schools were entitled for a school year exceeded $400 million, the Commissioner proportionately reduced each district's or school's allotment, provided that the reduction in the amount to which a district or school was entitled was allowed to result in an amount that was less than zero. As of the 2024–2025 biennium, no further equalized wealth transition grants are available unless otherwise authorized by subsequent legislation.

Local Revenue Level in Excess of Entitlement

A school district that has sufficient property wealth to generate local revenues in excess of the school district's Tier One total state & local entitlement Tax Rate and whose Copper Pennies generate local funds in excess of the Tier II guarantee as previously discussed (a "*Chapter 49 district*"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("*Chapter 49*"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a district's Golden Pennies in excess of the district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, Chapter 49 districts are generally subject to a process known as "recapture", which requires a Chapter 49 district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 district's funding entitlements to the State (for redistribution to other districts) or otherwise expending the respective M&O tax revenues for the benefit of students in districts that are not Chapter 49 districts, as described in the subheading "*Wealth Transfer Options*", below. Chapter 49 districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, and although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Wealth Transfer Options

Under Chapter 49, a district has six options to reduce its local revenue level so that it does not exceed the equalized wealth level: (1) a district may consolidate by agreement with one or more districts to form a consolidated district; all property and debt of the consolidating districts vest in the consolidated district; (2) a district may detach property from its territory for annexation by a property-poor district; (3) a district may purchase attendance credits from the State; (4) a district may contract to educate nonresident students from a property-poor district by sending money directly to one or more property-poor districts; (5) a district may execute an agreement to provide students of one or more other districts with career and technology education through a program designated as an area program for career and technology education; or (6) a district may consolidate by agreement with one or more districts to form a consolidated taxing district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 district's voters.

Furthermore, a district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a district fails to exercise a permitted option, the Commissioner must reduce the district's local revenue level to the level that would product its guaranteed entitlement, by

detaching certain types of property from the district and annexing the property to a property-poor district or, if necessary, consolidate the district with a property-poor district. Provisions governing detachment and annexation of taxable property by the Commissioner do not provide for assumption of any of the transferring district's existing debt.

STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING

Background on State Funding for Open-Enrollment Charter Schools

State funding for open-enrollment charter schools is an adaptation of the Finance System described above under "**STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS**." Open-enrollment charter schools are entitled to funding from both Tier One and Tier Two of the Foundation School Program in accordance with the funding formulas for school districts generally described above under "**STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS**".

Tier One Funding for Charter Schools

A charter holder is entitled to receive for an open-enrollment charter school Tier One funding equal to the amount of Tier One funding per student in weighted average daily attendance, excluding (i) the adjustment under Section 48.052 of the Texas Education Code, as amended, (ii) the funding under Section 48.101, 48.110, 48.111, and 48.112 of the Texas Education Code, as amended, and (iii) enrichment funding under Section 48.202(a) of the Texas Education Code, as amended, to which the charter holder would be entitled if the open-enrollment charter were a school district without a Tier One local share for purposes of calculating the distribution of the Foundation School Fund. For open-enrollment charter schools, the Tier One program allocations are determined by substituting the statewide average adjusted allotment in place of a school district's calculated adjusted allotment. The State average adjusted allotment is computed by averaging the adjusted allotment for each school district in the state for the relevant school year. Tier One funding also includes allotments for specific programs, such as bilingual/ESL education, special education, compensatory education, and career and technology programs, which are based on funding weights established in the TEC for specific student instructional settings. These allotments are in addition to the regular program funding and are calculated using the statewide average basic allotment.

Tier Two Funding for Charter Schools

A charter holder of an open-enrollment charter school is entitled to receive an amount of Tier Two funding based on the statewide "average tax effort" of school districts. An allocation for the guaranteed yield allotment for Tier Two of the Foundation School Program is determined by substituting a statewide average enrichment tax rate in place of a school district's calculated enrichment tax rate. The State average tax rate is computed by averaging the enrichment tax rate for each component of Tier Two for each school district in the State for the relevant school year. This calculation is based on weighted average daily attendance and includes funding for "golden" and "copper pennies." Since charter schools do not have a local tax base or a calculated local share, the state provides the full share of Tier Two funding equal to the total Tier Two entitlement. Open-enrollment charter schools are also entitled to funds that are available to school districts from TEA or the Commissioner in the form of grants or other discretionary funding unless the authorizing statute specifically provides that open-enrollment charter schools are not entitled to such funding.

Student-Based Allotments

A charter holder of an open-enrollment charter school is entitled to receive an allotment per student in average daily attendance in an amount equal to the difference between (1) $125, and (2) the product of (A) the quotient of (i) the total amount of funding provided to eligible school districts under Section 48.101(b) or (c) of the Texas Education Code, as amended, and (ii) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101(b) or (c) of the Texas Education Code, as amended, and (B) the sum of one and the quotient of (i) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101(b) or (c) of the Texas Education Code, as amended, and (ii) the total number of students in average daily attendance in school districts statewide. In addition, a charter holder of an open-enrollment charter school is entitled to receive funding related to the (i) College Career, or Military Readiness Outcomes Bonus (Section 48.112 of the Texas Education Code, as amended), and (ii) Teacher Incentive Allotment

(Section 48.112 of the Texas Education Code, as amended), if the charter holder would be entitled to such funding if the open-enrollment charter school were a school district.

State Facilities Funding for Charter Schools

A charter holder of an open-enrollment charter school is entitled to receive additional facilities funding if the most recent overall performance rating assigned to an open-enrollment charter school reflects at least acceptable performance. Such additional facilities funding may be used for: (1) to lease an instructional facility; (2) to pay property taxes imposed on an instructional facility; (3) to pay debt service on bonds issued to finance an instructional facility; or (4) for any other purpose related to the purchase, lease, sale, acquisition, or maintenance of an instructional facility.

Additional Funding for Open-Enrollment Charter Schools

A charter holder of an open-enrollment charter school is entitled to receive additional funding allotments, if the charter holder would be entitled to such funding allotments if the open-enrollment charter school were a school district, including the: (i) Transportation Allotment (Section 48.151 of the Texas Education Code, as amended); (ii) Dropout Recovery School and Residential Placement Facility Allotment (Section 148.153 of the Texas Education Code, as amended); and (iii) Tuition Allotment for Districts not Offering All Grade Level (Section 148.154 of the Texas Education Code, as amended).

Timing of State Funding

Generally, open-enrollment charter schools receive State funding payments monthly in approximately even amounts (i.e., either 8.3% or 8.4% of its overall annual entitlement). Open-enrollment charter schools that have experienced a 10% or greater increase in enrollment from the prior year have the option of an accelerated payment of Foundation School Program funding according to a payment scheduled prescribed by law. Eligible charter schools that choose the accelerated payment schedule will receive such accelerated payments for three school years and then must reestablish eligibility. The payment schedule also accounts for unpaid balances and may adjust the percentage of funds allocated each month based on the percent of the remaining entitlement.

TEXAS PUBLIC SCHOOL FINANCE LITIGATION

Litigation Relating to the Texas Public School Finance System

On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System"). The litigation has primarily focused on whether the Finance System, as amended by the Legislature (the "Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to "establish and make suitable provision for the support and maintenance of an efficient system of public free schools," or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court's previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath, et.al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, No. 14-0776 (Tex. May 13, 2016) ("*Morath*"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In addition, a suit that was consolidated with Morath added additional grounds that relate to the unique and varied circumstances of charter schools as a basis for holding the Finance System unconstitutional, including that charter schools receive no funding for facilities and that the statutory cap on charter schools is unconstitutionally arbitrary. In its unanimous opinion, the Court held that "[d]espite the imperfections of the current school funding regime, it meets minimum constitutional requirements." The Court also noted that:

> Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

Further, the Texas Supreme Court affirmed the District Court's finding that funding charter schools differently from other public schools and imposing a statutory cap on enrollment is within the discretion of the Legislature.

Possible Effects of Changes in Law on Public School Obligations

The Court's decision in *Morath* upheld the constitutionality of the Finance System but noted that the Financing System was "undeniably imperfect." While not compelled by the *Morath* decision to reform the Finance System, the Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to independent school districts in the State. If the Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality "would not, however, affect the district's authority to levy the taxes necessary to retire previously issued bonds, but would instead require the Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "*Contract Clauses*"), which prohibit the enactment of laws that impair prior obligations of contracts. As a matter of law, public school obligations, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses.

NEITHER RIVERWALK NOR ANY OTHER PARTY TO THE BOND TRANSACTION CAN MAKE ANY REPRESENTATIONS OR PREDICTIONS CONCERNING THE EFFECT FUTURE CHANGES TO THE SCHOOL FINANCE SYSTEM MAY HAVE ON RIVERWALK'S FINANCIAL CONDITION, REVENUES OR OPERATIONS.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book entry-only system has been obtained from DTC. The Issuer, Riverwalk, the Bond Trustee, the Master Trustee, and Underwriters take no responsibility for the accuracy thereof.

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 the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book- entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 effect 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, tenders, 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Issuer 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).

All 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 Issuer or the Bond 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 Bonds 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 Bond Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Bond 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 Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer 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.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND THE DTC BOOK-ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. THE ISSUER, RIVERWALK, THE BOND TRUSTEE, THE MASTER TRUSTEE AND THE UNDERWRITERS BELIEVE SUCH INFORMATION TO BE RELIABLE, BUT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY ANY SUCH PARTY AS TO THE

ACCURACY OR ADEQUACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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DEBT SERVICE REQUIREMENTS

Set forth in the following table are the aggregate debt service requirements relating to the Bonds, the Series 2014 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2022 Bonds and the Series 2025 Bonds.

Current Outstanding Bond Debt Service

FYE June 30	2014 Bonds Debt Service	2016 Bonds Debt Service	2019 Bonds Debt Service	2022 Bonds Debt Service	2025 Bonds Principal	2025 Bonds Interest	2025 Bonds Debt Service	Total Aggregate Bond Debt Service
2025	$ 497,525	$ 194,535	$ 8,882,100	$ 8,514,375	-	-	-	$ 18,088,535
2026	496,788	184,693	8,885,600	8,515,000	-	$ 5,708,741	$ 5,708,741	23,790,821
2027	494,888	156,360	8,886,975	8,516,250	$1,590,000	6,484,525	8,074,525	26,128,998
2028	502,463	155,420	8,885,975	8,513,000	1,670,000	6,403,025	8,073,025	26,129,883
2029	498,575	152,460	8,887,225	8,515,000	1,760,000	6,317,275	8,077,275	26,130,535
2030	498,275	150,490	8,885,350	8,516,875	1,850,000	6,227,025	8,077,025	26,128,015
2031	497,375	-	8,884,975	8,513,500	1,945,000	6,132,150	8,077,150	25,973,000
2032	495,875	-	8,885,600	8,514,625	2,040,000	6,032,525	8,072,525	25,968,625
2033	498,675	-	8,881,850	8,514,875	2,145,000	5,927,900	8,072,900	25,968,300
2034	501,825	-	8,889,400	8,514,000	2,255,000	5,817,900	8,072,900	25,978,125
2035	500,463	-	8,889,600	8,516,625	2,370,000	5,702,275	8,072,275	25,978,963
2036	498,575	-	8,883,000	8,512,500	2,495,000	5,580,650	8,075,650	25,969,725
2037	-	-	8,884,300	8,516,250	2,620,000	5,452,775	8,072,775	25,473,325
2038	-	-	8,883,100	8,512,500	2,755,000	5,318,400	8,073,400	25,469,000
2039	-	-	8,884,100	8,515,875	2,900,000	5,177,025	8,077,025	25,477,000
2040	-	-	8,886,900	8,515,875	3,045,000	5,028,400	8,073,400	25,476,175
2041	-	-	8,886,200	8,512,250	3,200,000	4,872,275	8,072,275	25,470,725
2042	-	-	8,886,700	8,514,500	3,360,000	4,716,675	8,076,675	25,477,875
2043	-	-	8,883,100	8,512,125	3,510,000	4,562,100	8,072,100	25,467,325
2044	-	-	8,885,000	8,514,375	3,675,000	4,400,438	8,075,438	25,474,813
2045	-	-	8,886,900	8,516,375	3,845,000	4,231,238	8,076,238	25,479,513
2046	-	-	8,882,600	8,513,750	4,020,000	4,054,275	8,074,275	25,470,625
2047	-	-	8,884,125	8,516,000	4,205,000	3,869,213	8,074,213	25,474,338
2048	-	-	8,884,425	8,512,625	4,400,000	3,675,600	8,075,600	25,472,650
2049	-	-	8,883,350	8,513,375	4,600,000	3,473,100	8,073,100	25,469,825
2050	-	-	8,885,675	8,516,750	4,815,000	3,261,263	8,076,263	25,478,688
2051	-	-	8,886,175	8,516,125	5,035,000	3,039,638	8,074,638	25,476,938
2052	-	-	8,884,700	8,515,875	5,265,000	2,807,888	8,072,888	25,473,463
2053	-	-	8,886,025	8,515,250	5,510,000	2,565,450	8,075,450	25,476,725
2054	-	-	8,884,925	8,513,500	5,765,000	2,311,763	8,076,763	25,475,188
2055	-	-	8,881,250	8,514,750	6,030,000	2,046,375	8,076,375	25,472,375
2056	-	-	-	8,513,125	6,305,000	1,768,838	8,073,838	16,586,963
2057	-	-	-	8,512,750	6,595,000	1,478,588	8,073,588	16,586,338
2058	-	-	-	8,512,625	6,900,000	1,174,950	8,074,950	16,587,575
2059	-	-	-		7,215,000	857,363	8,072,363	8,072,363
2060	-	-	-		7,550,000	525,150	8,075,150	8,075,150
2061	-	-	-	-	7,895,000	177,638	8,072,638	8,072,638
Total	$5,981,300	$ 993,958	$275,437,200	$289,493,250	$141,135,000	$147,180,403	$288,315,403	$ 860,221,111

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LEGAL MATTERS

General

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds by the Issuer are subject to the approval of the Attorney General of the State and the legal opinion of Hunton Andrews Kurth L.L.P., Houston, Texas, Bond Counsel, in substantially the form of the opinions set forth in "**APPENDIX D — FORM OF BOND COUNSEL OPINION**." The opinion of Bond Counsel will express no opinion and make no comment with respect to the sufficiency of the security for, or the marketability of, the Bonds.

Bond Counsel was not requested to participate and did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information appearing in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "CONTINUING DISCLOSURE AGREEMENT" (except for the subsection "Compliance with Prior Undertakings"), "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT," and "APPENDIX F – FINAL FORMS OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT," and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Bond Documents (as defined in the Bond Indenture). Further, Bond Counsel has reviewed the statements and information contained in the Official Statement under the captions and sub-captions "STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS," "STATE OPEN-ENROLLMENT CHARTER SCHOOL FUNDING," "CURRENT LITIGATION RELATED TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM," "LEGAL MATTERS," "TAX MATTERS FOR THE BONDS," and "APPENDIX A – SUMMARY OF CERTAIN PROVISION OF TEXAS CHARTER SCHOOL LAW" and Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by their counsel, Cantu Harden Montoya LLP, San Antonio, Texas, whose legal fee for services rendered is contingent upon the sale and delivery of the Bonds.

Certain legal matters will be passed upon by Troutman Pepper Locke LLP, Houston, Texas, as counsel to the Issuer; by Schulman, Lopez, Hoffer & Adelstein, LLP, Houston, Texas, company and disclosure counsel to Riverwalk; and by Cantu Harden Montoya LLP, San Antonio, Texas, as counsel to the Underwriters.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to 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. Further, the various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Pending and Threatened Litigation

No Proceedings Against Riverwalk

In connection with the issuance of the Bonds, Riverwalk will deliver a certificate or certificates which will state that, as of the date of issuance of the Bonds, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of its knowledge, threatened against or affecting Riverwalk, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Indenture, the Master Indenture, the Loan Agreement, the bond purchase agreement (referred to in "**MISCELLANEOUS — Underwriting**") or this Official Statement, or the validity and enforceability

of the Bond Indenture, the Loan Agreement, the Master Indenture, the bond purchase agreement, the Bonds, the Series 2025 Master Note or the operations (financial, operational or otherwise) of Riverwalk.

No Proceedings Against the Issuer

In connection with the issuance of the Bonds, the Issuer will deliver a certificate or certificates which will state that, as of the date of issuance of the Bonds, there is no pending or, to the actual knowledge of the Issuer, threatened litigation seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, questioning or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, questioning or affecting the validity of the pledge or application of any money, revenues or security provided for the payment of the Bonds, questioning or affecting the right of the Issuer to enter into the Bond Indenture, the Loan Agreement or the bond purchase agreement, or questioning or affecting the existence or powers of the Issuer.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the Issuer and Riverwalk as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The Issuer and Riverwalk have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the Issuer or Riverwalk to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008) and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Other Tax Matters

The Bonds will not be designated as qualified tax-exempt obligations under Section 265(b) of the Code.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the Issuer as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "**APPENDIX G – THE**

PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in Appendix G is incorporated herein and made a part hereof for all purposes.

CONTINUING DISCLOSURE AGREEMENT

Riverwalk will enter into and deliver a Continuing Disclosure Agreement (the "*Continuing Disclosure Agreement*") with respect to the Bonds. The Continuing Disclosure Agreement with Digital Assurance Certification, L.L.C. ("DAC"), under which Riverwalk has designated DAC as Disclosure Dissemination Agent, is made for the benefit of the registered and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with its obligations pursuant to Rule 15c2-12. See "**APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT**." Riverwalk previously entered into continuing disclosure agreements in connection with the issuance of (i) the Danbury Higher Education Authority, Inc. Education Revenue and Refunding Bonds (Riverwalk Education Foundation, Inc.) Series 2014A and Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2014B (collectively, the "*Series 2014 Bonds*"); (ii) the Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2019 (the "*Series 2019 Bonds*"); and (iii) the Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2022 (the "*Series 2022 Bonds*"). Riverwalk is obligated to file annual No Event of Default Certificates ("*No Default Certificates*"), but failed to file the required No Default Certificate for the fiscal year ended August 31, 2020 on time. In addition, Riverwalk also calculated certain required information reported in its No Default Certificates incorrectly. Riverwalk filed the corrected information on and a failure to file notice on March 7, 2022. In addition, Riverwalk became obligated in 2019 to file timely notices of certain material financial obligations. Riverwalk entered into a material lease agreement for the development of a new campus on December 6, 2021, but failed to file notice of this obligation in a timely manner; notice of this financial obligation and a notice of failure to file was filed on March 7, 2022. Riverwalk filed its 2022 Audited Financial Statements and its 2022 Annual Operating Date late on February 28, 2023, but timely filed its Failure to File Notices for both on December 31, 2022. Riverwalk has agreed under its existing continuing disclosure agreements to voluntarily provide its annual budget no later than 60 days from the beginning of the fiscal year on the express understanding that failure to file such information does not result in a requirement to provide notice to the MSRB. Nevertheless, while the 2020-21, 2021-22, 2022-23 and 2023-24 budgets were filed, they were filed later than 60 days after the beginning of the fiscal year. Riverwalk has also agreed to make its best efforts to provide interim financial reports within 60 days of each fiscal quarter; while all reports have been filed, not all were provided within 60 days. Such late interim filings do not require any failure to file notices. In addition, please see "**THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM**" for a description of TEA's continuing disclosure undertaking to provide certain updated financial information and operating data annually with respect to the Permanent School Fund and the State of Texas, as the case may be, and to provide timely notice of certain specified events related to the guarantee program.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Continuing Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent Riverwalk has provided such information to the Disclosure Dissemination Agent as required by the Continuing Disclosure Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Continuing Disclosure Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the annual report, audited financial statements, notice of notice event or voluntary report, or any other information, disclosures or notices provided to it by Riverwalk and shall not be deemed to be acting in any fiduciary capacity for Riverwalk, or for the benefit of the registered and Beneficial Owners of the Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for Riverwalk's failure to report to the Disclosure Dissemination Agent a notice event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether Riverwalk has complied with the Continuing Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of Riverwalk at all times.

FINANCIAL STATEMENTS

The annual financial report of Riverwalk, for the fiscal year ending June 30, 2024, included in this Official Statement in "**APPENDIX C — FINANCIAL STATEMENTS**," has been audited by LaPorte, APAC, to the extent and for the periods indicated in their report thereon. Riverwalk is not aware of any facts that would make such financial statements misleading.

RATING

S&P Global Ratings ("*S&P*") has assigned the rating of "AAA" to the Bonds based on the Permanent School Fund Guarantee. S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas "AAA." Such rating reflects only the views of S&P and any desired explanation of the significance of any such rating should be obtained from S&P at 55 Water Street, New York, New York 10041. The underlying unenhanced rating of the Bonds is "BBB-."

Moody's Investors Services, Inc. ("*Moody's"*) has assigned the rating of "Aaa" to the Bonds based on the Permanent School Fund Guarantee. Moody's generally rates all bond issued guaranteed by the Permanent School Fund of the State of Texas "Aaa." Moody's underlying unenhanced rating of the Bonds is "Baa3" (stable outlook).

Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions of their own. There is no assurance that any such rating, once issued, will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

Underwriting

Subject to the terms and conditions of a bond purchase agreement (the "*Bond Purchase Agreement*") entered into by and among the Issuer, Riverwalk and Robert W. Baird & Co., as Representative (the "*Representative*") of itself, RBC Capital Markets, LLC and Texas Capital Securities (the "*Underwriters*"), the Bonds are being sold by the Issuer to the Underwriters at a price of $139,910,440.42, which reflects the par amount of the Bonds less an underwriting discount of $600,425.13 and less an original issue discount of $624,134.45. The Underwriters' obligation to purchase the Bonds is subject to certain conditions precedent and the Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. Expenses associated with the issuance of the Bonds are being paid from proceeds of the Bonds. The right of the Underwriters to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriters have initially offered the Bonds to the public at the prices set forth on the inside front cover page of this Official Statement. Such prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other investment banking firms in offering the Bonds to the public.

Texas Capital Bank currently has and from time to time may have banking or other relationships with Riverwalk. Texas Capital Securities is acting as Underwriter of the Bonds. Texas Capital Securities and its affiliates, including but not limited to Texas Capital Bank, comprise a full service financial institution engaged in various activities, including securities trading, commercial and investment banking, corporate and investment advisory services, investment management and brokerage activities for a wide range of corporations, municipal and non-profit entities and individuals.

RBC Capital Markets, LLC ("*RBCCM*") has provided the following information for inclusion in this Official Statement. RBCCM is a full-service financial institution engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of Riverwalk. RBCCM may also communicate independent investment

recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of Riverwalk. RBCCM may make a market in credit default swaps with respect to municipal securities in the future.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for Riverwalk for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Riverwalk.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Financial Advisor

D.A. Davidson & Co., Plano, Texas ("*D.A. Davidson*") is serving as financial advisor to Riverwalk in connection with the offering of the Bonds. D.A. Davidson is not obligated and has not undertaken to make an independent verification or assumed any responsibility for the accuracy or completeness of the information contained in this Official Statement. Certain of the fees for services rendered paid to D.A. Davidson are contingent upon the issuance and delivery of the Bonds.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Official Statement do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Representative, 210 University Blvd. 8th Floor, Denver, Colorado 80206.

Certification

The preparation of this Official Statement and its distribution have been authorized by Riverwalk and the Issuer. This Official Statement is not to be construed as an agreement or contract between Riverwalk or the Issuer and any purchaser, owner or holder of any of the Bonds.

Riverwalk Education Foundation, Inc.

By: /s/ Fawzy Shemshack
Superintendent

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW

This Appendix summarizes certain provisions of Texas charter school law. This Appendix provides a summary only and is for informational purposes only. Potential investors should refer to and independently evaluate applicable provisions of the charter school law in their entirety, with assistance from counsel as necessary, for a complete understanding of their terms. Further, potential investors should note that the provisions summarized below are subject to change, and this summary only pertains to certain aspects of currently existing law. See, "**RISK FACTORS – Future Changes to Charter School Laws**.""

The regular session of the 89th Texas Legislature convened on January 14, 2025 for a 140-day session that is scheduled to end on June 2, 2025. The Texas Legislature meets in odd-numbered years. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda, as discussed above under "**STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS – 2025 Legislative Session**." Laws enacted by the 89th Texas Legislature may materially change certain provisions of Texas law and practice as it pertains to school districts and charter school operations, including those provisions discussed in this summary. This Appendix merely summarizes the text of relevant laws as they affect charter schools and does not speculate as to any interpretation or enforcement procedure by TEA or the Commissioner may or may not institute. Varying interpretations and enforcement of these laws may materially change Texas charter school standards and requirements.

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GENERAL

BACKGROUND

Purposes of Chapter (Texas Education Code §§ 12.001, 12.0011)

In 1995, the Texas legislature adopted Chapter 12 of the Texas Education Code, which provides for the creation and development of public charter schools to be operated within the State of Texas. The stated purposes of authorizing charter schools are to improve student learning, increase the choice of learning opportunities within the public school system, create professional opportunities that will attract new teachers to the public school system, establish a new form of accountability for public schools, and encourage different and innovative learning methods. As an alternative to operating in the manner generally provided in the Texas Education Code, the Texas legislature authorized independent school districts, school campuses, and educational programs to choose to operate under a charter in accordance with Chapter 12 of the Texas Education Code.

Classes of Charter; Authorization (Texas Education Code §§ 12.002, 12.152)

Three classes of charters are provided for under the Texas Education Code: (i) home-rule school district charters, (ii) campus or campus programs charters, and (iii) open-enrollment charters. In addition, the legislature has authorized granting a charter on the application of a public senior college or university or a public junior college for an open-enrollment charter school to operate on the campus of the public senior college or university or public junior college or in the same county in which the campus of the public senior college or university or public junior college is located. Each of these types of charters is governed under a different subchapter of Chapter 12 of the Texas Education Code.

The remaining sections that follow provide additional information applicable to open-enrollment charter schools, such as Riverwalk, and with respect to the Foundation School Program, which is the funding scheme for charter schools.

Authorization (Texas Education Code § 12.101)

(a) In accordance with this subchapter, the commissioner may grant a charter on the application of an eligible entity for an open-enrollment charter school to operate in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. In this subsection, "eligible entity" means:

> (1) an institution of higher education as defined under Section 61.003;
>
> (2) a private or independent institution of higher education as defined under Section 61.003;
>
> (3) an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3)); or
>
> (4) a governmental entity.

(b) After thoroughly investigating and evaluating an applicant, the commissioner, in coordination with a member of the State Board of Education designated for the purpose by the chair of the board, may grant a charter for an open-enrollment charter school only to an applicant that meets any financial, governing, educational, and operational standards adopted by the commissioner under this subchapter, that the commissioner determines is capable of carrying out the responsibilities provided by the charter and likely to operate a school of high quality, and that:

> (1) has not within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, denied renewal, or returned; or

(2) is not, under rules adopted by the commissioner, considered to be a corporate affiliate of or substantially related to an entity that has within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, denied renewal, or returned.

(b-0) The commissioner shall notify the State Board of Education of each charter the commissioner proposes to grant under this subchapter. Unless, before the 90th day after the date on which the board receives the notice from the commissioner, a majority of the members of the board present and voting, vote against the grant of that charter, the commissioner's proposal to grant the charter takes effect. The board may not deliberate or vote on any grant of a charter that is not proposed by the commissioner.

(b-1) In granting charters for open-enrollment charter schools, the commissioner may not grant a total of more than:

(1) 215 charters through the fiscal year ending August 31, 2014;

(2) 225 charters beginning September 1, 2014;

(3) 240 charters beginning September 1, 2015;

(4) 255 charters beginning September 1, 2016;

(5) 270 charters beginning September 1, 2017; and

(6) 285 charters beginning September 1, 2018.

(b-2) Beginning September 1, 2019, the total number of charters for open-enrollment charter schools that may be granted is 305 charters.

(b-3) The commissioner may not grant more than one charter for an open-enrollment charter school to any charter holder. The commissioner may consolidate charters for an open-enrollment charter school held by multiple charter holders into a single charter held by a single charter holder with the written consent to the terms of consolidation by or at the request of each charter holder affected by the consolidation.

(b-4) Notwithstanding Section 12.114, approval of the commissioner under that section is not required for establishment of a new open-enrollment charter school campus if the requirements of this subsection are satisfied. A charter holder having an accreditation status of accredited and at least 50 percent of its student population in grades assessed under Subchapter B, Chapter 39, or at least 50 percent of the students in the grades assessed having been enrolled in the school for at least three school years may establish one or more new campuses under an existing charter held by the charter holder if:

(1) the charter holder is currently evaluated under the standard accountability procedures for evaluation under Chapter 39 and received a district rating in the highest or second highest performance rating category under Subchapter C, Chapter 39, for three of the last five years with at least 75 percent of the campuses rated under the charter also receiving a rating in the highest or second highest performance rating category and with no campus with a rating in the lowest performance rating category in the most recent ratings;

(2) the charter holder provides written notice to the commissioner of the establishment of any campus under this subsection in the time, manner, and form provided by rule of the commissioner; and

(3) not later than the 60th day after the date the charter holder provides written notice under Subdivision (2), the commissioner does not provide written notice to the charter holder that the commissioner has determined that the charter holder does not satisfy the requirements of this section.

(b-5) The initial term of a charter granted under this section is five years.

(b-6) The commissioner shall adopt rules to modify criteria for granting a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories or in the financial accountability system under Chapter 39.

(b-7) A charter granted under this section for a dropout recovery school is not considered for purposes of the limit on the number of charters for open-enrollment charter schools imposed by this section. For purposes of this subsection, an open-enrollment charter school is considered to be a dropout recovery school if the school meets the criteria for designation as a dropout recovery school under Section 12.1141(c).

(b-8) In adopting any financial standards under this subchapter that an applicant for a charter for an open-enrollment charter school must meet, the commissioner shall not:

(1) exclude any loan or line of credit in determining an applicant's available funding; or

(2) exclude an applicant from the grant of a charter solely because the applicant fails to demonstrate having a certain amount of current assets in cash.

(b-10) The commissioner by rule shall allow a charter holder to provide written notice of the establishment of a new open-enrollment charter campus under Subsection (b-4)(2) up to 36 months before the date on which the campus is anticipated to open. Notice provided to the commissioner under this section does not obligate the charter holder to open a new campus.

(c) If the facility to be used for an open-enrollment charter school is a school district facility, the school must be operated in the facility in accordance with the terms established by the board of trustees or other governing body of the district in an agreement governing the relationship between the school and the district.

(d) An educator employed by a school district before the effective date of a charter for an open-enrollment charter school operated at a school district facility may not be transferred to or employed by the open-enrollment charter school over the educator's objection.

Charter Authorization for High-Performing Entities (Texas Education Code § 12.1011)

(a) Notwithstanding Section 12.101(b), the commissioner may grant a charter for an open-enrollment charter school to an applicant that is:

(1) an eligible entity under Section 12.101(a)(3) that proposes to operate the charter school program of a charter operator that operates one or more charter schools in another state and with which the eligible entity is affiliated and, as determined by the commissioner in accordance with commissioner rule, has performed at a level of performance comparable to performance under the highest or second highest performance rating category under Subchapter C, Chapter 39; or

(2) an entity that has operated one or more charter schools established under this subchapter or Subchapter C or E and, as determined by the commissioner in accordance with commissioner rule, has performed in the highest or second highest performance rating category under Subchapter C, Chapter 39.

(b) A charter holder granted a charter for an open-enrollment charter school under Subsection (a) may vest management of corporate affairs in a member entity provided that the member entity may change the members of the governing body of the charter holder before the expiration of a member's term only with the express written approval of the commissioner.

(c) The initial term of a charter granted under this section is five years.

(d) The commissioner shall adopt rules to modify criteria for granting a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories under Subchapter C, Chapter 39.

Charter Authorizer Accountability (Texas Education Code § 12.1013)

(a) The commissioner shall select a center for education research authorized by Section 1.005 to prepare an annual report concerning the performance of open-enrollment charter schools by authorizer compared to campus charters and matched traditional campuses, which shall be provided annually under Subchapters J and K, Chapter 39.

(b) The format of the report must enable the public to distinguish and compare the performance of each type of public school by classifying the schools as follows:

(1) open-enrollment charters granted by the State Board of Education;

(2) open-enrollment charters granted by the commissioner;

(3) charters granted by school districts; and

(4) matched traditional campuses.

(c) The report must include the performance of each public school in each class described by Subsection (b) as measured by the achievement indicators adopted under Section 39.053(c) and student attrition rates.

(d) The report must also:

(1) aggregate and compare the performance of open-enrollment charter schools granted charters by the State Board of Education, open-enrollment charter schools granted charters by the commissioner, campuses and programs granted charters by school districts, and matched traditional campuses; and

(2) rate the aggregate performance of elementary, middle or junior high, and high schools within each class described by Subsection (b) as indicated by the composite rating that would be assigned to the class of elementary, middle or junior high, and high schools if the students attending all schools in that class were cumulatively enrolled in one elementary, middle or junior high, or high school.

(e) The report must also include an analysis of whether the performance of matched traditional campuses would likely improve if there were consolidation of school districts within the county in which the campuses are located. This subsection applies only to a county that includes at least seven school districts and at least 10 open-enrollment charter schools.

Authorization for Grant of Charters for Schools Primarily Serving Students with Disabilities (Texas Education Code § 12.1014)

(a) The commissioner may grant under Section 12.101 a charter on the application of an eligible entity for an open-enrollment charter school intended primarily to serve students eligible to receive services under Subchapter A, Chapter 29.

(b) The limit on the number of charters for open-enrollment charter schools imposed by Section 12.101 does not apply to a charter granted under this section to a school at which at least 50 percent of the students are eligible to receive services under Subchapter A, Chapter 29. Not more than five charters may be granted for schools described by this subsection.

(c) For purposes of the applicability of state and federal law, including a law prescribing requirements concerning students with disabilities, an open-enrollment charter school described by Subsection (a) is considered the same as any other school for which a charter is granted under Section 12.101.

(d) To the fullest extent permitted under federal law, a parent of a student with a disability may choose to enroll the parent's child in an open-enrollment charter school described by Subsection (a) regardless of whether a disproportionate number of the school's students are students with disabilities.

(e) This section does not authorize an open-enrollment charter school to discriminate in admissions or in the services provided based on the presence, absence, or nature of an applicant's or student's disability.

(f) The commissioner and the State Board for Educator Certification shall adopt rules as necessary to administer this section.

Authority Under Charter (Texas Education Code § 12.102)

An open-enrollment charter school: (i) shall provide instruction to students at one or more elementary or secondary grade levels as provided by the charter; (ii) is governed under the governing structure described by the charter; (iii) retains authority to operate under the charter to the extent authorized under Sections 12.1141, and 12.115 of the Texas Education Code and Chapter 39A of the Texas Education Code; and (iv) does not have authority to impose taxes.

General Applicability of Laws, Rules, and Ordinances to Open-Enrollment Charter School (Texas Education Code § 12.103)

(a) Except as provided by Subsection (b) or (c), an open-enrollment charter school is subject to federal and state laws and rules governing public schools and to municipal zoning ordinances governing public schools.

(b) An open-enrollment charter school is subject to this code and rules adopted under this code only to the extent the applicability to an open-enrollment charter school of a provision of this code or a rule adopted under this code is specifically provided.

(c) Repealed by Acts 2023, 88th Leg., R.S., Ch. 699 (H.B. 1707), Sec. 4, eff. June 12, 2023.

Applicability of Title (Texas Education Code § 12.104)

(a) An open-enrollment charter school has the powers granted to schools under this title.

(a-1) The governing body of an open-enrollment charter school may:

> (1) employ security personnel and commission peace officers in the same manner as a board of trustees of a school district under Section 37.081; and
>
> (2) enter into a memorandum of understanding with a local law enforcement agency to assign a school resource officer, as that term is defined by Section 1701.601, Occupations Code, to the school.

(a-2) A reference in law to a peace officer commissioned under Section 37.081 includes a peace officer commissioned by an open-enrollment charter school in accordance with Subsection (a-1), and a charter school peace officer has the same powers, duties, and immunities as a peace officer commissioned under that section.

(b) An open-enrollment charter school is subject to:

> (1) a provision of this title establishing a criminal offense;

(2) the provisions in Chapter 554, Government Code; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) criminal history records under Subchapter C, Chapter 22;

(C) reading instruments and accelerated reading instruction programs under Section 28.006;

(D) accelerated instruction under Section 28.0211;

(E) high school graduation requirements under Section 28.025;

(F) special education programs under Subchapter A, Chapter 29;

(G) bilingual education under Subchapter B, Chapter 29;

(H) prekindergarten programs under Subchapter E or E-1, Chapter 29, except class size limits for prekindergarten classes imposed under Section 25.112, which do not apply;

(I) extracurricular activities under Section 33.081;

(J) discipline management practices or behavior management techniques under Section 37.0021;

(K) health and safety under Chapter 38;

(L) the provisions of Subchapter A, Chapter 39;

(M) public school accountability and special investigations under Subchapters A, B, C, D, F, G, and J, Chapter 39, and Chapter 39A;

(N) the requirement under Section 21.006 to report an educator's misconduct;

(O) intensive programs of instruction under Section 28.0213;

(P) the right of a school employee to report a crime, as provided by Section 37.148;

(Q) bullying prevention policies and procedures under Section 37.0832;

(R) the right of a school under Section 37.0052 to place a student who has engaged in certain bullying behavior in a disciplinary alternative education program or to expel the student;

(S) the right under Section 37.0151 to report to local law enforcement certain conduct constituting assault or harassment;

(T) a parent's right to information regarding the provision of assistance for learning difficulties to the parent's child as provided by Sections 26.004(b)(11) and 26.0081(c) and (d);

(U) establishment of residency under Section 25.001

(V) school safety requirements under Sections 37.08 14, 37.108, 37.1081, 37.1082, 37.1083, 37.1084, 37.1085, 37.1086, 37.109, 37.113, 37.114, 37.1141, 37.115, 37.207, and 37.2071 and Subchapter J, Chapter 37

(W) the early childhood literacy and mathematics proficiency plans under Section 11.185;

(X) the college, career, and military readiness plans under Section 11.186; and

(Y) parental options to retain a student under Section 28.02124.

(b-1) During the first three years an open-enrollment charter school is in operation, the agency shall assist the school as necessary in complying with requirements under Subsection (b)(2)(A).

(b-2) An open-enrollment charter school is subject to the requirement to establish an individual graduation committee under Section 28.0258.

(b-3) An open-enrollment charter school is subject to the graduation qualification procedure established by the commissioner under Section 28.02541.

(b-4) Section 11.201(c) applies to an open-enrollment charter school as though the governing body of the school were the board of trustees of a school district and to the superintendent or, as applicable, the administrator serving as educational leader and chief executive officer of the school as though that person were the superintendent of a school district.

(c) An open-enrollment charter school is entitled to the same level of services provided to school districts by regional education service centers. The commissioner shall adopt rules that provide for the representation of open-enrollment charter schools on the boards of directors of regional education service centers.

(d) The commissioner may by rule permit an open-enrollment charter school to voluntarily participate in any state program available to school districts, including a purchasing program, if the school complies with all terms of the program.

Status (Texas Education Code § 12.105)

An open-enrollment charter school is part of the Texas public school system.

Applicability of Open Meetings and Public Information Laws (Texas Education Code § 12.1051)

(a) With respect to the operation of an open-enrollment charter school, the governing body of a charter holder and the governing body of an open-enrollment charter school are considered to be governmental bodies for purposes of Chapters 551 and 552, Government Code.

(b) With respect to the operation of an open-enrollment charter school, any requirement in Chapter 551 or 552, Government Code, or another law that concerns open meetings or the availability of information, that applies to a school district, the board of trustees of a school district, or public school students applies to an open-enrollment charter school, the governing body of a charter holder, the governing body of an open-enrollment charter school, or students attending an open-enrollment charter school.

Applicability of Laws Relating to Local Government Records (Texas Education Code § 12.1052)

(a) With respect to the operation of an open-enrollment charter school, an open-enrollment charter school is considered to be a local government for purposes of Subtitle C, Title 6, Local Government Code, and Subchapter J, Chapter 441, Government Code.

(b) Records of an open-enrollment charter school and records of a charter holder that relate to an open-enrollment charter school are government records for all purposes under state law.

(c) Any requirement in Subtitle C, Title 6, Local Government Code, or Subchapter J, Chapter 441, Government Code, that applies to a school district, the board of trustees of a school district, or an officer or employee of a school district applies to an open-enrollment charter school, the governing body of a charter holder, the governing body of an open-enrollment charter school, or an officer or employee of an open-enrollment charter school except that the records of an open-enrollment charter school that ceases to operate shall be transferred in the manner prescribed by Subsection (d).

(d) The records of an open-enrollment charter school that ceases to operate shall be transferred in the manner specified by the commissioner to a custodian designated by the commissioner. The commissioner may designate any appropriate entity to serve as custodian, including the agency, a regional education service center, or a school district. In designating a custodian, the commissioner shall ensure that the transferred records, including student and personnel records, are transferred to a custodian capable of:

(1) maintaining the records;

(2) making the records readily accessible to students, parents, former school employees, and other persons entitled to access; and

(3) complying with applicable state or federal law restricting access to the records.

(e) If the charter holder of an open-enrollment charter school that ceases to operate or an officer or employee of such a school refuses to transfer school records in the manner specified by the commissioner under Subsection (d), the commissioner may ask the attorney general to petition a court for recovery of the records. If the court grants the petition, the court shall award attorney's fees and court costs to the state.

Applicability of Laws Relating to Public Purchasing and Contracting (Texas Education Code § 12.1053)

(a) This section applies to an open-enrollment charter school unless the school's charter otherwise describes procedures for purchasing and contracting and the procedures are approved by the commissioner.

(b) An open-enrollment charter school is considered to be:

(1) a governmental entity for purposes of:

(A) Subchapter D, Chapter 2252, Government Code; and

(B) Subchapter B, Chapter 271, Local Government Code;

(2) a political subdivision for purposes of Subchapter A, Chapter 2254, Government Code; and

(3) a local government for purposes of Sections 2256.009-2256.016, Government Code.

(c) To the extent consistent with this section, a requirement in a law listed in this section that applies to a school district or the board of trustees of a school district applies to an open-enrollment charter school, the governing body of a charter holder, or the governing body of an open-enrollment charter school.

Applicability of Laws Relatig to Conflicts of Interest (Texas Education Code § 12.1054)

(a) A member of the governing body of a charter holder, a member of the governing body of an open-enrollment charter school, or an officer of an open-enrollment charter school is considered to be a local public official for purposes of Chapter 171, Local Government Code. For purposes of that chapter:

> (1) a member of the governing body of a charter holder or a member of the governing body or officer of an open-enrollment charter school is considered to have a substantial interest in a business entity if a person related to the member or officer in the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest in the business entity under Section 171.002, Local Government Code;
>
> (2) notwithstanding any provision of Section 12.1054(1), an employee of an open-enrollment charter school rated acceptable or higher under Section 39.054 for at least two of the preceding three school years may serve as a member of the governing body of the charter holder of the governing body of the school if the employees do not constitute a quorum of the governing body or any committee of the governing body; however, all members shall comply with the requirements of Sections 171.003-171.007, Local Government Code.

(b) To the extent consistent with this section, a requirement in a law listed in this section that applies to a school district or the board of trustees of a school district applies to an open-enrollment charter school, the governing body of a charter holder, or the governing body of an open-enrollment charter school.

Applicability of Nepotism Laws (Texas Education Code § 12.1055)

(a) An open-enrollment charter school is subject to a prohibition, restriction, or requirement, as applicable, imposed by state law or by a rule adopted under state law, relating to nepotism under Chapter 573, Government Code.

(b) Repealed.

(c) Section 11.1513(f) applies to an open-enrollment charter school as though the governing body of the school were the board of trustees of a school district and to the superintendent or, as applicable, the administrator serving as educational leader and chief executive officer of the school as though that person were the superintendent of a school district.

(d) Notwithstanding any other provision of this section, a person who was not restricted or prohibited under this section as this section existed before September 1, 2013, from being employed by an open-enrollment charter school and who was employed by an open-enrollment charter school before September 1, 2013, is considered to have been in continuous employment as provided by Section 573.062(a), Government Code, and is not prohibited from continuing employment with the school.

Immunity from Liability and Suit (Texas Education Code § 12.1056)

(a) In matters related to operation of an open-enrollment charter school, an open-enrollment charter school or charter holder is immune from liability and suit to the same extent as a school district, and the employees and volunteers of the open-enrollment charter school or charter holder are immune from liability and suit to the same extent as school district employees and volunteers. A member of the governing body of an open-enrollment charter school or of a charter holder is immune from liability and suit to the same extent as a school district trustee.

(b) An open-enrollment charter school is a governmental unit as defined by Section 101.001, Civil Practice and Remedies Code, and is subject to liability only as provided by Chapter 101, Civil Practice and Remedies Code, and only in the manner that liability is provided by that chapter for a school district.

(c) An open-enrollment charter school is a local government as defined by Section 102.001, Civil Practice and Remedies Code, and a payment on a tort claim must comply with Chapter 102, Civil Practice and Remedies Code.

(d) An open-enrollment charter school is a local governmental entity as defined by Section 271.151, Local Government Code, and is subject to liability on a contract as provided by Subchapter I, Chapter 271, Local Government Code, and only in the manner that liability is provided by that subchapter for a school district.

Membership in Teacher Retirement System (Texas Education Code § 12.1057)

(a) An employee of an open-enrollment charter school who qualifies for membership in the Teacher Retirement System of Texas shall be covered under the system to the same extent a qualified employee of a school district is covered.

(b) For each employee of the school covered under the system, the school is responsible for making any contribution that otherwise would be the legal responsibility of the school district, and the state is responsible for making contributions to the same extent it would be legally responsible if the employee were a school district employee.

Applicability of Other Laws (Texas Education Code § 12.1058)

(a) An open-enrollment charter school is considered to be:

(1) a local government for purposes of Chapter 791, Government Code;

(2) a local government for purposes of Chapter 2259, Government Code, except that an open-enrollment charter school may not issue public securities as provided by Section 2259.031(b), Government Code;

(3) a political subdivision for purposes of Chapter 172, Local Government Code;

(4) a local governmental entity for purposes of Subchapter I, Chapter 271, Local Government Code;

(5) a political subdivision for purposes of Section 180.008, Local Government Code.

(6) a political subdivision for purposes of Section 16.061, Civil Practice and Remedies Code, with respect to any property purchased, leased, constructed, renovated, or improved with state funds under Section 12.128 of this code; and

(7) a political subdivision for purposes of Section 11.11, Tax Code.

(b) An open-enrollment charter school may elect to extend workers' compensation benefits to employees of the school through any method available to a political subdivision under Chapter 504, Labor Code. An open-enrollment charter school that elects to extend workers' compensation benefits as permitted under this subsection is considered to be a political subdivision for all purposes under Chapter 504, Labor Code. An open-enrollment charter school that self-insures either individually or collectively under Chapter 504, Labor Code, is considered to be an insurance carrier for purposes of Subtitle A, Title 5, Labor Code.

(c) Notwithstanding Subsection (a) or (b), an open-enrollment charter school operated by a tax exempt entity as described by Section 12.101(a)(3) is not considered to be a political subdivision, local government, or local governmental entity unless:

(1) the applicable statute specifically states that the statute applies to an open-enrollment charter school; or

(2) a provision in this chapter states that a specific statute applies to an open-enrollment charter school.

(d) A political subdivision shall consider an open-enrollment charter school a school district for purposes of zoning, project permitting, platting and replatting processes, business licensing, franchises, utility services, signage, subdivision regulation, property development projects, the requirements for posting bonds or securities, contract requirements, land development standards as provided by Section 212.902, Local Government Code, tree and vegetation regulations, regulations of architectural features of a structure, construction of fences, landscaping, garbage disposal, noise levels, fees or other assessments, and construction or site development work if the charter school provides to the political subdivision the certification described by Subsection (e).

(e) To be considered a school district by a political subdivision in accordance with Subsection (d), the governing body of an open-enrollment charter school must certify in writing to the political subdivision that no administrator, officer, or employee of the charter school and no member of the governing body of the charter school or its charter holder derives any personal financial benefit from a real estate transaction with the charter school.

(f) An open-enrollment charter school considered a school district under this section shall comply with the same requirements imposed by the political subdivision on a campus of a school district.

(g) An open-enrollment charter school does not have the power of eminent domain.

(h) A political subdivision may not consider an open-enrollment charter school a school district under Section 395.022, Local Government Code, for the purposes of the collection of impact fees imposed under Chapter 395, Local Government Code, by the political subdivision for providing capital funding for public water and wastewater facilities.

(i) A political subdivision may not take any action that prohibits an open-enrollment charter school from operating a public school campus, educational support facility, athletic facility, or administrative office within the political subdivision's jurisdiction or on any specific property located within the jurisdiction of the political subdivision that it could not take against a school district. A political subdivision shall grant approval in the same manner and follow the same timelines as if the charter school were a school district located in that political subdivision's jurisdiction, provided that, for a new campus, the charter school provide notice, in the manner provided by and to the persons listed in Section 12.1101, of the location of the new campus within 20 business days of closing on the purchase or lease of real property for that campus.

(j) This section applies to both owned and leased property of the open-enrollment charter school under Section 12.128.

(k) Except as otherwise provided by this section, this section does not affect the authority granted by state law to a political subdivision to regulate an open-enrollment charter school through applicable health and safety ordinances imposed by the political subdivision.

(l) In this section, "political subdivision" does not include a school district.

(m) This subsection applies only to information of a financial nature related to property transactions of an open-enrollment charter school subject to this section. A nonprofit entity operating an open-enrollment charter school under Chapter 12 or a management company providing management services to the nonprofit entity is considered a governmental body for purposes of Chapter 552, Government Code, and financial information related to property transactions that is managed or possessed by the entity or company is subject to disclosure under Chapter 552, Government Code.

Tuition and Fees Restricted (Texas Education Code § 12.108)

(a) An open-enrollment charter school may not charge tuition to an eligible student who applies under Section 12.117.

(b) The governing body of an open-enrollment charter school may require a student to pay any fee that the board of trustees of a school district may charge under Section 11.158(a). The governing body may not require a student to pay a fee that the board of trustees of a school district may not charge under Section 11.158(b).

Transportation (Texas Education Code § 12.109)

An open-enrollment charter school shall provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students.

CHARTER APPLICATION, CONTENT AND FORM

Application (Texas Education Code § 12.110)

(a) The commissioner shall adopt:

(1) an application form and a procedure that must be used to apply for a charter for an open-enrollment charter school; and

(2) criteria to use in selecting a program for which to grant a charter.

(b) The application form must provide for including the information required under Section 12.111 to be contained in a charter.

(c) As part of the application procedure, the commissioner may require a petition supporting a charter for a school signed by a specified number of parents or guardians of school-age children residing in the area in which a school is proposed or may hold a public hearing to determine parental support for the school.

(d) The commissioner shall approve or deny an application based on:

(1) documented evidence collected through the application review process;

(2) merit; and

(3) other criteria as adopted by the commissioner, which must include:

(A) criteria relating to the capability of the applicant to carry out the responsibilities provided by the charter and the likelihood that the applicant will operate a school of high quality;

(B) criteria relating to improving student performance and encouraging innovative programs; and

(C) a statement from any school district whose enrollment is likely to be affected by the open-enrollment charter school, including information relating to any financial difficulty that a loss in enrollment may have on the district.

(e) The commissioner shall give priority to applications that propose an open-enrollment charter school campus to be located in the attendance zone of a school district campus assigned an unacceptable performance rating under Section 39.054 for the two preceding school years.

Charter Content (Texas Education Code § 12.111)

(a) Each charter granted under this subchapter must:

(1) describe the educational program to be offered, which must include the required curriculum as provided by Section 28.002;

(2) provide that continuation of the charter is contingent on the status of the charter as determined under Section 12.1141 or 12.115 or under Chapter 39A;

(3) specify the academic, operational, and financial performance expectations by which a school operating under the charter will be evaluated, which must include applicable elements of the performance frameworks adopted under Section 12.1181;

(4) specify:

(A) any basis, in addition to a basis specified by this subchapter or Chapter 39A, on which the charter may be revoked, renewal of the charter may be denied, or the charter may be allowed to expire; and

(B) the standards for evaluation of a school operating under the charter for purposes of charter renewal, denial of renewal, expiration, revocation, or other intervention in accordance with Section 12.1141 or 12.115 or Chapter 39A, as applicable;

(5) prohibit discrimination in admission policy on the basis of sex, national origin, ethnicity, religion, disability, academic, artistic, or athletic ability, or the district the child would otherwise attend in accordance with this code, although the charter may:

(A) provide for the exclusion of a student who has a documented history of a criminal offense, a juvenile court adjudication, or discipline problems under Subchapter A, Chapter 37; and

(B) provide for an admission policy that requires a student to demonstrate artistic ability if the school specializes in performing arts;

(6) specify the grade levels to be offered;

(7) describe the governing structure of the program, including:

(A) the officer positions designated;

(B) the manner in which officers are selected and removed from office;

(C) the manner in which members of the governing body of the school are selected and removed from office;

(D) the manner in which vacancies on that governing body are filled;

(E) the term for which members of that governing body serve; and

(F) whether the terms are to be staggered;

(8) specify the powers or duties of the governing body of the school that the governing body may delegate to an officer;

(9) specify the manner in which the school will distribute to parents information related to the qualifications of each professional employee of the program, including any professional or educational degree held by each employee, a statement of any certification under Subchapter B, Chapter 21, held by each employee, and any relevant experience of each employee;

(10) describe the process by which the person providing the program will adopt an annual budget;

(11) describe the manner in which an annual audit of the financial and programmatic operations of the program is to be conducted, including the manner in which the person providing the program will provide information necessary for the school district in which the program is located to

participate, as required by this code or by commissioner rule, in the Public Education Information Management System (PEIMS);

(12) describe the facilities to be used;

(13) describe the geographical area served by the program;

(14) specify any type of enrollment criteria to be used;

(15) provide information, as determined by the commissioner, relating to any management company that will provide management services to a school operating under the charter; and

(16) specify that the governing body of an open-enrollment charter school accepts and may not delegate ultimate responsibility for the school, including the school's academic performance and financial and operational viability, and is responsible for overseeing any management company providing management services for the school and for holding the management company accountable for the school's performance.

(b) A charter holder of an open-enrollment charter school shall consider including in the school's charter a requirement that the school develop and administer personal graduation plans under Sections 28.0212 and 28.02121.

CHARTER REVISION, REVOCATION AND NON-RENEWAL AND MODIFICATION OF GOVERNANCE

Revision (Texas Education Code § 12.114)

(a) A revision of a charter of an open-enrollment charter school may be made only with the approval of the commissioner.

(b) Not more than once each year, an open-enrollment charter school may request approval to revise the maximum student enrollment described by the school's charter.

(c) Not later than the 60th day after the date that a charter holder submits to the commissioner a completed request for approval for an expansion amendment, as defined by commissioner rule, including a new school amendment, the commissioner shall provide to the charter holder written notice of approval or disapproval of the amendment.

(d) A charter holder may submit a request for approval for an expansion amendment up to 36 months before the date on which the expansion will be effective. A request for approval of an expansion amendment does not obligate the charter holder to complete the proposed expansion.

Renewal of Charter; Denial of Renewal; Expiration (Texas Education Code § 12.1141)

(a) The commissioner shall develop and by rule adopt a procedure for renewal, denial of renewal, or expiration of a charter for an open-enrollment charter school at the end of the term of the charter. The procedure must include consideration of the performance under Chapters 39 and 39A of the charter holder and each campus operating under the charter and must include three distinct processes, which must be expedited renewal, discretionary consideration of renewal or denial of renewal, and expiration. To renew a charter at the end of the term, the charter holder must submit a petition for renewal to the commissioner in the time and manner established by commissioner rule.

(b) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for expedited renewal of the charter, the charter automatically renews unless, not later than the 30th day after the date the charter holder submits the petition, the commissioner provides written notice to the charter holder that expedited renewal of the charter is denied. The commissioner may not deny expedited renewal of a charter if:

(1) the charter holder has been assigned the highest or second highest performance rating under Subchapter C, Chapter 39, for the three preceding school years;

(2) the charter holder has been assigned a financial performance accountability rating under Subchapter D, Chapter 39, indicating financial performance that is satisfactory or better for the three preceding school years; and

(3) no campus operating under the charter has been assigned an unacceptable performance rating under Subchapter C, Chapter 39, for the three preceding school years or such a campus has been closed.

(c) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for renewal of the charter and the charter does not meet the criteria for expedited renewal under Subsection (b) or for expiration under Subsection (d), the commissioner shall use the discretionary consideration process. The commissioner's decision under the discretionary consideration process must take into consideration the results of annual evaluations under the performance frameworks established under Section 12.1181. The renewal of the charter of an open-enrollment charter school that is registered under the agency's alternative education accountability procedures for evaluation under Chapter 39 shall be considered under the discretionary consideration process regardless of the performance ratings under Subchapter C, Chapter 39, of the open-enrollment charter school or of any campus operating under the charter, except that if the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance that is lower than satisfactory for any three of the five preceding school years, the commissioner shall allow the charter to expire under Subsection (d). In considering the renewal of the charter of an open-enrollment charter school that is registered under the agency's alternative education accountability procedures for evaluation under Chapter 39, such as a dropout recovery school or a school providing education within a residential treatment facility, the commissioner shall use academic criteria established by commissioner rule that are appropriate to measure the specific goals of the school. The criteria established by the commissioner shall recognize growth in student achievement as well as educational attainment. For purposes of this subsection, the commissioner shall designate as a dropout recovery school an open-enrollment charter school or a campus of an open-enrollment charter school:

(1) that serves students in grades 9 through 12 and has an enrollment of which at least 60 percent of the students are 16 years of age or older as of September 1 of the school year as reported for the fall semester Public Education Information Management System (PEIMS) submission; and

(2) that meets the eligibility requirements for and is registered under alternative education accountability procedures adopted by the commissioner.

(d) At the end of the term of a charter for an open-enrollment charter school, if a charter holder submits to the commissioner a petition for renewal of the charter, the commissioner may not renew the charter and shall allow the charter to expire if:

(1) the charter holder has been assigned an unacceptable performance rating under Subchapter C, Chapter 39, for any three of the five preceding school years;

(2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance that is lower than satisfactory for any three of the five preceding school years;

(3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for any three of the five preceding school years; or

(4) any campus operating under the charter has been assigned an unacceptable performance rating under Subchapter C, Chapter 39, for the three preceding school years and such a campus has not been closed.

(e) Notwithstanding any other law, a determination by the commissioner under Subsection (d) is final and may not be appealed.

(f) Not later than the 90th day after the date on which a charter holder submits a petition for renewal of a charter for an open-enrollment charter school at the end of the term of the charter, the commissioner shall provide written notice to the charter holder, in accordance with commissioner rule, of the basis on which the charter qualified for expedited renewal, discretionary consideration, or expiration, and of the commissioner's decision regarding whether to renew the charter, deny renewal of the charter, or allow the charter to expire.

(g) Except as provided by Subsection (e), a decision by the commissioner to deny renewal of a charter for an open-enrollment charter school is subject to review by the State Office of Administrative Hearings. Notwithstanding Chapter 2001, Government Code:

(1) the administrative law judge shall uphold a decision by the commissioner to deny renewal of a charter for an open-enrollment charter school unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and

(2) a decision of the administrative law judge under this subsection is final and may not be appealed.

(h) If a charter holder submits a petition for renewal of a charter for an open-enrollment charter school, notwithstanding the expiration date of the charter, the charter term is extended until the commissioner has provided notice to the charter holder of the renewal, denial of renewal, or expiration of the charter.

(i) The term of a charter renewed under this section is 10 years for each renewal.

(j) The commissioner shall adopt rules to modify criteria for renewal, denial of renewal, or expiration of a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories or in the financial accountability system under Chapter 39.

Basis for Charter Revocation or Modification of Governance (Texas Education Code § 12.115)

(a) Except as provided by Subsection (c), the commissioner shall revoke the charter of an open-enrollment charter school or reconstitute the governing body of the charter holder if the commissioner determines that the charter holder:

(1) committed a material violation of the charter, including by a failure to:

(A) satisfy accountability provisions prescribed by the charter; or

(B) comply with the duty to discharge or refuse to hire certain employees or applicants for employment, as provided by Section 12.1151;

(2) failed to satisfy generally accepted accounting standards of fiscal management;

(3) failed to protect the health, safety, or welfare of the students enrolled at the school;

(4) failed to comply with this subchapter or another applicable law or rule;

(5) failed to satisfy the performance framework standards adopted under Section 12.1181; or

(6) is imminently insolvent as determined by the commissioner in accordance with commissioner rule.

(b) The action the commissioner takes under Subsection (a) shall be based on the best interest of the open-enrollment charter school's students, the severity of the violation, any previous violation the school has committed, and the accreditation status of the school.

(c) The commissioner shall revoke the charter of an open-enrollment charter school if:

(1) the charter holder has been assigned an unacceptable performance rating under Subchapter C, Chapter 39, for the three preceding school years;

(2) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39, indicating financial performance lower than satisfactory for the three preceding school years; or

(3) the charter holder has been assigned any combination of the ratings described by Subdivision (1) or (2) for the three preceding school years.

(d) In reconstituting the governing body of a charter holder under this section, the commissioner shall appoint members to the governing body. In appointing members under this subsection the commissioner:

(1) shall consider:

(A) local input from community members and parents; and

(B) appropriate credentials and expertise for membership, including financial expertise, whether the person lives in the geographic area the charter holder serves, and whether the person is an educator; and

(2) may reappoint current members of the governing body.

(e) If a governing body of a charter holder subject to reconstitution under this section governs enterprises other than the open-enrollment charter school, the commissioner may require the charter holder to create a new, single-purpose organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986, to govern the open-enrollment charter school and may require the charter holder to surrender the charter to the commissioner for transfer to the organization created under this subsection. The commissioner shall appoint the members of the governing body of an organization created under this subsection.

(f) This section does not limit the authority of the attorney general to take any action authorized by law.

(g) The commissioner shall adopt rules necessary to administer this section.

Failure to Discharge or Refusal to Hire Certain Employees or Applicants (Texas Education Code §12.1151)

An open-enrollment charter school commits a material violation of the school's charter if the school fails to comply with the duty to discharge or refuse to hire certain employees or applicants for employment under Section 12.1059, 22.085, or 22.092.

Procedures for Revocation, Modification of Governance, or Denial of Renewal (Texas Education Code § 12.116)

(a) The commissioner shall adopt an informal procedure to be used for:

(1) revoking the charter of an open-enrollment charter school or for reconstituting the governing body of the charter holder as authorized by Section 12.115; and

(2) denying the renewal of a charter of an open-enrollment charter school as authorized by Section 12.1141(c).

(a-1) The procedure adopted under Subsection (a) for the denial of renewal of a charter under Section 12.1141(c) or the revocation of a charter or reconstitution of a governing body of a charter holder under Section 12.115(a) must allow representatives of the charter holder to meet with the commissioner to discuss the commissioner's decision and must allow the charter holder to submit additional information to the commissioner relating to the commissioner's decision. In a final decision issued by the commissioner, the commissioner shall provide a written response to any information the charter holder submits under this subsection.

(b) Chapter 2001, Government Code, does not apply to a procedure that is related to a revocation or modification of governance under this subchapter.

(c) A decision by the commissioner to revoke a charter is subject to review by the State Office of Administrative Hearings. Notwithstanding Chapter 2001, Government Code:

(1) the administrative law judge shall uphold a decision by the commissioner to revoke a charter unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and

(2) a decision of the administrative law judge under this subsection is final and may not be appealed.

(d) If the commissioner revokes the charter of an open-enrollment charter school, the commissioner may:

(1) manage the school until alternative arrangements are made for the school's students; and

(2) assign operation of one or more campuses formerly operated by the charter holder who held the revoked charter to a different charter holder who consents to the assignment.

Effect of Revocation, Non-Renewal or Surrender (Texas Education Code § 12.1161)

(a) If the commissioner revokes or denies the renewal of a charter of an open-enrollment charter school, or an open-enrollment charter school surrenders its charter, the school may not:

(1) continue to operate under this subchapter; or

(2) receive state funds under this subchapter.

(b) Repealed.

Additional Sanctions (Texas Education Code § 12.1162)

(a) The commissioner shall take any of the actions described by Subsection (b) or by Section 39A.001, 39A.002, 39A.004, 39A.005, or 39A.007), to the extent the commissioner determines necessary, if an open-enrollment charter school, as determined by a report issued under Section 39.004(b):

(1) commits a material violation of the school's charter;

(2) fails to satisfy generally accepted accounting standards of fiscal management; or

(3) fails to comply with this subchapter or another applicable rule or law.

(b) The commissioner may temporarily withhold funding, suspend the authority of an open-enrollment charter school to operate, or take any other reasonable action the commissioner determines necessary to protect the health, safety, or welfare of students enrolled at the school based on evidence that conditions at the school present a danger to the health, safety, or welfare of the students.

(c) After the commissioner acts under Subsection (b), the open-enrollment charter school may not receive funding and may not resume operating until a determination is made that:

(1) despite initial evidence, the conditions at the school do not present a danger of material harm to the health, safety, or welfare of students; or

(2) the conditions at the school that presented a danger of material harm to the health, safety, or welfare of students have been corrected.

(d) Not later than the third business day after the date the commissioner acts under Subsection (b), the commissioner shall provide the charter holder an opportunity for a hearing.

(e) Immediately after a hearing under Subsection (d), the commissioner must cease the action under Subsection (b) or initiate action under Section 12.116.

(f) The commissioner shall adopt rules implementing this section. Chapter 2001, Government Code, does not apply to a hearing under this section.

Audit by Commissioner (Texas Education Code § 12.1163)

(a) To the extent consistent with this section, the commissioner may audit the records of:

(1) an open-enrollment charter school;

(2) a charter holder; and

(3) a management company.

(b) An audit under Subsection (a) must be limited to matters directly related to the management or operation of an open-enrollment charter school, including any financial and administrative records.

(c) Unless the commissioner has specific cause to conduct an additional audit, the commissioner may not conduct more than one on-site audit during any fiscal year, including any financial and administrative records. For purposes of this subsection, an audit of a charter holder or management company associated with an open-enrollment charter school is not considered an audit of the school.

(d) If the aggregate amount of all transactions between a charter holder and a related party, as defined by commissioner rule adopted under Section 12.1166, exceeds $5,000, an audit under Subsection (a) may include the review of any real property transactions between the charter holder and the related party. If the commissioner determines that a transaction with a related party using funds received under Section 12.106 was structured in a manner that did not benefit the open-enrollment charter school or that the transaction was in excess of fair market value, the commissioner may order that the transaction be reclassified or that other action be taken as necessary to protect the school's interests. Failure to comply with the commissioner's order is a material violation of the charter.

Notice to Teacher Retirement System of Texas (Texas Education Code § 12.1164)

(a) The commissioner must notify the Teacher Retirement System of Texas in writing of the revocation, denial of renewal, expiration, or surrender of a charter under this subchapter not later than the 10th business day after the date of the event.

(b) The commissioner must notify the Teacher Retirement System of Texas in writing that an open-enrollment charter school is no longer receiving state funding not later than the 10th business day after the date on which the funding ceases.

(c) The commissioner must notify the Teacher Retirement System of Texas in writing that an open-enrollment charter school has resumed receiving state funds not later than the 10th business day after the date on which funding resumes.

Related Party Transactions (Texas Education Code § 12.1166)

(a) The commissioner shall adopt a rule defining "related party" for purposes of this subchapter. The definition of "related party" must include:

(1) a party with a current or former board member, administrator, or officer who is:

(A) a board member, administrator, or officer of an open-enrollment charter school; or

(B) related within the third degree of consanguinity or affinity, as determined under Chapter 573, Government Code, to a board member, administrator, or officer of an open-enrollment charter school;

(2) a charter holder's related organizations, joint ventures, and jointly governed organizations;

(3) an open-enrollment charter school's board members, administrators, or officers or a person related to a board member, administrator, or officer within the third degree of consanguinity or affinity, as determined under Chapter 573, Government Code; and

(4) any other disqualified person, as that term is defined by 26 U.S.C. Section 4958(f).

(b) For purposes of Subsection (a)(1), a person is a former board member, administrator, or officer if the person served in that capacity within one year of the date on which a financial transaction between the charter holder and a related party occurred.

(c) In a charter holder's annual audit filed under Section 44.008, the charter holder must include a list of all transactions with a related party.

Appraisal of Certain Property (Texas Education Code § 12.1167)

The commissioner may adopt rules to require an open-enrollment charter school to:

(1) notify the commissioner that the school intends to enter into a transaction with a related party, as defined by commissioner rule adopted under Section 12.1166; and

(2) provide an appraisal from a certified appraiser to the agency.

Financial Report of Certain Schools (Texas Education Code § 12.1168)

(a) In this section, "related party" has the meaning adopted by commissioner rule under Section 12.1166.

(b) A financial report filed under Section 44.008 by an open-enrollment charter school must separately disclose:

(1) all financial transactions between the open-enrollment charter school and any related party, separately stating the principal, interest, and lease payments; and

(2) the total compensation and benefits provided by the school and any related party for each member of the governing body and each officer and administrator of the school and the related party.

(c) The commissioner may adopt rules to implement this section.

Admission (Texas Education Code § 12.117)

(a) For admission to an open-enrollment charter school, the governing body of the school shall:

(1) require the applicant to complete and submit the common admission application form described by Section 12.1173 not later than a reasonable deadline the school establishes; and

(2) on receipt of more acceptable applications for admission under this section than available positions in the school:

(A) fill the available positions by lottery; or

(B) subject to Subsection (b), fill the available positions in the order in which applications received before the application deadline were received.

(b) An open-enrollment charter school may fill applications for admission under Subsection (a)(2)(B) only if the school published a notice of the opportunity to apply for admission to the school. A notice published under this subsection must:

(1) state the application deadline; and

(2) be published in a newspaper of general circulation in the community in which the school is located not later than the seventh day before the application deadline.

(c) An open-enrollment charter school authorized by a charter granted under this subchapter to a municipality:

(1) is considered a work-site open-enrollment charter school for purposes of federal regulations regarding admissions policies that apply to open-enrollment charter schools receiving federal funding; and

(2) notwithstanding Subsection (a), may admit children of employees of the municipality to the school before conducting a lottery to fill remaining available positions, provided that the number of children admitted under this subdivision constitutes only a small percentage, as may be further specified by federal regulation, of the school's total enrollment.

(d) Notwithstanding Section 12.111(a)(13), an open-enrollment charter school may admit a child of an employee of the school as provided by this section regardless of whether the child resides in the geographic area served by the school.

Admission to Open-Enrollment Charter Schools Specializing in Performing Arts (Texas Education Code § 12.1171)

Notwithstanding Section 12.117, the governing body of an open-enrollment charter school that specializes in one or more performing arts may require an applicant to audition for admission to the school in addition to completing and submitting the common admission application form under Section 12.1173.

Common Admission Application Form and Waiting Lists (Texas Education Code § 12.1173)

(a) The commissioner by rule shall adopt a common admission application form for use by an applicant for admission to an open-enrollment charter school that provides for the submission of information that the commissioner considers appropriate.

(b) The form adopted under this section may not:

(1) advertise or otherwise promote any person or open-enrollment charter school; or

(2) solicit money, goods, or services from an applicant.

(c) The commissioner shall publicize the availability of the form adopted under this section, including by posting the form on the agency's Internet website.

(d) The commissioner by rule shall adopt guidelines for an open-enrollment charter school that receives more acceptable applications for admission than available positions at the school to create and manage a waiting list each school year for applicants who are not admitted.

(e) The commissioner shall adopt any other rules as necessary to implement this section, including rules to ensure this section complies with federal law regarding confidentiality of student medical or educational information, including the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Section 1320d et seq.) and the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g), and any state law relating to the privacy of student information.

Enrollment and Waiting List Report (Texas Education Code § 12.1174)

(a) Not later than the last Friday in October of each school year, in the form prescribed by commissioner rule, the governing body of a charter holder shall report to the agency for that school year:

(1) the following information for each campus operating under the charter holder's charter:

(A) the number of students enrolled;

(B) the enrollment capacity; and

(C) if a charter holder uses a waiting list for admission to a campus:

(i) the total number of students on the waiting list; and

(ii) the number of students on the waiting list disaggregated by grade level;

(2) the information described by Subdivision (1) aggregated for all campuses operating under the charter holder's charter; and

(3) any information required by the commissioner as necessary to identify each student admitted to or on a waiting list for admission to a campus operating under the charter holder's charter who is or was previously enrolled in a public school in this state.

(b) From information provided to the commissioner by each charter holder under this subchapter, the commissioner shall identify each group of charter holders considered by the commissioner to be corporate affiliates or substantially related charter holders. Using the information reported under Subsections (a)(1) and (2), the agency shall aggregate the information for each group of charter holders identified by the commissioner under this subsection.

(c) Not later than March 15 of each year, the commissioner shall post on the agency's Internet website:

(1) the information reported by charter holders under Subsections (a)(1) and (2); and

(2) the information aggregated by the agency under Subsection (b).

(d) The commissioner shall adopt rules as necessary to implement this section, including rules to ensure this section complies with federal law regarding confidentiality of student educational information, including the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g), and any state law relating to the privacy of student information.

Evaluation (Texas Education Code § 12.118)

(a) The commissioner shall designate an impartial organization with experience in evaluating school choice programs to conduct an annual evaluation of open-enrollment charter schools.

(b) An evaluation under this section must include consideration of the following items before implementing the charter and after implementing the charter:

(1) students' scores on assessment instruments administered under Subchapter B, Chapter 39;

(2) student attendance;

(3) students' grades;

(4) incidents involving student discipline;

(5) socioeconomic data on students' families;

(6) parents' satisfaction with their children's schools; and

(7) students' satisfaction with their schools.

(c) The evaluation of open-enrollment charter schools must also include an evaluation of:

(1) the costs of instruction, administration, and transportation incurred by open-enrollment charter schools;

(2) the effect of open-enrollment charter schools on school districts and on teachers, students, and parents in those districts; and

(3) other issues, as determined by the commissioner.

Performance Frameworks; Annual Evaluations (Texas Education Code § 12.1181)

(a) The commissioner shall develop and by rule adopt performance frameworks that establish standards by which to measure the performance of an open-enrollment charter school. The commissioner shall develop and by rule adopt separate, specific performance frameworks by which to measure the performance of an open-enrollment charter school that is registered under the agency's alternative education accountability procedures for evaluation under Chapter 39. The performance frameworks shall be based on national best practices that charter school authorizers use in developing and applying standards for charter school performance. In developing the performance frameworks, the commissioner shall solicit advice from charter holders, the members of the governing bodies of open-enrollment charter schools, and other interested persons.

(b) The performance frameworks may include a variety of standards. In evaluating an open-enrollment charter school, the commissioner shall measure school performance against an established set of quality standards developed and adopted by the commissioner.

(c) Each year, the commissioner shall evaluate the performance of each open-enrollment charter school based on the applicable performance frameworks adopted under Subsection (a). The performance of a school on a performance framework may not be considered for purposes of renewal of a charter under Section 12.1141(d) or revocation of a charter under Section 12.115(c).

Bylaws; Annual Report (Texas Education Code § 12.119)

(a) A charter holder shall file with the commissioner a copy of its articles of incorporation and bylaws, or comparable documents if the charter holder does not have articles of incorporation or bylaws, within the period and in the manner prescribed by the commissioner.

(b) Each year within the period and in a form prescribed by the commissioner, each open-enrollment charter school shall file with the commissioner the following information:

(1) the name, address, and telephone number of each officer and member of the governing body of the open-enrollment charter school; and

(2) the amount of annual compensation the open-enrollment charter school pays to each officer and member of the governing body.

(c) On request, the commissioner shall provide the information required by this section and Section 12.111(a)(7) to a member of the public. The commissioner may charge a reasonable fee to cover the commissioner's cost in providing the information.

Restrictions on Serving as Member of Governing Body of Charter Holder or Open-Enrollment Charter School or As Officer or Employee (Texas Education Code § 12.120)

(a) A person may not serve as a member of the governing body of a charter holder, as a member of the governing body of an open-enrollment charter school, or as an officer or employee of an open-enrollment charter school if the person:

(1) has been convicted of a felony or a misdemeanor involving moral turpitude;

(2) has been convicted of an offense listed in Section 37.007(a);

(3) has been convicted of an offense listed in Article 62.001(5), Code of Criminal Procedure; or

(4) has a substantial interest in a management company.

(a-1) Notwithstanding Subsection (a), subject to Section 12.1059, an open-enrollment charter school may employ a person:

(1) as a teacher or educational aide if:

(A) a school district could employ the person as a teacher or educational aide; or

(B) a school district could employ the person as a teacher or educational aide if the person held the appropriate certificate issued under Subchapter B, Chapter 21, and the person has never held a certificate issued under Subchapter B, Chapter 21; or

(2) in a position other than a position described by Subdivision (1) if a school district could employ the person in that position.

(b) For purposes of Subsection (a)(4), a person has a substantial interest in a management company if the person:

(1) has a controlling interest in the company;

(2) owns more than 10 percent of the voting interest in the company;

(3) owns more than $25,000 of the fair market value of the company;

(4) has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10 percent of the profits, proceeds, or capital gains of the company;

(5) is a member of the board of directors or other governing body of the company;

(6) serves as an elected officer of the company; or

(7) is an employee of the company.

Requirement for Majority of Members of Governing Board (Texas Education Code § 12.1202)

A majority of the members of the governing body of an open-enrollment charter school or the governing body of a charter holder must be qualified voters.

Responsibility for Open-Enrollment Charter School (Texas Education Code § 12.121)

The governing body of an open-enrollment charter school is responsible for the management, operation, and accountability of the school, regardless of whether the governing body delegates the governing body's powers and duties to another person.

Property Purchased or Leased With State Funds (Texas Education Code § 12.128)

(a) Property purchased or leased with funds received by a charter holder under Section 12.106 after September 1, 2001:

(1) is considered to be public property for all purposes under state law;

(2) is property of this state held in trust by the charter holder for the benefit of the students of the open-enrollment charter school;

(3) may be used only for a purpose for which a school district may use school district property; and

(4) is exempt from ad valorem taxation as provided by Section 11.11, Tax Code.

(a-1) Property leased with funds received by a charter holder under Section 12.106 after September 1, 2001:

(1) is considered to be public property for all purposes under state law;

(2) is property of this state held in trust by the charter holder for the benefit of the students of the open-enrollment charter school;

(3) may be used only for a purpose for which a school district may use school district property; and

(4) is exempt from ad valorem taxation as provided by Section 11.11, Tax Code.

(a-2) The owner of property that receives a tax exemption under Subsection (a) shall transfer the amount of tax savings from the exemption to the tenant or reduce the common area maintenance fee in a proportionate amount based upon the square footage of the exempt portion of the property.

(b) If at least 50 percent of the funds used by a charter holder to purchase real property are funds received under Section 12.106 before September 1, 2001, the property is considered to be public property to the extent it was purchased with those funds.

(b-1) Subject to Subsection (b-2), while an open-enrollment charter school is in operation, the charter holder holds title to any property described by Subsection (a) or (b) and may exercise complete control over the property as permitted under the law.

(b-2) A charter holder may not transfer, sell, or otherwise dispose of any property described by this section without the prior written consent of the agency if:

(1) the charter holder has received notice of:

(A) the expiration of the charter holder's charter under Section 12.1141 and the charter has not been renewed; or

(B) the charter's revocation under Section 12.115(c);

(2) the charter holder has received notice that the open-enrollment charter school is under discretionary review by the commissioner, which may result in the revocation of the charter or a reconstitution of the governing body of the charter holder under Section 12.115; or

(3) the open-enrollment charter school for which the charter is held has otherwise ceased to operate.

(c) The commissioner shall:

(1) take possession and assume control of the property described by Subsection (a) of an open-enrollment charter school that ceases to operate; and

(2) supervise the disposition of the property in accordance with this subchapter.

(c-1) Notwithstanding Subsection (c), if an open-enrollment charter school ceases to operate, the agency:

(1) for property purchased with state funds, shall direct the charter holder to dispose of the property through one of the following methods:

(A) retain or liquidate the property and provide reimbursement to the state as provided by Section 12.1281;

(B) transfer the property to:

(i) the agency under Section 12.1281(h); or

(ii) a school district or open-enrollment charter school under Section 12.1282;

(C) close the operations of the open-enrollment charter school under Section 12.1284; or

(D) take any combination of the actions described by Paragraphs (A), (B), and (C); and

(2) for property leased with state funds, may direct the charter holder to assign the charter holder's interest in the lease to the agency.

(c-2) The agency may approve an expenditure of remaining funds by a former charter holder for insurance or utilities for or maintenance, repairs, or improvements to property described by this section if the agency determines that the expenditure is reasonably necessary to dispose of the property or preserve the property's value.

(d) The commissioner may adopt rules necessary to administer this section.

(e) This section does not affect a security interest in or lien on property established by a creditor in compliance with law if the security interest or lien arose in connection with the sale or lease of the property to the charter holder.

(f) A decision by the agency under this section is final and may not be appealed.

Disposition of Property Purchased with State Funds (Texas Education Code § 12.1281)

(a) A former charter holder of an open-enrollment charter school that has ceased to operate may retain property described by Section 12.128 if the former charter holder reimburses the state with non-state funds and the former charter holder:

(1) provides written assurance that the requirements of Section 12.1284 will be met; and

(2) receives approval from the agency.

(b) On receiving consent from the agency under Section 12.128(b-2) and a written agreement from any creditor with a security interest described by Section 12.128(e), the former charter holder may:

(1) sell property for fair market value; or

(2) transfer property to an open-enrollment charter school or a school district as provided under Section 12.1282.

(c) The amount of funds the state is entitled to as reimbursement for property of a former charter holder is:

(1) for property retained by the former charter holder, the current fair market value less the amount of any debt subject to a security interest or lien described by Section 12.128(e), multiplied by the percentage of state funds used to purchase the property; or

(2) for property sold by the former charter holder, the net sales proceeds of the property multiplied by the percentage of state funds used to purchase the property.

(d) To determine the amount of state funds a former charter holder used to purchase property, the agency shall calculate:

(1) an estimated state reimbursement amount based on the last annual financial report filed under Section 44.008 available at the time the former charter holder retains or sells the property; and

(2) a final state reimbursement amount using the former charter holder's final financial audit filed under Section 44.008.

(e) A former charter holder retaining property under Subsection (a) or selling the property under Subsection (b)(1) shall:

(1) file an affidavit in the real property records of the county in which the property is located disclosing the state interest in the property;

(2) place in escrow with the state comptroller an amount of non-state funds equal to 110 percent of the estimated state reimbursement amount not later than:

(A) the closing date of the sale of the property if the charter holder is selling the property; or

(B) the 90th day after the charter school's last day of instruction if the charter holder is retaining the property; and

(3) not later than two weeks after the date the charter holder's final financial audit is filed under Section 44.008, submit to the state the final state reimbursement amount using the funds in escrow in addition to any other funds necessary to pay the full amount of state reimbursement.

(f) A former charter holder may retain any funds remaining after complying with this section.

(g) As soon as the agency is satisfied that the former charter holder complied with Subsection (e), the agency shall file written notice of the release of the state interest in property the former charter holder retains under this section and authorize the return of any funds not used for state reimbursement to the former charter holder.

(h) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), if a former charter holder does not dispose of property under Subsection (a) or (b), the former charter holder shall transfer the property, including a conveyance of title, to the agency in accordance with the procedures and time requirements established by the agency.

(i) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), if the agency determines a former charter holder failed to comply with this section or Section 12.1282, on request of the agency, the attorney general shall take any appropriate legal action to compel the former charter holder to convey title to the agency or other governmental entity authorized by the agency to maintain or dispose of property.

(j) A decision by the agency under this section is final and may not be appealed.

(k) The commissioner may adopt rules necessary to administer this section.

Transfer of Property Purchased with State Funds (Texas Education Code § 12.1282)

(a) The agency may approve the transfer of property described by Section 12.128 from an open-enrollment charter school that has ceased to operate, or may transfer property conveyed to the agency by the former charter holder under Section 12.1281, to a school district or an open-enrollment charter school if:

(1) the open-enrollment charter school or school district receiving the property:

(A) agrees to the transfer; and

(B) agrees to identify the property as purchased wholly or partly using state funds on the school's annual financial report filed under Section 44.008;

(2) any creditor with a security interest in or lien on the property described by Section 12.128(e) agrees to the transfer; and

(3) the transfer of the property does not make the open-enrollment charter school or school district receiving the property insolvent.

(b) Property received by an open-enrollment charter school or school district under this section is considered to be state property under Section 12.128(a).

(c) The commissioner may adopt rules necessary to administer this section, including rules establishing qualifications and priority for a school district or open-enrollment charter school to receive a transfer of property under this section.

(d) If the agency determines that the cost of disposing of personal property described by Section 12.128 transferred to the agency by an open-enrollment charter school that ceases to operate exceeds the return of value from the sale of the property, the agency may distribute the personal property to open-enrollment charter schools and school districts in a manner determined by the commissioner.

(e) A determination by the agency under this section is final and may not be appealed.

Sale of Property Purchased with State Funds (Texas Education Code § 12.1283)

(a) After the agency receives title to property described by Section 12.128, the agency may sell the property at any price acceptable to the agency.

(b) On request of the agency, the following state agencies shall enter into a memorandum of understanding to sell property for the agency:

(1) for real property, the General Land Office; and

(2) for personal property, the Texas Facilities Commission.

(c) A memorandum of understanding entered into as provided by Subsection (b) may allow the General Land Office or Texas Facilities Commission to recover from the sale proceeds any cost incurred by the office or commission in the sale of the property.

(d) Subject to the satisfaction of any security interest or lien described by Section 12.128(e), proceeds from the sale of property under this section shall be deposited in the charter school liquidation fund.

(e) The commissioner may adopt rules as necessary to administer this section.

Closure of Charter Operations (Texas Education Code § 12.1284)

(a) After extinguishing all payable obligations owed by an open-enrollment charter school that ceases to operate, including a debt described by Section 12.128(e), a former charter holder shall:

(1) remit to the agency:

(A) any remaining funds described by Section 12.106(h); and

(B) any state reimbursement amounts from the sale of property described by Section 12.128; or

(2) transfer the remaining funds to another charter holder under Section 12.106(i).

(b) The agency shall deposit any funds received under Subsection (a)(1) in the charter school liquidation fund.

(c) The commissioner may adopt rules necessary to administer this section.

PRINCIPAL AND TEACHER QUALIFICATIONS

Minimum Qualifications for Principal and Teacher (Texas Education Code § 12.129)

(a) Except as provided by Subsection (b), a person employed as a principal or a teacher by an open-enrollment charter school must hold a baccalaureate degree.

(b) In an open-enrollment charter school that serves youth referred to or placed in a residential trade center by a local or state agency, a person may be employed as a teacher for a noncore vocational course without holding a baccalaureate degree if the person has:

(1) demonstrated subject matter expertise related to the subject taught, such as professional work experience, formal training and education, holding a relevant active professional industry license, certification, or registration, or any combination of work experience, training and education, and industry license, certification, or registration; and

(2) received at least 20 hours of classroom management training, as determined by the governing body of the open-enrollment charter school.

Notice of Teacher Qualifications (Texas Education Code § 12.130)

Each open-enrollment charter school shall provide to the parent or guardian of each student enrolled in the school written notice of the qualifications of each teacher employed by the school.

STATE FUNDING

GENERAL

Entitlement (Texas Education Code § 12.106)

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 equal to the amount of funding per student in weighted average daily attendance, excluding the adjustment under Section 48.052, the funding under Sections 48.101, 48.110, 48.111, and 48.112, and enrichment funding under Section 48.202(a), to which the charter holder would be entitled for the school under Chapter 48 if the school were a school district without a tier one local share for purposes of Section 48.266.

(a-1) In determining funding for an open-enrollment charter school under Subsection (a), the amount of the allotment under Section 48.102 is based solely on the basic allotment to which the charter holder is entitled and does not include any amount based on the allotment under Section 48.101.

(a-2) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school an allotment per student in average daily attendance in an amount equal to the difference between:

(1) the product of:

(A) the quotient of:

(i) the total amount of funding provided to eligible school districts under Section 48.101(b) or (c); and

(ii) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101(b) or (c); and

(B) the sum of one and the quotient of:

(i) the total number of students in average daily attendance in school districts that receive an allotment under Section 48.101(b) or (c); and

(ii) the total number of students in average daily attendance in school districts statewide; and

(2) $125.

(a-3) In addition to the funding provided by Subsections (a) and (a-2), a charter holder is entitled to receive for the open-enrollment charter school enrichment funding under Section 48.202 based on the state average tax effort.

(a-4) In addition to the funding provided by Subsections (a), (a-2), and (a-3), a charter holder is entitled to receive funding for the open-enrollment charter school under Sections 48.110 and 48.112 and Subchapter D, Chapter 48, if the charter holder would be entitled to the funding if the school were a school district.

(a-5) To ensure compliance with the requirements for the maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18), in determining the funding for an open-enrollment charter school under Subsection (a) for the Section 48.102 allotment, the commissioner shall:

(1) if necessary, increase the amount of that allotment to an amount equal to the amount the charter holder was entitled to receive for the charter school under the allotment under former Section 42.151, Education Code, for the 2018-2019 school year; and

(2) reduce the amount of the allotment the charter holder is entitled to receive for the charter school under Subsection (a-2) by the amount of any increase provided for the charter school under Subdivision (1).

(a-6) Subsection (a-5) and this subsection expire September 1, 2025.

(b) An open-enrollment charter school is entitled to funds that are available to school districts from the agency or the commissioner in the form of grants or other discretionary funding unless the statute authorizing the funding explicitly provides that open-enrollment charter schools are not entitled to the funding.

(c) The commissioner may adopt rules to provide and account for state funding of open-enrollment charter schools under this section. A rule adopted under this section may be similar to a provision of this code that is not similar to Section 12.104(b) if the commissioner determines that the rule is related to financing of open-enrollment charter schools and is necessary or prudent to provide or account for state funds.

(d) Subject to Subsection (e), in addition to other amounts provided by this section, a charter holder is entitled to receive, for the open-enrollment charter school, funding per student in average daily attendance in an amount equal to the guaranteed level of state and local funds per student per cent of tax effort under Section 46.032(a) multiplied by the lesser of:

(1) the state average interest and sinking fund tax rate imposed by school districts for the current year; or

(2) a rate that would result in a total amount to which charter schools are entitled under this subsection for the current year equal to $60 million.

(e) A charter holder is entitled to receive funding under Subsection (d) only if the most recent overall performance rating assigned to the open-enrollment charter school under Subchapter C, Chapter 39, reflects at least acceptable performance. This subsection does not apply to a charter holder that operates a school program located at a day treatment facility, residential treatment facility, psychiatric hospital, or medical hospital.

(f) Funds received by a charter holder under Subsection (d) may only be used:

(1) to lease an instructional facility;

(2) to pay property taxes imposed on an instructional facility;

(3) to pay debt service on bonds issued to finance an instructional facility; or

(4) for any other purpose related to the purchase, lease, sale, acquisition, or maintenance of an instructional facility.

(g) In this section, "instructional facility" has the meaning assigned by Section 46.001.

(h) Except as provided by Subsection (i), all remaining funds of a charter holder for an open-enrollment charter school that ceases to operate must be returned to the agency and deposited in the charter school liquidation fund.

(i) The agency may approve a transfer of a charter holder's remaining funds to another charter holder if the charter holder receiving the funds has not received notice of the expiration or revocation of the charter holder's charter for an open-enrollment charter school or notice of a reconstitution of the governing body of the charter holder under Section 12.1141 or 12.115.

(j) The commissioner may adopt rules specifying:

(1) the time during which a former charter holder must return remaining funds under Subsection (h); and

(2) the qualifications required for a charter holder to receive a transfer of remaining funds under Subsection (i).

Recovery of Certain Funds (Texas Education Code § 12.1061)

The commissioner may not garnish or otherwise recover funds paid to an open-enrollment charter school under Section 12.106 if:

(1) the basis of the garnishment or recovery is that:

(A) the number of students enrolled in the school during a school year exceeded the student enrollment described by the school's charter during that period; and

(B) the school received funding under Section 12.106 based on the school's actual student enrollment;

(2) the school:

(A) submits to the commissioner a timely request to revise the maximum student enrollment described by the school's charter and the commissioner does not notify the school in writing of an objection to the proposed revision before the 90th day after the date on which the commissioner received the request, provided that the number of students enrolled at the school does not exceed the enrollment described by the school's request; or

(B) exceeds the maximum student enrollment described by the school's charter only because a court mandated that a specific child enroll in that school; and

(3) the school used all funds received under Section 12.106 to provide education services to students.

Status and Use of Funds (Texas Education Code § 12.107)

(a) Funds received under Section 12.106 after September 1, 2001, by a charter holder:

(1) are considered to be public funds for all purposes under state law;

(2) are held in trust by the charter holder for the benefit of the students of the open-enrollment charter school;

(3) may be used only for a purpose for which a school may use local funds under Section 45.105(c);

(4) pending their use, must be deposited into a bank, as defined by Section 45.201, with which the charter holder has entered into a depository contract; and

(5) may not:

(A) be pledged or used to secure loans or bonds for any other organization, including a non-charter operation or out-of-state operation conducted by the charter holder or a related party, as defined by commissioner rule adopted under Section 12.1166; or

(B) be used to support an operation or activity not related to the educational activities of the charter holder.

(b) A charter holder shall deliver to the Texas Education Agency a copy of the depository contract between the charter holder and any bank into which state funds are deposited.

Effect of Accepting State Funding (Texas Education Code § 12.1071)

(a) A charter holder who accepts state funds under Section 12.106 after the effective date of a provision of this subchapter agrees to be subject to that provision, regardless of the date on which the charter holder's charter was granted.

(b) A charter holder who accepts state funds under Section 12.106 after September 1, 2001, agrees to accept all liability under this subchapter for any funds accepted under that section before September 1, 2001. This subsection does not create liability for charter holder conduct occurring before September 1, 2001.

Tuition and Fees Restricted (Texas Education Code § 12.108)

(a) An open-enrollment charter school may not charge tuition to an eligible student who applies under Section 12.117.

(b) The governing body of an open-enrollment charter school may require a student to pay any fee that the board of trustees of a school district may charge under Section 11.158(a). The governing body may not require a student to pay a fee that the board of trustees of a school district may not charge under Section 11.158(b).

FOUNDATION SCHOOL PROGRAM

Average Daily Attendance (Texas Education Code § 48.005)

(a) In this chapter, average daily attendance is:

(1) the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction;

(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1);

(3) for a district that operates under a flexible school day program under Section 29.0822, the average daily attendance as calculated by the commissioner in accordance with Sections 29.0822(d) and (d-1); or

(4) for a district that operates a half-day program or a full-day program under Section 29.153(c), one-half of the average daily attendance calculated under Subdivision (1).

(b) A school district that experiences a decline of two percent or more in average daily attendance shall be funded on the basis of:

(1) the actual average daily attendance of the preceding school year, if the decline is the result of the closing or reduction in personnel of a military base; or

(2) subject to Subsection (e), an average daily attendance not to exceed 98 percent of the actual average daily attendance of the preceding school year, if the decline is not the result of the closing or reduction in personnel of a military base.

(c) The commissioner shall adjust the average daily attendance of a school district that has a significant percentage of students who are migratory children as defined by 20 U.S.C. Section 6399.

(d) The commissioner may adjust the average daily attendance of a school district in which a disaster, flood, extreme weather condition, fuel curtailment, or other calamity has a significant effect on the district's attendance. In addition to providing the adjustment for the amount of instructional days during the semester in which the calamity first occurred, an adjustment under this section may only be provided based on a particular calamity for an additional amount of instructional days equivalent to one school year. The commissioner may divide the adjustment between two consecutive school years.

(e) For each school year, the commissioner shall adjust the average daily attendance of school districts that are entitled to funding on the basis of an adjusted average daily attendance under Subsection (b)(2) so that:

(1) all districts are funded on the basis of the same percentage of the preceding year's actual average daily attendance; and

(2) the total cost to the state does not exceed the amount specifically appropriated for that year for purposes of Subsection (b)(2).

(f) An open-enrollment charter school is not entitled to funding based on an adjustment under Subsection (b)(2).

(g) If a student may receive course credit toward the student's high school academic requirements and toward the student's higher education academic requirements for a single course, including a course provided under Section 28.009 by a public institution of higher education, the time during which the student attends the course shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average daily attendance for purposes of this section.

(g–1) The commissioner shall adopt rules to calculate average daily attendance for students participating in a blended learning program in which classroom instruction is supplemented with applied workforce learning opportunities, including participation of students in internships, externships, and apprenticeships.

(h) Subject to rules adopted by the commissioner under Section 48.007(b), time that a student participates in an off-campus instructional program approved under Section 48.007(a) shall be counted as part of the minimum number of instructional hours required for a student to be considered a full-time student in average daily attendance for purposes of this section.

(i) A district or a charter school operating under Chapter 12 that operates a prekindergarten program is eligible to receive one-half of average daily attendance under Subsection (a) if the district's or charter school's prekindergarten program provides at least 32,400 minutes of instructional time to students.

(j) A district or charter school is eligible to earn full average daily attendance under Subsection (a) if the district or school provides at least 43,200 minutes of instructional time to students enrolled in:

(1) a dropout recovery school or program operating under Section 12.1141(c) or Section 39.0548;

(2) an alternative education program operating under Section 37.008;

(3) a school program located at a day treatment facility, residential treatment facility, psychiatric hospital, or medical hospital;

(4) a school program offered at a correctional facility; or

(5) a school operating under Subchapter G, Chapter 12.

(k) A charter school operating under a charter granted under Chapter 12 before January 1, 2015, is eligible to earn full average daily attendance under Subsection (a), as that subsection existed immediately before January 1, 2015, for:

(1) all campuses of the charter school operating before January 1, 2015; and

(2) any campus or site expansion approved on or after January 1, 2015, provided that the charter school received an academic accountability performance rating of C or higher, and the campus or site expansion is approved by the commissioner.

(l) A school district campus or charter school described by Subsection (j) may operate more than one program and be eligible for full average daily attendance for each program if the programs operated by the district campus or charter school satisfy all applicable state and federal requirements.

(m) The commissioner shall adopt rules necessary to implement this section, including rules that:

(1) establish the minimum amount of instructional time per day that allows a school district or charter school to be eligible for full average daily attendance, which may differ based on the instructional program offered by the district or charter school;

(2) establish the requirements necessary for a school district or charter school to be eligible for one-half of average daily attendance, which may differ based on the instructional program offered by the district or charter school;

(3) proportionally reduce the average daily attendance for a school district if any campus or instructional program in the district provides fewer than the required minimum minutes of instruction to students; and

(4) allow a grade or course repeated under Section 28.02124 to qualify for average daily attendance even if the student previously passed or earned credit for the grade or course, if the grade or course would otherwise be eligible.

(n) To assist school districts in implementing this section as amended by H.B. 2442, Acts of the 85th Legislature, Regular Session, 2017, the commissioner may waive a requirement of this section or adopt rules to implement this section.

Incentive for Additional Instructional Days (Texas Education Code § 48.0051)

(a) Subject to Subsection (a-1), the commissioner shall adjust the average daily attendance of a school district or open-enrollment charter school under Section 48.005 in the manner provided by Subsection (b) if the district or school:

(1) provides the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over at least 180 days of instruction; and

(2) offers an additional 30 days of half-day instruction for students enrolled in prekindergarten through fifth grade.

(a-1) Repealed by Acts 2021, 87th Leg., R.S., Ch. 806 (H.B. 1525), Sec. 48(a)(4), eff. September 1, 2021.

(b) For a school district or open-enrollment charter school described by Subsection (a), the commissioner shall increase the average daily attendance of the district or school under Section 48.005 by the amount that results from the quotient of the sum of attendance by students described by Subsection (a)(2) for each of the 30 additional instructional days of half-day instruction that are provided divided by 180.

(c) The commissioner may provide the incentive under this section to a school district or open-enrollment charter school that intended, but due to circumstances beyond the district's or school's control, including the occurrence of a natural disaster affecting the district or school, was unable to meet the requirement for instruction under Section 25.081 plus an additional 30 days of half-day instruction. The commissioner may proportionately reduce the incentive provided to a district or school described by this subsection.

(d) This section does not prohibit a school district from providing the minimum number of minutes of operational and instructional time required under Section 25.081 and commissioner rules adopted under that section over fewer than 180 days of instruction.

(e) The agency shall assist school districts and open-enrollment charter schools in qualifying for the incentive under this section.

(f) A school district or open-enrollment charter school may use funding attributable to the incentive provided under this section to pay costs associated with providing academic instruction in a voluntary summer program for students enrolled in the district or school.

(g) The commissioner shall adopt rules necessary for the implementation of this section.

Required PEIMS Reporting (Texas Education Code § 48.009)

(a) In this section, "full-time equivalent school counselor" means 40 hours of counseling services a week.

(b) The commissioner by rule shall require each school district and open-enrollment charter school to report through the Public Education Information Management System information regarding:

(1) the number of students enrolled in the district or school who are identified as having dyslexia;

(2) the availability of school counselors, including the number of full-time equivalent school counselors, at each campus;

(3) the availability of expanded learning opportunities as described by Section 33.252 at each campus;

(4) the total number of students, other than students described by Subdivision (5), enrolled in the district or school with whom the district or school, as applicable, used intervention strategies, as that term is defined by Section 26.004, at any time during the year for which the report is made;

(5) the total number of students enrolled in the district or school to whom the district or school provided aids, accommodations, or services under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), at any time during the year for which the report is made;

(6) disaggregated by campus and grade, the number of:

(A) children who are required to attend school under Section 25.085, are not exempted under Section 25.086, and fail to attend school without excuse for 10 or more days or parts of days within a six-month period in the same school year;

(B) students for whom the district initiates a truancy prevention measure under Section 25.0915(a-4); and

(C) parents of students against whom an attendance officer or other appropriate school official has filed a complaint under Section 25.093; and

(7) the number of students who are enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program provided by the district or school and who:

(A) are at least 18 years of age and under 26 years of age;

(B) have not previously been reported to the agency as dropouts; and

(C) enroll in the program at the district or school after not attending school for a period of at least nine months.

(b-1) Repealed

(b-2) Repealed

(b-3) A student reported under Subsection (b)(7) as having enrolled in a high school equivalency program, a dropout recovery school, or an adult education program provided under a high school diploma and industry certification charter school program must be reported through the Public Education Information Management System as having previously dropped out of school.

(b-4) The commissioner by rule shall require each school district and open-enrollment charter school to annually report through the Public Education Information Management System the number of reported incidents of bullying that have occurred at each campus. The commissioner's rules shall require a district or school to specify the number of incidents of bullying that included cyberbullying.

(b-4) Repealed

Determination of Funding Levels (Texas Education Code § 48.010)

(a) Not later than July 1 of each year, the commissioner shall determine for each school district whether the estimated amount of state and local funding per student in weighted average daily attendance to be provided to the district under the Foundation School Program for maintenance and operations for the following school year is less than the amount provided to the district for the 2010-2011 school year. If the amount estimated to be provided is less, the commissioner shall certify the percentage decrease in funding to be provided to the district.

(b) In making the determinations regarding funding levels required by Subsection (a), the commissioner shall:

(1) make adjustments as necessary to reflect changes in a school district's maintenance and operations tax rate;

(2) for a district required to reduce its local revenue level under Section 48.257, base the determinations on the district's net funding levels after deducting any amounts required to be expended by the district to comply with Chapter 49; and

(3) determine a district's weighted average daily attendance in accordance with this chapter as it existed on January 1, 2011.

~~**Commissioner Authority to Resolve Unintended Consequences from School Finance Formula (Texas Education Code § 48.011)**~~

~~(a) Subject to Subsections (b) and (d), the commissioner may adjust a school district's funding entitlement under this chapter if the funding formulas used to determine the district's entitlement result in an unanticipated loss or gain for a district.~~

~~(a-1) The commissioner may modify dates relating to the adoption of a school district's maintenance and operations tax rate and, if applicable, an election required for the district to adopt that rate as necessary to implement the changes made by H.B. 3, 86th Legislature, Regular Session, 2019.~~

~~(b) Before making an adjustment under Subsection (a) or (a-1), the commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the governor.~~

~~(c) If the commissioner makes an adjustment under Subsection (a), the commissioner must provide to the legislature an explanation regarding the changes necessary to resolve the unintended consequences.~~

~~(d) Beginning with the 2021-2022 school year, the commissioner may not make an adjustment under Subsection (a) or (a-1).~~

~~(e) This section expires September 1, 2023.~~

BASIC AND REGULAR PROGRAM ALLOTMENT

Basic Allotment (Texas Education Code § 48.051)

(a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of $6,160 or the amount that results from the following formula:

A = $6,160 x (TR/MCR)

where:

"A" is the allotment to which a district is entitled;

"TR" is the district's tier one maintenance and operations tax rate, as provided by Section 45.0032; and

"MCR" is the district's maximum compressed tax rate, as determined under Section 48.2551.

(b) A greater amount for any school year may be provided by appropriation.

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

> (1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience; and
>
> (2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees.

(c-1) A school district employee who received a salary increase under Subsection (c) from a school district for the 2019-2020 school year is, as long as the employee remains employed by the same district and the district is receiving at least the same amount of funding as the amount of funding the district received for the 2019-2020 school year, entitled to salary that is at least equal to the salary the employee received for the 2019-2020 school year. This subsection does not apply if the board of trustees of the school district at which the employee is employed:

(1) complies with Sections 21.4021, 21.4022, and 21.4032 in reducing the employee's salary; and

(2) has adopted a resolution declaring a financial exigency for the district under Section 44.011.

(c-2) A reduction in the salary of a school district employee described by Subsection (c-1) is subject to the rights granted to the employee under this code.

(d) In this section, "compensation" includes benefits such as insurance premiums.

SPECIAL ALLOTMENTS

Special Education (Texas Education Code § 48.102)

(a) For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by 1.15. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by a weight determined according to instructional arrangement as follows:

Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Off home campus	2.7
Nonpublic day school	1.7
Vocational adjustment class	2.3

(b) A special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established by commissioner rule. The funding weight for this arrangement shall be 4.0 for those students who receive their education service on a local school district campus. A special instructional arrangement for students with disabilities residing in state schools shall be established by commissioner rule with a funding weight of 2.8.

(c) For funding purposes, the number of contact hours credited per day for each student in the off home campus instructional arrangement may not exceed the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) For funding purposes the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements may not exceed the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) The commissioner by rule shall prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional arrangement under this section. In prescribing the qualifications that a mainstream instructional arrangement must meet, the commissioner shall establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) In this section, "full-time equivalent student" means 30 hours of contact a week between a special education student and special education program personnel.

(g) The commissioner shall adopt rules and procedures governing contracts for residential placement of special education students. The legislature shall provide by appropriation for the state's share of the costs of those placements.

(h) At least 55 percent of the funds allocated under this section must be used in the special education program under Subchapter A, Chapter 29.

(i) The agency shall encourage the placement of students in special education programs, including students in residential instructional arrangements, in the least restrictive environment appropriate for their educational needs.

(j) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner, of the basic allotment, or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled for each full-time equivalent student in average daily attendance, multiplied by the amount designated for the student's instructional arrangement under this section, for each day the program is provided divided by the number of days in the minimum school year. The total amount of state funding for extended year services under this section may not exceed $10 million per year. A school district may use funds received under this section only in providing an extended year program.

(k) From the total amount of funds appropriated for special education under this section, the commissioner shall withhold an amount specified in the General Appropriations Act, and distribute that amount to school districts for programs under Section 29.014. The program established under that section is required only in school districts in which the program is financed by funds distributed under this subsection and any other funds available for the program. After deducting the amount withheld under this subsection from the total amount appropriated for special education, the commissioner shall reduce each district's allotment proportionately and shall allocate funds to each district accordingly.

Other Special Allotments

Texas law provides for other special allotments, including an allotment for students with dyslexia or related disorder (Texas Education Code Section 48.103), a compensatory education allotment (Texas Education Code Section 48.104), bilingual education allotments (Texas Education Code Section 48.105), career and technology education allotments (Texas Education Code Section 48.106), transportation allotments (Texas Education Code Section 48.151), public education grant allotments (Texas Education Code Section 48.107), early education allotment (Texas Education Code Section 48.108), gifted and talented student allotment (Texas Education Code Section 48.109), college, career, or military readiness outcomes bonus (Texas Education Section 48.110), fast growth allotment (Texas Education Code Section 48.111), teacher incentive allotment (Texas Education Code Section 48.112), mentor program allotment (Texas Education Code Section 48.114), school safety allotment (Texas Education Code Section 48.115), rural pathway excellence partnership allotment and outcomes bonus (Texas Education Code Section 48.118), transportation allotment (Texas Education Code Section 48.151), new instructional facility allotment (Texas Education Code Section 48.152), dropout recovery school and residential placement facility allotment (Texas Education Code Section 48.153), tuition allotments for districts not offering all grade levels (Texas Education Code Section 48.154), college preparation assessment reimbursement (Texas Education Code Section 48.155), certification examination reimbursement (Texas Education Code Section 48.156), allotments for small and mid-sized districts (Texas Education Code Section 48.101), and allotments for certain special-purpose school districts (Texas Education Code Section 48.053).

FINANCING THE PROGRAM

General (Texas Education Code § 48.251)

(a) The cost of the Foundation School Program for a school district is the total sum:

(1) the sum of the tier one allotments and other funding as follows:

(A) the basic allotment under Subchapter B;

(B) the student-based allotments under Subchapter C; and

(C) the additional funding under Subchapter D; and

(2) the tier two allotment under Subchapter E.

(b) The sum of the Foundation School Program maintenance and operations costs for all accredited school districts in this state constitutes the total maintenance and operations cost of the Foundation School Program.

(c) The program shall be financed by:

(1) state available school funds distributed in accordance with the law;

(2) ad valorem tax revenue generated by local school district effort; and

(3) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

Additional State Aid

Texas law provides for additional State aid in certain circumstances, including additional State aid for tax increment financing payments (Texas Education Code Section 48.253) and additional State aid for ad valorem tax credits under the Texas Economic Development Act (Texas Education Code Section 48.254).

State Compression Percentage (Texas Education Code § 48.255)

(a) In this title, "state compression percentage" means the percentage of the rate of $1.00 per $100 valuation of taxable property that is used to determine a school district's maximum compressed tax rate under Section 48.2551.

(b) The state compression percentage is the lower of:

(1) 93 percent, or a lower percentage set by appropriation for a school year;

(2) the percentage determined by the following formula:

SCP = PYCP X 1.025/(1 + ECPV); or

(3) the percentage determined under this section for the preceding school year.

(c) For purposes of Subsection (b)(2):

(1) "SCP" is the state compression percentage;

(2) "PYCP" is the state compression percentage for the preceding school year; and

(3) "ECPV" is the estimated percentage change in total taxable property value for the applicable tax year as determined based on the estimate submitted to the legislature under Section 48.269.

Maximum Compressed Tax Rate (Texas Education Code Section 48.2551)

(a) In this section:

(1) "DPV" is the taxable value of property in the school district, as determined by the agency by rule, using locally determined property values adjusted in accordance with Section 403.302(d), Government Code;

(2) "E" is the expiration of the exclusion of appraised property value for the preceding tax year that is recognized as taxable property value for the current tax year, which is the sum of the following:

(A) property value that is no longer subject to a limitation on appraised value under former Subchapter B or C, Chapter 313, Tax Code, or a limitation on taxable value under Subchapter T, Chapter 403, Government Code; and

(B) property value under Section 311.013(n), Tax Code, that is no longer excluded from the calculation of "DPV" from the preceding year because of refinancing or renewal after September 1, 2019;

(3) "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per $100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(4) "PYDPV" is the district's value of "DPV" for the preceding tax year; and

(5) "PYMCR" is the district's value of "MCR" for the preceding tax year.

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable formula:

(A) if "DPV" exceeds "PYDPV" by an amount equal to or greater than 2.5 percent: MCR = (1.025((PYDPV+E) X PYMCR))/DPV; or

B) if Paragraph (A) does not apply: MCR = PYMCR; or

(2) the product of the state compression percentage, as determined under Section 48.255, for the current tax year, multiplied by $1.00.

(c) Notwithstanding Subsection (b), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated in accordance with Section 48.2552(b).

(d) The agency shall:

(1) calculate and make available school districts' maximum compressed rates, as determined under this section; and

(2) post the information described by Section 48.2556 on the agency's Internet website as required by that section.

(d-1) Local appraisal districts, school districts, and the comptroller shall provide any information necessary to the agency to implement this section.

(d-2) A school district may appeal to the commissioner the district's taxable property value as determined by the agency under this section. A decision by the commissioner is final and may not be appealed.

(e) It is the intent of the legislature that the state continue to fund public schools at the same or similar level as the state would have if this section had not taken effect.

Limitation on Maximum Compressed Rate (Texas Education Code Section 48.2552)

(a) Each year, the agency shall evaluate the difference between school districts' maximum compressed rates, as determined under Section 48.2551.

(b) If a school district's maximum compressed rate as calculated under Section 48.2551(b) would be less than 90 percent of another school district's maximum compressed rate, the district's maximum compressed rate is the value at which the district's maximum compressed rate would be equal to 90 percent of the other district's maximum compressed rate.

(c) The amount of revenue available to the state as a result of the differences in the amount of state aid and reduction in local revenue between calculating a district's maximum compressed rate in accordance with Subsection (b) and calculating the district's maximum compressed rate under Section 48.2551 shall be used to lower the state compression percentage under Section 48.255. The agency shall provide estimates to the legislature of the reduction of the state compression percentage based on this subsection.

Permitted Tax Rate for Maintenance of 2020-2021 Basic Allotment (Texas Education Code Section 48.2553)

(a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, if the maximum amount of the basic allotment provided under Section 48.051(a) or (b) for a school year is less than the maximum amount provided for the 2020-2021 school year, subject to Subsection (b), a school district may adopt a maintenance and operations tax rate that exceeds the maximum compressed tax rate permitted under Section 48.2551, provided that:

(1) the rate adopted by the district was previously approved by voters for a tax year subsequent to the 2005 tax year; and

(2) the rate may not exceed the lesser of:

(A) $1.17; or

(B) the district's maximum compressed tax rate and the additional tax rate necessary to generate the amount of revenue equal to the difference in per student funding.

(b) Before adopting a maintenance and operations tax rate under Subsection (a), a school district must receive approval from the agency. To receive approval from the agency under this subsection the district must submit the following information:

(1) a statement detailing the loss of funding to the district that resulted from the decline in the maximum amount of the basic allotment provided under Section 48.051(a) or (b);

(2) the proposed additional tax effort and the amount of funding the proposed additional tax effort will generate;

(3) evidence that the proposed additional tax effort described by Subdivision (2) had been previously authorized by voters subsequent to the 2005 tax year; and

(4) any other information required by the commissioner.

(c) The agency's approval of a district's tax rate under Subsection (b) expires at the end of each tax year.

(d) Any additional tax effort by a school district authorized under this section is not:

(1) eligible for funding under Subchapter B, C, or D;

(2) eligible for the guaranteed yield amount of state funds under Section 48.202; or

(3) subject to the limit on local revenue under Section 48.257.

(e) The commissioner shall reduce state aid or adjust the limit on local revenue under Section 48.257 in an amount equal to the amount of revenue generated by a school district's tax effort that is not in compliance with this section or Section 48.2551.

(f) This section does not apply to a school district to which Section 45.003(f) applies.

Local Share of Program Cost (Tier One) (Texas Education Code § 48.256)

(a) Each school district's share of the Foundation School Program is determined by the following formula:

LFA = TR X DPV

where:

"LFA" is the school district's local share;

"TR" is the school district's adopted tier one maintenance and operations tax rate, as described by Section 45.0032(a) for each hundred dollars of valuation; and

"DPV" is the taxable value of property in the school district for the current tax year determined under Subchapter M, Chapter 403, Government Code.

(b) The commissioner shall adjust the values reported by the comptroller to reflect reductions in taxable value of property resulting from natural or economic disaster in the year in which the valuations are determined. The decision of the commissioner is final. An adjustment does not affect the local fund assignment of any other school district.

(c) Appeals of district values shall be held pursuant to Section 403.303, Government Code.

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner for the implementation of a limitation on taxable value under Subchapter T, Chapter 403, Government Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter T, Chapter 403, Government Code. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

(d-1) Subsection (d) applies to an agreement for the implementation of a limitation on appraised value under former Subchapter B ot C, Chapter 313, Tax Code, that was in effect on January 1, 2023, in the same manner as that subsection applies to an agreement described by that subsection. If the agreement for the limitation on appraised value requires revenue protection payment to the school district, the payment shall be based on the district’s taxable value of property for the preceding tax year.

(e) Subsection (d-1) does not apply to property that was the subject of an application under former Subchapter B or C, Chapter 313, Tax Code, made after May 1, 2009, that the comptroller recommended should be disapproved.

Local Revenue Level in Excess of Entitlement (Texas Education Code Section 48.257)

(a) Subject to Subsection (b), if a school district's tier one local share under Section 48.256 exceeds the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the district must reduce the district's tier one revenue level in accordance with Chapter 49 to a level not to exceed the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(b) This subsection applies only to a school district to which Subsection (a) applies. If a district's maintenance and operations tax collections from the tax rate described by Section 45.0032(a) for the current tax year minus the required reduction in a district's tier one revenue level under Subsection (a) results in an amount that is less than the amount of the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund, the agency shall adjust the amount of the reduction required in the district's tier one revenue level under Subsection (a) up to the amount of local funds necessary for the district's entitlement under Section 48.266(a)(1) less the district's distribution from the state available school fund.

(c) For purposes of Subsection (a), state aid to which a district is entitled under this chapter that is not described by Section 48.266(a)(3) may offset the amount by which a district must reduce the district's revenue level under this section. Any amount of state aid used as an offset under this subsection shall reduce the amount of state aid to which the district is entitled.

(d) Except as provided by Subsection (e), a school district is entitled to retain the total amount of the district's tier two local share described by Section 48.266(a)(5)(A).

(e) In any school year for which the amount of state funds appropriated specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Section 48.202(a-1)(1), a district may only retain the amount of the district's tier two local share described by Section 48.266(a)(5)(A) equal to the amount of revenue that would be generated based on the amount appropriated for the dollar amount guaranteed level of state and local funds.

(f) If the amount of a school district's tier two local share described by Section 48.266(a)(5)(B) to which a district is entitled exceeds the amount described by Section 48.202(a-1)(2), the district must reduce the district's revenue in accordance with Chapter 49 to a level not to exceed the amount described by Section 48.202 (a-1)(2).

(g) For a district to which Section 45.003(f) applies, revenue generated from any cents of maintenance and operations tax effort that exceeds the maximum rate permitted under Section 45.003(d) is subject to the revenue limit established under Subsection (f).

Adjustments for Certain Districts Receiving Federal Impact Aid (Texas Education Code § 48.262)

The commissioner is granted the authority to ensure that school districts receiving federal impact aid due to the presence of a military installation or significant concentrations of military students do not receive more than an eight percent reduction should the federal government reduce appropriations to those schools.

Distribution of Foundation School Fund (Texas Education Code § 48.266)

(a) For each school year the commissioner shall determine:

(1) the amount of money to which a school district is entitled under Subchapters B, C, and D;

(2) the amount of money to which a school district is entitled under Subchapter E;

(3) the amount of money allocated to the district from the available school fund;

(4) the amount of each district's tier one local share under Section 48.256; and

(5) the amount of each district's tier two local share under Section 48.202 for:

(A) the district's maintenance and operations tax effort described by Section 48.202(a-1)(1); and

(B) the district's maintenance and operations tax effort described by Section 48.202(a-1)(2).

(b) Except as provided by this subsection, the commissioner shall base the determinations under Subsection (a) on the estimates provided to the legislature under Section 48.269, or, if the General Appropriations Act provides estimates for that purpose, on the estimates provided under that Act, for each school district for each school year. The

commissioner shall reduce the entitlement of each district that has a final taxable value of property for the second year of a state fiscal biennium that is higher than the estimate under Section 48.269 or the General Appropriations Act, as applicable. A reduction under this subsection may not reduce the district's entitlement below the amount to which it is entitled at its actual taxable value of property.

(c) Each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and (a)(5).

(d) The commissioner shall approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Warrants for all money expended according to this chapter shall be approved and transmitted to treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted. The total amount of the warrants issued under this section may not exceed the total amount appropriated for Foundation School Program purposes for that fiscal year.

(e) If a school district demonstrates to the satisfaction of the commissioner that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district, the commissioner may adjust funding to that district in that school year to the extent that funds are available for that year.

(f) If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts and open-enrollment charter schools are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation and there are not funds available under Subsection (h), the commissioner shall adjust the total amounts due to each school district and open-enrollment charter school under this chapter and the total amounts necessary for each school district to comply with the requirements of Chapter 49 by an amount determined by applying to each district and school the same percentage adjustment to the total amount of state and local revenue due to the district or school under this chapter and Chapter 49 so that the total amount of the adjustment to all districts and schools results in an amount equal to the total adjustment necessary. The following fiscal year:

(1) a district's or school's entitlement under this section is increased by an amount equal to the adjustment made under this subsection; and

(2) the amount necessary for a district to comply with the requirements of Chapter 49 is reduced by an amount necessary to ensure a district's full recovery of the adjustment made under this subsection.

(g) Not later than March 1 each year, the commissioner shall determine the actual amount of state funds to which each school district is entitled under the allocation formulas in this chapter for the current school year and shall compare that amount with the amount of the warrants issued to each district for that year. If the amount of the warrants differs from the amount to which a district is entitled because of variations in the district's tax rate, student enrollment, or taxable value of property, the commissioner shall adjust the district's entitlement for the next fiscal year accordingly.

(h) The legislature may appropriate funds necessary for increases under Subsection (g) from funds that the comptroller, at any time during the fiscal year, finds are available.

(i) The commissioner shall compute for each school district the total amount by which the district's allocation of state funds is increased or reduced under Subsection (g) and shall certify that amount to the district.

Recovery of Overallocated Funds (Texas Education Code § 48.272)

(a) If a school district has received an overallocation of state funds, the agency shall, by withholding from subsequent allocations of state funds for the current or subsequent school year or by requesting and obtaining a refund, recover from the district an amount equal to the overallocation.

(b) Notwithstanding Subsection (a), the agency may recover an overallocation of state funds over a period not to exceed the subsequent five school years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 46 or 49 or this chapter and related reporting requirements.

(c) If a district fails to comply with a request for a refund under Subsection (a), the agency shall certify to the comptroller that the amount constitutes a debt for purposes of Section 403.055, Government Code. The agency shall provide to the comptroller the amount of the overallocation and any other information required by the comptroller. The comptroller may certify the amount of the debt to the attorney general for collection.

(d) Any amounts recovered under this section shall be deposited in the foundation school fund.

(e) Subject to Subsection (f), the agency may review a school district as necessary to determine if the district qualifies for each allotment received by the district under this chapter. If the agency determines that a school district received an allotment to which the district was not entitled, the agency may establish a corrective action plan or withhold the applicable amount of funding from the district.

(f) The agency may not review school district expenditures that occurred seven or more years before the review.

Foundation School Fund Transfers (Texas Education Code § 48.273)

(a) In this section:

(1) "Category 1 school district" means a school district having a wealth per student of less than one-half of the statewide average wealth per student.

(2) "Category 2 school district" means a school district having a wealth per student of at least one-half of the statewide average wealth per student but not more than the statewide average wealth per student.

(3) "Category 3 school district" means a school district having a wealth per student of more than the statewide average wealth per student.

(4) "Wealth per student" means the taxable property values reported by the comptroller to the commissioner under Section 48.256 divided by the number of students in average daily attendance.

(b) Payments from the foundation school fund to each category 1 school district shall be made as follows:

(1) 15 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 80 percent of the yearly entitlement of the district shall be paid in eight equal installments to be made on or before the 25th day of October, November, December, January, March, May, June, and July; and

(3) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of February.

(c) Payments from the foundation school fund to each category 2 school district shall be made as follows:

(1) 22 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of November;

(4) 7.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of April;

(5) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of May;

(6) 10 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of June;

(7) 13 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of July; and

(8) 15 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August.

(d) Payments from the foundation school fund to each category 3 school district shall be made as follows:

(1) 45 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 35 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October; and

(3) 20 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August.

(e) The amount of any installment required by this section may be modified to provide a school district with the proper amount to which the district may be entitled by law and to correct errors in the allocation or distribution of funds. If an installment under this section is required to be equal to other installments, the amount of other installments may be adjusted to provide for that equality. A payment under this section is not invalid because it is not equal to other installments.

(f) Previously unpaid additional funds from prior fiscal years owed to a district shall be paid to the district together with the September payment of the current fiscal year entitlement.

(g) The commissioner shall make all annual Foundation School Program payments under this section for purposes described by Sections 45.252(a)(1) and (2) before the deadline established under Section 45.263(b) for payment of debt service on bonds. Notwithstanding any other provision of this section, the commissioner may make Foundation School Program payments under this section after the deadline established under Section 45.263(b) only if the commissioner has not received notice under Section 45.258 concerning a district's failure or inability to pay matured principal or interest on bonds.

Foundation School Fund Transfers to Certain Charter Schools (Texas Education Code § 48.274)

(a) On the request of an open-enrollment charter school, the commissioner shall compare the student enrollment of the open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. If the number of students enrolled at the open-enrollment charter school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, the open-enrollment charter school may request that payments from the foundation school fund to the school for the following school year and each subsequent school year, subject to Subsection (b), be made according to the schedule provided under Subsection (c).

(b) An open-enrollment charter school that qualifies to receive funding as provided by this section is entitled to receive funding in that manner for three school years. On the expiration of that period, the commissioner shall determine the eligibility of the open-enrollment charter school to continue receiving payments from the foundation school fund under this section for an additional three school years. Subsequently, the open-enrollment charter school must reestablish eligibility in the manner provided by this subsection every three school years.

(c) Payments from the foundation school fund to an open-enrollment charter school under this section shall be made as follows:

(1) 22 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of November;

(4) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of December;

(5) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of January;

(6) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of February;

(7) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of March;

(8) 7.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of April;

(9) five percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of May;

(10) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of June;

(11) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of July; and

(12) eight percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of August.

(d) The amount of any installment required by this section may be modified to provide an open-enrollment charter school with the proper amount to which the school may be entitled by law and to correct errors in the allocation or distribution of funds.

(e) Previously unpaid additional funds from prior fiscal years owed to an open-enrollment charter school shall be paid to the school together with the September payment of the current fiscal year entitlement.

Use of Certain Funds (Texas Education Code § 48.275)

(a) In this section, "participating charter school" means an open-enrollment charter school that participates in the uniform group coverage program established under Chapter 1579, Insurance Code.

(b) The amount of additional funds to which each school district or participating charter school is entitled due to the increases in formula funding made by H.B. No. 3343, Acts of the 77th Legislature, Regular Session, 2001, and any subsequent legislation amending the provisions amended by that Act that increase formula funding under Chapter 49 and this chapter to school districts and charter schools is available for purposes of Subsection (c).

(c) Notwithstanding any other provision of this code, a school district or participating charter school may use the sum of the following amounts of funds only to pay contributions under a group health coverage plan for district or school employees:

> (1) the amount determined by multiplying the amount of $900 or the amount specified in the General Appropriations Act for that year for purposes of the state contribution under Section 1579.251, Insurance Code, by the number of district or school employees who participate in a group health coverage plan provided by or through the district or school; and
>
> (2) the difference between the amount necessary for the district or school to comply with Section 1581.052, Insurance Code, for the school year and the amount the district or school is required to use to provide health coverage under Section 1581.051, Insurance Code, for that year.

(d) A determination by the commissioner under this section is final and may not be appealed.

Formula Transition Grant (Texas Education Code Section 48.277)

(a) A school district or open-enrollment charter school is entitled to receive an annual allotment for each student in average daily attendance in the amount equal to the difference, if the difference is greater than zero, that results from subtracting the total maintenance and operations revenue per student in average daily attendance for the current school year from the lesser of:

> (1) 103 percent of the district's or school's total maintenance and operations revenue per student in average daily attendance for the 2019-2020 school year that the district or school would have received under former Chapters 41 and 42, as those chapters existed on January 1, 2019; or
>
> (2) 128 percent of the statewide average amount of maintenance and operations revenue per student in average daily attendance that would have been provided for the 2019-2020 school year under former Chapters 41 and 42, as those chapters existed on January 1, 2019.

(b) For purposes of calculating maintenance and operations revenue under Subsection (a), the commissioner shall:

> (1) for purposes of Subsections (a)(1) and (2), use the following applicable school year:
>
> > (A) in a school year ending in an even-numbered year, the 2019-2020 school year; and
> >
> > (B) in a school year ending in an odd-numbered year, the 2019-2020 or 2020-2021 school year, whichever is greater;

(2) include all state and local funding, except for any funding resulting from:

(A) reimbursement for disaster remediation costs under former Sections 41.0931 and 42.2524;

(B) an adjustment for rapid decline in taxable value of property under former Section 42.2521; and

(C) an adjustment for property value affected by a state of disaster under former Section 42.2523;

(D) additional state aid under Section 48.307 or 48.308;

(3) adjust the calculation to reflect a reduction in tax effort by a school district; and

(4) if a school district or open-enrollment charter school receives a waiver relating to eligibility requirements for the national free or reduced-price lunch program under 42 U.S.C. Section 1751 et seq., use the numbers of educationally disadvantaged students on which the district's or school's entitlement to compensatory education funds was based for the school year before the school year in which the district or school received the waiver, adjusted for estimated enrollment growth.

(c) A decision by the commissioner under this section is final and may not be appealed.

(c-1) Notwithstanding any other provision of this chapter, beginning with the 2021-2022 school year, if the total amount of allotments to which school districts and open-enrollment charter schools are entitled under this section for a school year exceeds $400 million, the commissioner shall proportionately reduce each district's or school's allotment under this section. The reduction in the amount to which a district or school is entitled under this section may not result in an amount that is less than zero.

(d) A school district or open-enrollment charter school is not entitled to an allotment under Subsection (a) beginning with the 2024-2025 school year.

(e) This section expires September 1, 2025.

Maintenance of State Financial Support for Special Education (Texas Education Code Section 48.279)

(a) Funds appropriated for purposes of this section or transferred in accordance with this section are state funds for purposes of compliance with the requirements regarding maintenance of state financial support for special education under 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the amount of funding described by this subsection and separate that amount from other funding provided under this chapter.

(b) If the commissioner determines that the total amount of funding for special education for a school year that ends during the first state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use funds appropriated for the Foundation School Program for the second state fiscal year of that biennium to increase funding for special education for the first state fiscal year of that biennium in an amount necessary to ensure compliance with that provision.

(c) If the commissioner determines that the total amount of funding for special education for a school year that ends during the second state fiscal year of a state fiscal biennium is less than the amount required to comply with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall submit to the legislature an estimate of the amount of funding needed to comply with that provision for that state fiscal year.

(d) If federal funds are withheld for a school year due to noncompliance with requirements regarding maintenance of state financial support under 20 U.S.C. Section 1412(a)(18), the commissioner shall use for that school year an amount of funds described by Subsection (a) equal to the amount of withheld funds in the same manner and for the same purposes as the withheld funds would have been provided.

(e) After the commissioner has replaced any withheld federal funds as provided by Subsection (d), the commissioner shall distribute the remaining amount, if any, of funds described by Subsection (a) to proportionately increase funding for the special education allotment under Section 48.102.

(f) In complying with Subsection (d), the commissioner may implement any program necessary to ensure the use of funds in accordance with that subsection.

GUARANTEED YIELD PROGRAM

Purpose (Texas Education Code § 48.201)

The purpose of the tier two component of the Foundation School Program is to provide each school district with the opportunity to provide the basic program and to supplement that program at a level of its own choice. An allotment under this subchapter may be used for any legal purpose other than:

(1) capital outlay or debt service; or

(2) a purpose prohibited by Section 45.105(c-1) or another provision of this code.

Tier Two Allotment (Texas Education Code § 48.202)

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 48.203, is determined by the formula:

GYA = (GL x WADA x DTR x 100) - LR

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is an amount described by Subsection (a-1) or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 48.258 or by the quotient of the value of "DPV" as determined under Section 48.256(d) if that subsection applies to the district, divided by 100.

(a-1) For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the greater of the amount of district tax revenue per weighted student per cent of tax effort available to a school district at the 96th percentile of wealth per weighted student or the amount that results from multiplying 6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.016, for the first eight cents by which the district's maintenance and operations tax rate exceeds the district's tier one tax rate; and

(2) subject to Subsection (f), the amount that results from multiplying $6,160, or the greater amount provided under Section 48.051(b), if applicable, by 0.008, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (1).

(a-2) The limitation on district enrichment tax rate ("DTR") under Section 48.203 does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(1).

(b) In computing the district enrichment tax rate of a school district, the total amount of maintenance and operations taxes collected by the school district does not include the amount of:

(1) the district's local fund assignment under Section 48.256; or

(2) taxes paid into a tax increment fund under Chapter 311, Tax Code.

(c) For purposes of this section, school district taxes for which credit is granted under Section 31.035, 31.036, or 31.037, Tax Code, are considered taxes collected by the school district as if the taxes were paid when the credit for the taxes was granted.

(d) For purposes of this section, the total amount of maintenance and operations taxes collected for an applicable school year by a school district with alternate tax dates, as authorized by Section 26.135, Tax Code, is the amount of taxes collected on or after January 1 of the year in which the school year begins and not later than December 31 of the same year.

(e) For purposes of this section, school district taxes for which credit is granted under former Subchapter D, Chapter 313, Tax Code, are considered taxes collected by the school district as if the taxes were paid when the credit for the taxes was granted.

(e-1) For purposes of this section, the total amount of maintenance and operations taxes collected by a school district includes the amount of taxes refunded under Section 26.1115(c), Tax Code.

(f) For a school year in which the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") under Subsection (a-1)(2) for the preceding school year, a school district shall reduce the district's tax rate under Section 45.0032(b)(2) for the tax year that corresponds to that school year to a rate that results in the amount of state and local funds per weighted student per cent of tax effort available to the district at the dollar amount guaranteed level for the preceding school year. A school district is not entitled to the amount equal to the increase of revenue described by this subsection for the school year for which the district must reduce the district's tax rate. Unless Section 26.042(e), Tax Code, applies to the district, for a tax year in which a district must reduce the district's tax rate under this subsection, the district may not increase the district's maintenance and operations tax rate to a rate that exceeds the maximum maintenance and operations tax rate permitted under Section 45.003(d) or (f), as applicable, minus the reduction of tax effort required under this subsection. This subsection does not apply if the amount of state funds appropriated for a school year specifically excludes the amount necessary to provide the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort under Subsection (a-1)(2).

Limitation on Enrichment Tax Rate (Texas Education Code § 48.203)

The district enrichment tax rate ("DTR") under Section 48.202 of the Texas Education Code may not exceed the amount per $100 of valuation by which the maximum rate permitted under Section 45.003 of the Texas Education Code exceeds the rate used to determine the district's local share under Section 48.256 of the Texas Education Code, or a greater amount for any year provided by appropriation.

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APPENDIX B

RIVERWALK AND THE CHARTER SCHOOLS

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APPENDIX B

RIVERWALK AND THE CHARTER SCHOOLS

General

Riverwalk Education Foundation, Inc. ("*Riverwalk*") is a nonprofit corporation incorporated in the State of Texas (the "*State*") on September 6, 2002. Riverwalk is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*"). Riverwalk currently operates 15 charter school campuses across 19 sites under two separate charter contracts. Upon completion of the Project being financed with the Bonds, Riverwalk will operate 16 charter school campuses over 22 sites, 9 of which will be located in the San Antonio, Texas area, four of which are located in Corpus Christi, Texas, and 5 of which will be located in the Houston, Texas area (collectively, the "*Charter Schools*"). See below under " **– Growth Strategy**" for information regarding additional campuses to be added in the near future.

Table 1 below presents certain basic information concerning the Charter Schools. One campus, located in Corpus Christi, is composed of two separate sites.

TABLE 1: CHARTER SCHOOLS

Charter Name/Campus Name (Campus Identification Number)[1]	Grades Offered[2]	Campus Enrollment[2]	Year Opened[3]	Free/Reduced Lunch (Low-Income)[2]
SST/Charter District #015-827				
1. SST SA College Prep (015827001) ("*SST San Antonio*")	6-12	625	2005-2006	44.30%
2. SST Alamo (015827002)	PreK-8	855	2009-2010	55.07%
3. SST The Woodlands (015827003)	PreK-8	549	2016-2017	46.74%
4. SST Willow Creek 1 (015827004)	PreK-6	202	2024-2025	61.58%
5. SST Willow Creek 2 (015827004)	3-8	N/A	2026-2027	N/A
6. SST Spring (015827005)	PreK-8	844	2019-2020	64.91%
7. SST Champions (015827006)	PreK-5	952	2020-2021	76.32%
8. SST Champions College Prep High School (015827006)	6-12	728	2022-2023	76.32%
9. SST Schertz Early Elementary (015827007)	PreK- 1	441	2021-2022	35.18%
10. SST Schertz Elementary (015827007)	2-7	455	2022-2023	35.18%
11. SST Sonterra (015827008)	PreK-6	N/A	2025-2026	N/A
SST Discovery/Charter District #015-831				
1. SST Discovery (015831001)	PreK-8	514	2008-2009	70.08%
2. SST Corpus Christi Early Elementary School (01531002)	K-1	424	2022-2023	70.85%
3. SST Corpus Christi Elementary School (015831002)	PreK 3-7	738	2009-2010	70.85%
4. SST Corpus Christi College Prep High School (015831002)	8-12	441	2009-2010	70.85%
5. SST Bayshore (015831002)	PreK-7	760	2020-2021	70.85%
6. SST Advancement (015831003)	PreK-8	659	2016-2017	90.10%
7. SST Northwest (015831004)	PreK-8	659	2018-2019	37.84%
8. SST Sugar Land (015831005)	PreK-8	746	2018-2019	71.75%
9. SST Hill Country (015831006)	PreK-9	671	2020-2021	46.97%
10. SST Hill Country College Prep (01531008)	7-12	392	2024-2025	45.04%
11. SST Sugar Land College Prep (01531009)	PreK-12	127	2023-2024	64.35 %
TOTAL ENROLLMENT	**PreK-12**	**11,782**		

(1) In the summer of 2022, TEA approved name changes for some of the campuses as set forth in this table; new names are used herein and campus numbers remain unchanged.
(2) As of October 2024.
(3) The year opened reflects the year in which Riverwalk began operating a Charter School at such location.

History, Growth Strategy and Other Information Relating to Riverwalk and the Charter Schools

General

As described above, Riverwalk was originally formed in 2002. Riverwalk opened the School of Science and Technology – San Antonio, its first Charter School, in 2005. In 2008, Riverwalk opened its second Charter School, the School of Science and Technology – Corpus Christi Elementary School, followed by the School of Science and Technology – Corpus Christi Middle School, the School of Science and Technology – Alamo, and the School of Science and Technology – Discovery in 2009. From 2016-2018, Riverwalk opened the following additional Charter Schools: the School of Science and Technology – Houston, the School of Science and Technology – Excellence, the School of Science and Technology – Advancement, the School of Science and Technology – Northwest, and the School of Science and Technology – Sugarland. Riverwalk opened the School of Science and Technology – Spring in 2019 and the School of Science and Technology – Hill Country in 2020. SST Schertz Early Elementary School opened in 2021, SST Schertz Elementary School and SST Sugar Land College Prep opened in 2023 and SST Hill Country College Prep opened in 2024, with SST Willow Creek Phase 2 opening in 2026. Riverwalk's goal is for its Charter Schools to be high-performing college preparatory schools that focus on math, science, engineering and computer technologies. The Charter Schools are typically located in underserved communities. The Charter Schools provide students with the opportunity to excel in their studies in a small classroom environment focused on providing the skills they need to succeed later in life. Riverwalk's vision is to lead its students from the classroom into the world as productive and responsible citizens, and even Nobel laureates. Riverwalk's mission is to prepare each student for higher learning in a safe, caring and collaborative atmosphere through a quality, learner-centered educational program with a strong emphasis on math, science, engineering and technology.

Growth Strategy

Riverwalk's immediate short-term growth strategy (2025-2027) generally involves the opening of the SST Sonterra and SST Willow Creek Phase II campuses and acquisition and improvement of the SST Corpus Christi campuses being financed with the Bond proceeds. While Riverwalk currently manages 15 Charter Schools over 19 sites, it plans to expand its operations to 17 campuses over 23 sites by the 2026-27 school year, including one new campus in San Antonio (Sonterra), together with one new campus in New Braunfels and two new campuses in Houston that are expected to be financed subsequent to the Bond closing with the below-described line of credit with Texas Capital Community Development Company ("TCCDC"). These future new campuses have the capacity to serve approximately 2,700 students ranging from PreK-12th grade levels in high-need neighborhoods of three major Texas regions.

In addition to physical growth, Riverwalk plans to advance its success rates to such levels that at least 80% of all Riverwalk students achieve Satisfactory performance on the STAAR Reading/ELA and Mathematics assessments; the achievement gap between any and all student subgroups (including ELL, SpEd, and ED) will be reduced to no more than 3%; a 95% college matriculation rate will be achieved; and 95% of students will report a high level of belonging and engagement in progress surveys.

Riverwalk's growth strategy includes building brand awareness, codifying STEM-focused curriculum, development of data-driven feedback loops, further development of enrichment activities and school-to-family communication, centralizing recruitment strategies, further development of professional development programs and formal career pathways for school teachers and leaders, streamlining of central office support to individual schools, and implementation of a transparent annual planning and reporting process.

Recent Accomplishments

2024-2025 Accomplishments:

- ***AP Honor Roll Platinum designation from College Board (SST San Antonio College Prep)***
- ***AP Honor Roll Gold designation from College Board (SST Corpus Christi College Prep)***

- ***Children's At-Risk School Rankings Top 5 San Antonio Area High Schools (SST San Antonio)***
- ***Children's At Risk School Rankings Top 5 Middle Schools (SST Hill Country, SST Sugarland)***
- ***100% College Admission (All SST High Schools)***
- ***National School of Character Designations***
- ***State School of Character Designations (SST Champions, SST Alamo, SST The Woodlands)***

Riverwalk has regularly been recognized for its accomplishments and notes the following as past highlights:

- **Main Campus**:
  - *The San Antonio Express News* has ranked SST San Antonio as one of the top performing high schools based on SAT averages. All Riverwalk students take the SAT.
  - SST San Antonio has consistently been rated among the Best High Schools in America (*US News*) and among the Most Challenging High Schools (*Washington Post*).
  - *U.S. News & World Report* has evaluated more than 20,500 high schools around the country and ranked only 17,245 public high schools based on 2019 performance data and identified SST-San Antonio as the Best Top-Ranked American Public Charter High School which is among the top nationally and the state ranked schools as follow:
    - #10 Best High School in San Antonio, TX Metro Area
    - #149 Best High School in Texas High Schools Ranking
    - #229 Best High School in National Charter High Schools Ranking
  - Children At Risk ranked SST San Antonio among the Best 2019 High Schools and Graded as an -A campus Statewide.
  - #2 in Niche Best Charter High School in the San Antonio Area 2019.
  - Earned a 2019 College Success Award by GreatSchools.org based on its success in preparing students for college and ultimately career.
  - Established a Partnership with The University of Texas at San Antonio College of Engineering and provided a great internship opportunity for high school students.
  - Successfully passed Career Technical Education (CTE) Audit by TEA in the Fall of 2018.
  - Established PLTW (Project Lead The Way) Engineering Pathway Courses, offered more than 30 CTE (Career Technical Education), around 20 AP (Advanced Placement) courses and over 30 Dual Credit Courses.
- **Discovery**:
  - Robotics Team won first place at qualifier round and advanced to First LEGO Regional Competition.
  - CyberPatriot team qualified for National Semi-Finals Round.
  - First Place Division Champs for Middle School Girls Volleyball.
  - First Place Division Champs for Middle School Boys Basketball.
  - 4 out of 7 TEA Distinctions for 2018.
  - #2 Niche Standout Middle School in the area.
  - The Science Olympiad Competition took home 2 gold, 10 silver, and 15 bronze – for a total of 27 medals at the Regional Competition.
- **Alamo**:
  - 5 out of 7 TEA Distinctions 2018.
  - Ranked 4th middle school in the region and grade A by Children at Risk.
  - #1 in Niche Standout Middle Schools in the San Antonio area 2019.
  - Entire class of 27 8th graders his 100% masters on the algebra EOC.
  - 4th place in physics division at the Alamo Regional Science and Engineering Fair.
  - 1st place at the State Texas Charter School Academic and Athletic League Math Competition.
  - 1st and 3rd places at the Regional Texas Charter School Academic and Athletic League Math competition.

- Multiple 3rd, 4th, and 5th places finishes as the State Texas Alliance for Minorities in Engineering STEM competition.
- Both volleyball teams placed 1st in their divisions.
- Five CyberPatriots teams competed in the first year, including one all-female team.

- **Corpus Christi**:
  - Received National and State School of Character Designation.
  - 6 out of 7 TEA Distinctions for 2018.
- **Houston**:
  - Honorable Mention School of Character.
  - 3rd place Service Learning Project – Destination Imagination.
  - Spelling Bee 1st, 2nd, 3rd, and 4th place.
  - Science Fair 1st place.
  - Robotics Team 1st and 2nd place.
- **Advancement**:
  - National and State School of Character Designation.
  - Gold Level status designation from National Math Club.
  - 5 out of 7 TEA Distinctions in 2018.
  - Travis Elementary LEGO Robotics competition 3rd place.
- **Sugar Land**:
  - Teacher retention rate of 91%.
  - 1st in Robotics Competition.
  - Hosted and participated in 2 school-wide Service Learning Projects.

Educational Philosophy

The building blocks of Riverwalk's success are:

- Student Oriented Teaching
- Enriched Math and Science Curriculum
- Emphasis on College Bound Education
- Highly Qualified and Dedicated Teachers

The Charter Schools' teaching techniques and materials are a combination of four nationally recognized programs: Direct Instruction, Problem-Based Learning, Project-Based Learning and Collaborative Learning. Teachers tailor their teaching methods according to their students' needs.

Direct Instruction

Direct instruction is the most traditional teaching method wherein content is transmitted to students via a teacher, a book, video, or other repository of knowledge. It is essential for transmitting conventions of communication and social behavior. It is also used to transmit conceptual and methodological knowledge. Direct instruction is a systematic way of planning, communicating, and delivering in the classroom.

Problem-Based Learning

Problem-based learning is an educational approach that organizes curriculum and instruction around carefully crafted problematic situations adapted from real-world issues. Problem-based learning, as the name implies, begins with a problem for students to solve or learn more about. Guided by teachers, students develop critical thinking, problem-solving, and collaborative skills in addition to content knowledge as they identify problems, formulate hypotheses, conduct data searches, perform experiments, formulate solutions, and determine the "best fit" of solutions to the conditions of the problem.

Project-Based Learning

Project-based learning is a model for classroom activity that emphasizes learning activities that are long-term, interdisciplinary, student-centered, and integrated with real world issues and practices. The project-based learning approach uses a production model: First, students define the purpose for creating the end product and identify their audience. They research their topic, design their product, and create a plan for project management. Students

then begin the project, resolve problems and issues that arise in production, and finish their product. Students may use or present the product they have created, and ideally are given time to reflect on and evaluate their work. The entire process is meant to be authentic, mirroring real world production activities and utilizing students' own ideas and approaches to accomplish the tasks at hand.

Collaborative Learning

Collaborative learning techniques involve two or more students working together to solve problems and complete tasks. Students learn to depend upon and use each other's strengths to solve problems. Research shows that collaborative work supports greater retention of subject matter, improved attitudes toward learning, and teaches children how to get along with each other.

Family Involvement

Riverwalk believes that parental support is vital to the success of its Charter Schools. Riverwalk believes that high student attendance is a result of high family involvement in the school's programs. Therefore, parents/guardians are asked to participate in the school process by volunteering to serve on a committee or in the classroom, run a social activity, or coach—all at the comfort level of the parent/guardian. Various programs encourage parents to reinforce at home what the students are learning at school. Teachers also conduct home visits, especially for those parents who have lower levels of communication with teachers because of their work schedules.

Prior, Present and Future Financings

Series 2014 Bonds. Riverwalk has previously issued its $7,420,000 Danbury Higher Education Authority, Inc. Education Revenue and Refunding Bonds (Riverwalk Education Foundation, Inc.) Series 2014A (the "*Series 2014A Bonds*") and $310,000 Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2014B (the "*Series 2014B Bonds*" and collectively with the Series 2014A Bonds, the "*Series 2014 Bonds*"). The aggregate principal amount of $4,500,000 remains outstanding on the Series 2014A Bonds. **The Series 2014 Bonds are parity debt under the Master Indenture but are not secured by the Deed of Trust.**

Series 2016 Bonds. Additionally, Riverwalk has previously issued its $2,041,000 Danbury Higher Education Authority, Inc. Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2016A (the "*Series 2016A Bonds*") and $196,000 Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2016B (the "*Series 2016B Bonds*" and collectively with the Series 2016A Bonds, the "*Series 2016 Bonds*"). The aggregate principal amount of $762,000 remains outstanding on the Series 2016 Bonds. **The Series 2016 Bonds are parity debt under the Master Indenture but are not secured by the Deed of Trust.**

Series 2019 Bonds. Riverwalk also previously issued its $176,260,000 Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2019 (the "*Series 2019 Bonds*"). The aggregate principal amount of $166,365,000 remains outstanding on the Series 2019 Bonds. **The Series 2019 Bonds are parity debt under the Master Indenture and are secured by the Deed of Trust.**

Series 2022 Bonds. Riverwalk also previously issued its $141,085,000 Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2022 (the "Series 2022 Bonds". The aggregate principal amount of $139,440,000 remains outstanding on the Series 2022 Bonds. **The Series 2022 Bonds are parity debt under the Master Indenture and are secured by the Deed of Trust.**

Series 2025 Bonds. See "**PLAN OF FINANCE**" in the Official Statement for additional information regarding the Project to be financed with the proceeds of the Bonds. The Bonds are payable from payments to be made by Riverwalk under a promissory note (the "*Series 2025 Master Note*") to be issued by Riverwalk to the Arlington Higher Education Finance Corporation and assigned to the Bond Trustee for the Bonds as security therefor. The Series 2025 Master Note will be entitled to the benefit of the Master Indenture and, upon the issuance of the Bonds, will be secured under the Master Indenture on a parity with any future promissory notes issued pursuant to the Master Indenture on a parity therewith. A portion of the proceeds of the Bonds will be used to refinance the outstanding principal balance of a line of credit from TCCDC, a program administered by Texas Capital Bank, in the approximate amount of $60,000,000 (the "TCCDC line of credit"). Proceeds of the line of credit have been spent as

follows: approximately $57,531,907.77 for real property acquisition and $2,468,092.23 for fixtures, furniture and equipment, as such projects are more particularly described in the table below entitled "**Projected Uses of Bond Proceeds**".

Other Long-Term Debt. Riverwalk has incurred additional indebtedness secured under the Master Indenture as follows:

A $60,000,000 line of credit from TCCDC is currently outstanding in the principal amount of approximately $60,000,000. The line is available to Riverwalk until May 15, 2027 and is expected to be paid down to a zero balance with Bond proceeds at closing.

Capital Leases. Riverwalk currently has three capital leases for SST The Woodlands, SST Corpus Christi College Prep High School and SST Corpus Christi Elementary School. Riverwalk intends to exercise its purchase option on the Corpus Christi facilities with the proceeds of the Bonds. See "TABLE 2 – Existing Facilities" below.

Future Financings. While Riverwalk does plan to finance additional campuses in New Braunfels and the Woodlands subsequent to the Bond closing with the TCCDC line of credit, the aggregate cost of these campuses would be less than the $60,000,000 maximum amount of the TCCDC line of credit, which is already qualified as master debt under the Master Indenture. Therefore, Riverwalk does not presently intend to issue additional debt on a parity with the Series 2025 Master Note over the next three years.

Facilities

The following table provides information regarding the locations from which the Charter Schools will operate following the issuance of the 2025 Bonds.

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TABLE 2: EXISTING FACILITIES					
Charter Name/Campus Name & Address	**Own/Lease (Lease Expiration Date)**	**Approximate Square Footage**	**Year First Built**	**Year Last Updated**	**Student Capacity**
SST Main/Charter District #015-827					
1. SST SA College Prep HS (015827001)	Own	38,000	1979	2009	450
2. SST Alamo (015827002)	Own	66,000	2020	2020	800
3. SST The Woodlands (015827003)[1]	Leased - current lease expires June 2032	66,000	1980	2011	550
4. UP Excellence Charter School (pursuant to lease with SST as landlord)	Own	61,872	1979	2018	500
5. SST Willow Creek I (015827004)[(2)]	Line of Credit	28,500	2024	2024	500
6. SST Willow Creek II (015827004)[(2)]	Line of Credit	60,000	2026	2026	800
7. SST Spring (015827005)	Own	66,000	2020	2020	800
8. SST Champions (015827006)	Own	66,000	2020	2020	800
9. SST Champions College Prep High School (015827006)	Own	85,000	2023	2023	700
10. SST Schertz Early Elementary (015827007)	Own	28,500	2021	2021	350
11. SST Schertz Elementary (015827007)	Own	60,000	2023	2023	800
12. SST Sonterra (015827008)[(2)]	Line of Credit	48,000	2025	2025	600
SST Discovery/Charter District #015-831					
1. SST Discovery (015831001)	Leased	54,730	1976	2018	600
2. SST Corpus Christi Early Elementary School (015831002)[(3)]	Leased	28,500	2021	2021	500
3. SST Corpus Christi Elementary School (015831002)[(3)]	Leased	66,000	2019	2019	800
4. SST Corpus Christi College Prep High School (015831002)[(3)]	Leased	49,505	2018	2018	500
5. SST Bayshore (015831002)	Own	66,000	2020	2020	800
6. SST Advancement (015831003)	Own	66,000	2020	2020	800
7. SST Northwest (015831004)	Own	66,000	2019	2019	800
8. SST Sugar Land (015831005)	Own	63,000	2019	2019	800
9. SST Hill Country (015831006)	Own	66,000	2020	2020	800
10. SST Hill Country College Prep (015831008)	Own	85,000	2022	2022	800
11. SST Sugar Land College Prep (015831009)	Own	85,000	2025	2025	900

[(1)] The campus is currently leased by Riverwalk and will not be pledged as security for the Bonds at closing.
[(2)] The campus is being refinanced with Bond proceeds and is pledged as security for the Bonds.
[(3)] The campus is being acquired with Bond proceeds and will be pledged as security for the Bonds at closing.

The Project

The proceeds of the Bonds will be used to (i) finance and refinance the costs of acquiring, constructing, equipping and renovating certain educational facilities and facilities incidental, subordinate or related thereto or appropriate in connection therewith and (ii) pay the costs of issuing the Bonds. All properties acquired with the proceeds of the Bonds will be pledged as security for payment of the Bonds.

In addition, bond proceeds will be used to refinance the outstanding balance of the TCCDC Note described above under "History, Growth Strategy Other Information Relating to Riverwalk and the Charter Schools – Prior and Future Financings – *Other Long-Term Debt*".

Project Construction

General

The Project consists of financing and refinancing of the acquisition, construction and/or development of the following campuses:

- SST Sonterra – Located at 1819 E. Sonterra Blvd. in northern San Antonio, Texas, the $25,000,000 acquisition, construction and renovation of this property was originally financed with the TCCDC line of credit and will be refinanced with the Bonds. The new building, anticipated to open for the 2025-2026 school year, will have capacity for 600 students in grades PK-6 and feed into SST San Antonio College Prep High School.
- SST Corpus Christi Elementary – Located at 6633 Evans Road, Corpus Christi, 78413, this campus site is currently leased and is being acquired with Bond proceeds; no additional construction is being financed at this location.
- SST Corpus Christi College Prep HS - Located at 6609 Evans Road, Corpus Christi, Texas 78413, this campus site is currently leased and is being acquired with Bond proceeds; no additional construction is being financed at this location.
- SST Willow Creek Phase 2 – Located at 22719 Kuykendahl, Spring, Texas 77389, the acquisition of this campus was originally financed with the TCCDC line of credit and will be refinanced with the Bonds. The new building, anticipated to open for the 2026-2027 school year, will have capacity for 800 students in grades 3-8 and feed into the SST Champions College Prep High School.

Completion of all of these projects is expected by June of 2026. Each of the facilities comports with Riverwalk's established building and design standards for all of its academic facilities. Riverwalk is working with the developers listed below on the campuses under construction.

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Projected Uses of Bond Proceeds							
Property	**Current Financing**	**Property Address**	**Approx. Square Footage**	**Developer**	**Expected Completion Date**	**Estimated Project Cost**	**Student Capacity**
SST Sonterra	TCCDC line of credit[(1)]	1819 E. Sonterra Blvd. San Antonio, Texas	48,000	Key Construction	July 2025	$20,903,000	600
SST Willow Creek Phase 2	[Not Started][(1)]	22719 Kuykendahl Spring, Texas	60,000	To Be Determined	July 2026	$27,000,000	800
SST Corpus Christi Elementary School	Leased	6633 Evans Road Corpus Christi, Texas	66,000	Completed	2019	$15,400.000	800
SST Corpus Christi College Prep High School	Leased	6609 Evans Road Corpus Christi, Texas	49,505	Completed	2018	$12,600.000	500
TCCDC Line of Credit Refinancings	TCCDC line of credit to be paid down at closing					$60,000,000	
Capital Improvement Projects for Existing Campuses						$5,500,000	

[(1)] The campus was originally financed with the TCCDC revolving line of credit in the maximum principal amount of $60,000,000.

Environmental Assessments

Environmental investigations of the properties financed with the proceeds of the Bonds are currently being obtained by Riverwalk and expected to be delivered prior to closing. See "**RISK FACTORS - Reliance on Phase I Reports**," and "–**Environmental Regulations**" in the Official Statement.

Appraisals

As of the date of this Official Statement, Riverwalk has not obtained an appraisal for the properties to be acquired with the Bonds. As a result of the foregoing, there can be no assurance that (i) Riverwalk is purchasing or has purchased the properties at a fair market value, or (ii) the value of properties upon foreclosure would be likely to be sufficient to cover the Bonds. See "**BONDHOLDER'S RISKS – Reliance on Appraisals**" in the Official Statement.

Charter Contracts

General

The Charter Schools operate pursuant to two open-enrollment charter contracts between Riverwalk and the Texas State Board of Education (the "*State Board of Education*") under Chapter 12 of the Texas Education Code, Section 12.001 *et seq*. (the "*Charter Schools Act*"). The Charter Schools Act provides for the creation of charter schools in order to improve student learning, to increase the choice of learning opportunities within the public school system, to create professional opportunities that will attract new teachers to the public school system, to establish a new form of accountability for public schools and to encourage different and innovative learning methods. The Charter Schools Act provides for three kinds of charter contracts: home-rule school district charters, campus or campus programs charters, and open-enrollment charters. See "**APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW – GENERAL**." A charter contract governs such matters as the recipient's authority to operate, student admissions and performance, financial management, and governance and operations. The term of an open-enrollment charter contract is not specifically provided under State law.

TABLE 3: CHARTER INFORMATION				
Charter Name/Campus Name	**Charter Granted/ Campus Opened**	**Original Charter Expiration Date**	**Current Charter Expiration Date**	**2023-24 Overall Accountability Rating[(1)(2)]**
SST Main/Charter District #015-827	**5/9/05**	**7/31/09**	**7/31/29**	**A**
1. SST SA College Prep HS (015827001)	2005	7/31/09	7/31/29	A
2. SST Alamo (015827002)	2009	7/31/09	7/31/29	A
3. SST The Woodlands (015827003)	2016	7/31/09	7/31/29	A
4. SST Willow Creek (015827004)	2017	7/31/09	7/31/29	N/A
5. SST Spring (015827005)	2019	7/31/09	7/31/29	C
6. SST Champions (015827006)	2020	7/31/09	7/31/29	B
7. SST Champions College Prep High School (15827006)	2023	7/31/09	7/31/29	B
8. SST Schertz Early Elementary (015827007)	2021	7/31/09	7/31/29	B
9. SST Schertz Elementary (015827007)	2023	7/31/09	7/31/29	B
11. SST Sonterra (015827001)	2025	7/31/09	7/31/29	N/A
SST Discovery/Charter District #015-831	**4/24/08**	**7/31/12**	**7/31/33**	**A**
1. SST Discovery (015831001)	2009	7/31/12	7/31/33	C
2. SST Corpus Christi Early Elementary School (015831002)	2022	7/31/12	7/31/33	A
3. SST Corpus Christi Elementary School (015831002)	2008	7/31/12	7/31/33	A
4. SST Corpus Christi College Prep High School (015831002)	2009	7/31/12	7/31/33	A
5. SST Bayshore (015831002)	2020	7/31/12	7/31/33	A
6. SST Advancement (015831003)	2016	7/31/12	7/31/33	A
7. SST Northwest (015831004)	2018	7/31/12	7/31/33	B
8. SST Sugar Land (015831005)	2018	7/31/12	7/31/33	A
9. SST Hill Country (015831006)	2019	7/31/12	7/31/33	B
10. SST Hill Country College Prep (015831008)	2023	7/31/12	7/31/33	A
11. SST Sugar Land College Prep (015831009)	2023	7/31/12	7/31/33	A

[(1)] To improve scores, Riverwalk utilizes the Effective Schools Framework's Essential Actions (the "ESFEA") at the Houston and Excellence campuses. Additionally, the Education Service Center ("ESC") has trained all campus administrators on the practices of the most effective schools. Campus Improvement Teams ("CITs") have been established to identified and improve upon data-driven instruction, clear roles and responsibilities for campus instructional leaders, and compelling and aligned vision, mission, goals and values focused on a safe environment with high achievement expectations. Based on CIT, campus leader, and District Coordinator for School Improvement recommendations, the campuses have created Targeted Improvement Plans ("TIPs") according to state guidelines, which include four 90-day cycles including action plan milestones with specific goals. These plans were shared with all the Riverwalk stakeholders and the TEA. Additionally, the District Coordinator for School Improvement and campus leadership have regular meetings with TEA and ESC personnel to evaluate each of the actions and make necessary adjustments based on progress. ESC conducts regular onsite audits during each spring semester to measure progress and require necessary adjustments to the TIPs. When a campus achieves its goals at the end of cycle 3, it will be out of comprehensive support and the targeted improvement.

[(2)] During the pendency of the judicial challenges to the 2023 A-F Refresh, although TEA has not released A-F accountability ratings, it has released scaled scores that can be used to calculate accountability ratings under 2023 A-F Refresh. The accountability ratings shown above have been calculated by Riverwalk based on scaled scores released by TEA for the 2023-2024 school year.

Riverwalk was granted its initial open-enrollment charter from the TEA on May 9, 2005. Riverwalk currently holds two open-enrollment charters from the TEA and is able to operate multiple campuses under these two charters. Once the current Project is complete, Riverwalk will have the physical capacity to accommodate up to approximately 15,750 students, which is not above the charters' currently authorized maximum enrollment of 20,000 students between the two charters.

Revocation and Nonrenewal

Under the Charter Schools Act and the terms of Riverwalk's charter contracts, the Commissioner of Education (the "*Commissioner*") shall either revoke the charter of an open-enrollment charter school or reconstitute the governing body of the charter holder, if the Commissioner determines that the charter holder:

(i) committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter;

(ii) failed to satisfy generally accepted accounting standards of fiscal management;

(iii) failed to protect the health, safety, or welfare of the students enrolled at the school;

(iv) failed to comply with any applicable law or rule;

(v) failed to satisfy the performance framework standards adopted in the Charter School Performance Framework Manuel established under Section 12.1181 of the Texas Education Code; or

(vi) is imminently insolvent as determined by the Commissioner in accordance with Commissioner rule.

Any action (described above) that the Commissioner takes must be based on the best interest of the open-enrollment charter school's students, the severity of the violation and any previous violation the school has committed.

The commissioner shall revoke the charter of an open-enrollment charter if for the three preceding school years the charter holder has

(i) been assigned an "academically unacceptable" performance rating,

(ii) been assigned a financial accountability performance rating indicating financial performance lower than satisfactory,

(iii) or the charter holder has been assigned any combination of an academic performance rating of "academically unacceptable" and/or a financial performance rating lower than satisfactory.

A decision by the Commissioner to reconstitute the governing body of the charter or to create a new 501(c)(3) organization is subject to a hearing. However, Texas law provides that relevant provisions of the Texas Government Code do not apply to a hearing related to a revocation or modification of governance of an open-enrollment charter school. Subject to Chapter 2001, Government Code, the administrative law judge shall uphold a decision by the Commissioner to revoke a charter unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and a decision of the administrative law judge under this subsection is final and may not be appealed. If the Commissioner revokes the charter of an open-enrollment charter school, the Commissioner may manage the school until alternative arrangements are made for the school's students; and assign operation of one or more campuses formerly operated by the charter holder who held the revoked charter to a different charter holder who consents to the assignment.

Intervention Based on Charter Violations

The Commissioner shall temporarily withhold state funds, suspend the authority of an open-enrollment charter school to operate, impose any sanction, and/or take any other reasonable action the Commissioner determines necessary if the Commissioner determines that the charter holder:

(i) Committed a material violation of the school's charter

(ii) Failed to satisfy generally accepted accounting standards for fiscal management

(iii) Failed to comply with any applicable rule or law

A determination shall be made through a final investigative report issued by the TEA.

Intervention Based on Health, Safety, or Welfare of Students

The Commissioner may temporarily withhold state funds, suspend the authority of an open-enrollment charter school to operate in its entirety or at one or more locations, and/or take any other reasonable action the commissioner determines necessary to protect the health, safety, or welfare of students enrolled at the school based on evidence that conditions at the school present a danger to the health, safety, or welfare of the students.

If the commissioner's actions relate to circumstances that present an imminent danger of material harm to the health, safety, or welfare of students, the open-enrollment charter school may not receive state funds and may not resume operating until a determination is made that

(1) despite initial evidence, the conditions at the school do not present a danger of material harm to the health, safety, or welfare of students, or

(1)(2) the conditions at the school that presented a danger of material harm to the health, safety, or welfare of students have been corrected.

Not later than the third business day after the date the Commissioner takes action, the Commissioner must provide the school an opportunity for a hearing, after which the Commissioner must take action or cease any temporary sanctions. [Texas law provides that relevant provisions of the Texas Government Code do not apply to a hearing related to a revocation or modification of governance of an open-enrollment charter school. A decision by the Commissioner to revoke a charter is, however, subject to review by the State Office of Administrative Hearings. Subject to Chapter 2001, Government Code, the administrative law judge shall uphold a decision by the Commissioner to revoke a charter unless the judge finds the decision is arbitrary and capricious or clearly erroneous; and a decision of the administrative law judge under this subsection is final and may not be appealed. If the Commissioner revokes the charter of an open-enrollment charter school, the Commissioner may manage the school until alternative arrangements are made for the school's students; and assign operation of one or more campuses formerly operated by the charter holder who held the revoked charter to a different charter holder who consents to the assignment.] For additional information, see "**APPENDIX A — SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW — GENERAL — BACKGROUND — Charter Revision, Revocation, Non-Renewal and Modification of Governance**."

Board of Directors

Riverwalk operates as a nonprofit corporation under the Texas Business Organizations Code. Riverwalk is governed by applicable law and its articles of incorporation and bylaws. Riverwalk is governed by a 5-member Board of Directors.[1] Board members are recruited among unpaid volunteers who participate in activities of Riverwalk and its Charter Schools and who share goals and objectives with Riverwalk (*i.e.*, to establish and provide state-of-the-art math, science, and technology education). Identification and recruitment of new board members is a long-term process requiring a step-by-step approach. One of Riverwalk's goals regarding board membership and diversity is to build a team around Riverwalk's core values rather than around the unpredictable results of political elections or friendship. As such, Board nominations can be made by anyone, including existing Board members, Riverwalk employees, parents, alumni, and the general public. The existing Board reviews the qualifications of nominees, seeking individuals who have expertise, experience, or leadership abilities that will contribute to maintaining a continued standard of excellence for Riverwalk and its students. Currently, there is no set term for board members. Board members also serve on Riverwalk's Membership Committee, Nominating Committee and Program Committee.

Dr. Suleyman Tek is the President of the Board of Directors and has been a Board member since 2010. He received his Ph.D. in Mathematics from Bilkent University in 2007 and his Master of Science degree from Bilkent University in Mathematics in 2003. He received his Bachelor's Degree in Mathematics in 2001 from Dokuz Eylul University, Izmir, Turkey. Dr. Tek is an assistant professor at University of the Incarnate Word in San Antonio, Texas.

Mr. Christopher Geiseke is the Vice President of the Board of Directors and has been a founding Board member since 2004. He received his Bachelor of Arts Degree from the University of Texas, Austin, TX in Psychology. Mr. Geiseke is currently an academic editor.

Dr. Turgay Korkmaz is the Secretary of the Board of Directors and has been a founding Board member since 2004. He received his Ph.D. in 2001from the University of Arizona, Tucson, AZ in Electrical and Computer Engineering and his Master of Science degree from Syracuse University, Syracuse, NY in 1997. He received his

[1] The Board also solicits input and insight from various individuals and business community members in the San Antonio area.

Bachelor's Degree in Computer Sciences and Engineering in 1994 from Hacettepe University, Ankara, Turkey. Dr. Korkmaz is an associate professor of Computer Science at the University of Texas at San Antonio and is the parent of two School of Science and Technology students.

Mr. George Pedraza is a member of the Board and has served since 2024. He received his Master of Public Administration from The Maxwell School of Citizenship & Public Affairs at Syracuse University and a Master of City & Regional Planning from the University of Pennsylvania. He earned his Bachelor of Arts in Political Science from The University of Texas at San Antonio. Mr. Pedraza has an extensive career in finance, wealth management, and municipal bond structuring, serving in leadership roles at Bank of America Private Bank, Wells Fargo, and UBS Securities. He has also been actively involved in public service and education, previously serving as CEO of Academica Management Southwest, LLC, and as an Assistant to the City Manager for San Antonio.

Mr. Denis Akhiyarov is a member of the Board that has served since 2024. He received his Master of Science in Petroleum Engineering from The University of Tulsa and earned a five-year Honor Diploma in Mechanical/Pipeline Engineering from Ufa State Petroleum Technological University. Dr. Akhiyarov is an experienced AI Scientist and Machine Learning Engineer with over 15 years in software engineering, research, and academia. He has contributed to AI advancements through open-source projects, publications, and patents. He is currently a Senior Staff AI Scientist at ServiceNow and has previously held roles at TotalEnergies and AiKYNETIX, where he worked on AI-driven applications.

Senior Leadership and Succession Planning

Each of Riverwalk's Charter Schools is led by a Principal, who reports to the Superintendent. Listed below are members of Riverwalk's senior leadership, along with a brief description of the responsibilities of their respective positions and biographical information pertaining to each.

Mr. Fawzy Shemshack, Superintendent of Schools and CEO–Mr. Shemshack has been Superintendent and CEO of SST since June 2021. Before taking these positions, he was SST CFO/ Assistant Superintendent from 2017. He oversees implementation and compliance for local, state and foundation grants, including the recent TEA HRQ. Mr. Shemshack served as charter school Principal in Oklahoma and Texas, including as founding Principal/ Director of Discovery School of Tulsa, and as Area Superintendent and in various leadership positions at Harmony Public Schools. Mr. Shemshack graduated from Bogazici University with a BS in Mathematics and Oklahoma State University with a MS in Educational Leadership Studies, and achieved his Superintendent Certification at University of Texas at Tyler.

Mr. Mustafa Kili, CFO – Mustafa Kili is a highly accomplished educator with extensive experience in K-12 education. He has earned certifications in both teaching and principalship, as well as a master's degree in education from the University of Texas at Tyler. Mustafa has further honed his leadership skills by completing the prestigious Art of Leadership certification program at Harvard University. With 8 years of successful experience as a principal, including 6 years at SST Schools, Mustafa has a proven track record of effective leadership in educational institutions. He also served as the Chief Academic Officer for SST Schools for 6 years, where he oversaw academic programs and played a key role in improving educational outcomes for students. Currently serving as the CFO for SST schools since April of 2023, Mustafa remains committed to fostering a positive learning environment for all students and promoting academic excellence. His dedication to the field of education and his passion for helping students succeed make him an invaluable asset to the SST Schools community.

Ms. Yvette Alvarez- Internal Relations – Ms. Alvarez has led communications and project management within the SST system since July 2022. Before she was Director of Special Programs of SST schools since 2017. She also was the principal of SST schools for two years. She graduated from Educational Leadership at Concordia University.

Succession Planning

Riverwalk maintains a succession plan for every executive position (i.e., the Superintendent, Assistant Superintendent, Principals and campus administrators). Each executive works closely with several other employees in his/her division or campus and provides mentoring to prepare others to fill his/her position in the future. Riverwalk has consistently used this process of mentoring and advancement to fill vacant leadership positions.

Employees

General

The following table provides information regarding the number of professional staff and faculty that Riverwalk employed as of the first day of the school year for the years set forth below.

Faculty & Staff	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25[(1)]**
Teachers	254	302	413	581	603	750	744	743
Administration (Leadership)	22	31	65	70	59	73	78	76
Central Administration	24	31	47	53	57	41	49	52
Total	300	364	525	704	719	864	871	871

Faculty	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25[(1)]**
Beginning Teachers	87	123	178	88	152	112	42	89
1-5 Years' Experience	139	158	201	298	247	403	356	325
6-10 Years' Experience	16	20	33	119	99	140	213	225
Over 10 Years' Experience	1	1	1	76	78	95	133	104
Student: Teacher Ratio	12.8	13.8	13.7	13.9	15.4	12.58	14.42	14.80

[(1)] As of October 2024; Source: SST HR Database.

Labor Relations

All of Riverwalk's teachers, support staff and other employees are at-will employees and are held to high standards. The management of Riverwalk believes that the faculty, administration and the Board of Directors have a strong and collaborative working relationship. Riverwalk had an approximately 86% teacher retention rate between the 2023-24 and 2024-25 school years. Riverwalk management considers its relations with its teachers to be very good.

Enrollment

Enrollment in the Charter Schools is open to all State residents subject to compliance with State law, which prohibits discrimination in admission policy on the basis of sex, national origin, ethnicity, religion, disability, academic, artistic, or athletic ability, or the district the applicant would otherwise attend. State law requires that open-enrollment charter schools, such as the Charter Schools, must (i) require applicants to complete and submit an application not later than a reasonable deadline established by the school, and (ii) upon receipt of more acceptable applications for admission than available positions in the school, fill the available positions either by lottery, or if the school has published a notice of the opportunity to apply, the school may fill available positions in the order in which applications were received before the application deadline. See "**APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW – GENERAL – ADMISSION AND EVALUATION – Admission**."

Under its general admissions policies, Riverwalk accepts applications year round, on a school-by-school basis. Any student who lives in the area of a Charter School and who submits a timely application may attend such Charter School. If the number of applications exceeds such Charter School's capacity, applicants are selected through a lottery process.

The following table sets forth data provided by Riverwalk regarding its historical and projected enrollment by grade level. For 2025-26 and thereafter, data presented represents projected enrollment as estimated by Riverwalk, and is subject to the general qualifications and limitations described under "**INTRODUCTION – Forward-Looking Statements**" in the Official Statement. The table includes projected information for Riverwalk's currently existing campuses and planned campuses.

TABLE 5: HISTORICAL AND FUTURE PROJECTED ENROLLMENT

	Historical					*Projected*[(1)]		
Grade	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**[(2)]	**2025-26**	**2026-27**	**2027-28**
PreK	531	640	475	510	545	624	707	745
K	985	1,090	1,143	1,223	1,308	1,495	1,695	1,787
1	929	1,000	1,108	1,266	1,354	1,548	1,755	1,850
2	830	1,050	1,133	1,229	1,314	1,503	1,704	1,796
3	804	900	939	1,201	1,284	1,469	1,665	1,755
4	790	800	833	972	1,039	1,189	1,347	1,420
5	768	800	941	902	964	1,103	1,250	1,318
6	797	900	1,071	1,069	1,143	1,307	1,482	1,562
7	603	700	838	948	1,014	1,159	1,314	1,385
8	494	550	616	665	711	813	922	972
9	174	360	358	411	439	503	570	600
10	156	200	273	296	316	362	410	432
11	112	120	112	229	245	280	317	335
12	106	120	119	99	106	121	137	145
Totals	8,079	9,230	9,959	11,020	11,782	13,475	15,275	16,100
% Growth	43%	14%	8%	11%	13%	13%	13%	13%

(1) Assumes approximately 13% annual growth rate for all grades combined; growth is projected based on the capacity of the various campuses.
(2) For 2024-25, data presented is as of October 2024.
(3) Effective July 1, 2025, Riverwalk's combined charter enrollment capacity is 20,000. Enrollment over that cap would require application and approval for a charter expansion by the TEA. Such application would be required to be filed by February 1-April 1 to be effective in the subsequent school year.

Waiting List

After the lotteries mentioned above, and once all remaining slots are filled, students are placed on a waiting list in the order in which their names are selected. If there are additional students who apply after the lottery has been conducted, they are added to the waiting list in the order in which their applications are received. Each year, students wishing to enroll must reapply, a new lottery is conducted, and a new waiting list prepared. Riverwalk currently maintains waiting lists on a campus-by-campus basis.

TABLE 6: APPLICATIONS RECEIVED[(1)]

Charter Name/Campus Name	**2022-23**	**2023-24**	**2024-25**
SST Main/Charter District #015-827			
1. SST SA College Prep HS (015827001)	462	490	419
2. SST Alamo (015827002)	919	930	852
3. SST The Woodlands (015827003)	946	1,289	1,236
4. SST Spring (015827005)	1,299	2,043	1,797
5. SST Champions (015827006)	1,487	2,154	2,127
6. SST Schertz (015827007)	743	1,385	1,186

SST Discovery/Charter District #015-831			
1. SST Discovery (015831001)	682	978	670
2. SST Corpus Christi Elementary School (015831002)	958	1,220	801
3. SST Corpus Christi Middle/High School (015831002)	168	300	204
4. SST Bayshore (015831002)	831	1,160	664
5. SST Advancement (015831003)	704	763	788
6. SST Northwest (015831004)	991	1,144	674
7. SST Sugar Land (015831005)	953	1,055	1,063
8. SST Hill Country (015831006)	1,056	1,239	1,302
TOTALS	**12,199**	**16,150**	**13,783**

(1) Applications received as of August 2024.

Student Retention

The following table shows the number of Riverwalk's students (aggregate, for all campuses) at the beginning of the 2022-23 school year which Riverwalk retained as of the beginning of the 2023-24 school year as well as retention rates between the 2023-24 school year and 2024-25 school year..

TABLE 7: STUDENT RETENTION DATA			
	Beginning of 2022-23	**Beginning of 2023-24**(1)	**Percentage**
Number of Students	9,434	10,722	87.98%
	Beginning of 2023-24	**Beginning of 2024-25**(1)	**Percentage**
Number of Students	10,722	11,277	95.07%

(1) Does not include students that have graduated from 12th grade, completed 8th grade or new PreK students.

Competition; Service Area

The Charter Schools face constant competition for students with public schools, private schools and other charter schools and there can be no assurance that they will continue to attract and retain the number of students that are needed to generate sufficient revenues for Riverwalk to make payments representing debt service on the Bonds. See "**RISK FACTORS – Competition for Students**."

Riverwalk serves students in the Corpus Christi, Houston and San Antonio, Texas areas. Riverwalk's San Antonio students generally reside within Northside Independent School District, North East Independent School District, San Antonio Independent School District, Alamo Heights Independent School District and Edgewood Independent School District in close proximity to the schools they attend. Riverwalk's Corpus Christi students generally reside within the Corpus Christi Independent School District in close proximity to the schools they attend. According to the terms of their respective charters, the Riverwalk schools are open to all students in the school districts (both independent school districts ("*ISDs*") and charter districts) listed in the following chart.

SST Main/Charter District #015-827			
Alamo Heights ISD	Somerset ISD	Career Plus Learning Academy	George Gervin Academy
East Central ISD	South San Antonio ISD	Por Vida Academy	Eagle Charter School – San Antonio (south)
Edgewood ISD	Southwest ISD	Jubilee Academic Center	
Ft. Sam Houston ISD	Southside ISD George I Sanchez	School of Excellence in Education New Frontiers Charter School	Academy of Careers and Technologies
Harlandale ISD	San Antonio School for Inquiry & Creativity	Southwest Preparatory School San Antonio Technology Academy	Bexar County Academy
Judson ISD	Guardian Angel Performance Arts Academy	La Escuela de las Americas	John H. Wood Jr. Charter School
Lackland ISD	Higgs, Carter, King Gifted & Talented Charter Academy	Radiance Academy of Learning	Shekinah Radiance Academy
Medina Valley ISD			
North East ISD			
Northside ISD			
San Antonio ISD			

SST Discovery/Charter District #015-831			
Alamo Heights ISD	North East ISD	Guardian Angel Performance Arts Academy	San Antonio School for Inquiry & Creativity
Bandera ISD	Northside ISD	Harmony Science Academy (San Antonio)	San Antonio Technology Academy
Blanco ISD	Pleasonton ISD	Higgs, Carter, King Gifted & Talented Charter Academy	School of Excellence in Education
Boerne ISD	Poteet ISD	John H. Wood Jr. Charter School at Huebner Road	Dr. David M. Copeland El
Charlotte ISD	Poth ISD	John H. Wood Jr. Charter School at Saint Francis	School of Excellence in Education
Comal ISD	Prairie Lea ISD	John H. Wood Jr Public Charter District	Dr. Harmon W. Kelley El
Comfort ISD	Randolph Field ISD	Jubilee Academic Center	School of Excellence in Education
Devine ISD	San Antonio ISD	Jubilee Academic Center Omega Academic Center	Dr. James L. Burch El
D'hanis ISD	San Marcos ISD	KIPP Aspire Academy	School of Excellence in Education
East Central ISD	Schertz-Cibolo-Universal City ISD	La Escuela de las Americas	Dr. Paul S Saenz JH
Edgewood ISD	Seguin ISD	Lighthouse Charter School	School of Excellence in Education
Falls City ISD	Somerset ISD	Nancy Ney Charter School	Pre-K Academy
Floresville ISD	South San Antonio ISD	New Frontiers Charter School	School of Excellence in Education
Fredericksburg ISD	Southside ISD	New Frontiers Charter School Middle School	Rick Hawkins H S
Ft. Sam Houston ISD	Southwest ISD	Por Vida Academy	School of Science and Technology
Harlandale ISD	Stockdale ISD	Por Vida Academy Bexar Co Day Edu &Treatment Program	Shekinah Radiance Academy
Hondo ISD	Utopia ISD	Positive Solutions Charter School	Shekinah Radiance Academy Shekinah Hope
Jourdanton ISD	Academy of Careers and Technologies Charter School	Radiance Academy of Learning	Shekinah Radiance Academy Shekinah Walzem
Judson ISD	Bexar County Academy	Radiance Academy of Learning (West Lake Campus)	Southwest Preparatory School
Karnes City ISD	Brooks Academy of Science and Engineering	San Antonio Can High School	Southwest Preparatory School – Northwest
La Vernia ISD	Career Plus Learning Academy	San Antonio Preparatory Academy	Southwest Preparatory Southeast Campus
Lackland ISD	General Alfred A Valenzuela Int'l Leadership Academy		Trinity Charter School
Luling ISD	George Gervin Academy		University of Texas University Charter School
Lytle ISD	George Gervin Academy The Education and Training Center		
Marion ISD	George I Sanchez Charter HS San Antonio Branch		
Medina ISD			
Medina Valley ISD			
Natalia ISD			
Navarro ISD			
New Braunfels ISD			
Nixon-Smiley Consolidated ISD			

Student Performance and Accountability Ratings

The Student Assessment Division of the Texas Education Agency manages and oversees the development, administration, scoring, and analysis of the State's assessment program, which is designed to measure the extent to which a student has learned and is able to apply the defined knowledge and skills at each tested grade level. Beginning in the spring of 2012, the State of Texas Assessments of Academic Readiness ("*STAAR*") assessments replaced the Texas Assessment of Knowledge and Skills ("*TAKS*"). The STAAR program at grades 3-8 assesses the same subjects and grades that were previously assessed on TAKS. In high school, STAAR replaced grade-specific assessments with 5 end-of-course assessments ("*EOCs*"). The State of Texas Assessments of Academic Readiness Modified ("*STAAR Modified*") is no longer offered to students with disabilities as of the 2014-2015 school year, as a result of requirements from the U.S. Department of Education. Testing accommodations have been made for students with disabilities who meet specific eligibility requirements. The Student Assessment Division oversees the administration of the State of Texas Assessments of Academic Readiness Alternate 2 ("*STAAR Alternate 2*") for the purpose of assessing students in grades 3- 8 and high school who have significant cognitive disabilities and are receiving special education services. The Student Assessment Division also oversees the administration of STAAR Spanish for students in grades 3-5 for whom a Spanish version of STAAR is the most appropriate measure of their academic progress, and provides for the administration of the Texas English Language Proficiency Assessment System ("*TELPAS*") assessments, which are designed to assess the progress that limited English proficient students make in learning the English language.

Historical and Current Accountability Rating Frameworks

The State's accountability system assigns ratings to every campus and district in the public education system each year. The State's accountability system has been amended several times in recent years. For purposes of this Appendix B, three separate accountability systems have been analyzed: (i) accountability ratings for years prior to 2017; (ii) accountability ratings for the 2017-2018 year; and (iii) accountability ratings for the 2018-2019 year to the present. Further explanation of each of these respective systems is provided below.

2015-2016 and 2016-17 Accountability Ratings

The accountability ratings prior to the 2017-2018 school year were as follows:

(a) *Met Standard*. Indicates acceptable performance and was assigned to districts and campuses that met the targets on all required indexes for which they had performance data.

(b) *Met Alternative Standard*. Indicates acceptable performance and was assigned to charter districts and alternative education campuses that were evaluated by alternative education accountability provisions that met modified performance index targets on all required indexes for which they had performance data.

(c) *Improvement Required*. Indicates unacceptable performance and was assigned to a district or campus that did not meet the targets on all required indexes for which they had performance data.

(d) *Not Rated*.

The overall design of the accountability rating system was a performance index framework. Performance indicators were grouped into four indices that aligned with the goals of the accountability system. The structure for evaluation of performance across the four indices afforded multiple views of campus and district performance. Performances across the four indices were used to assign accountability rating labels based on performance targets that were set for each index.

(a) *Index 1*: *Student Achievement*. Provided an overview of student performance based on satisfactory student achievement across all subjects for all students.

(b) *Index 2: Student Progress*. Focused on actual student growth independent of overall achievement levels for each race/ethnicity student group, students with disabilities, and English language learners.

(c) *Index 3: Closing Performance Gaps*. Emphasized advanced academic achievement of economically disadvantaged students and the two lowest performing racial/ethnic student groups at each campus or district.

(d) *Index 4: Postsecondary Readiness*. Emphasized the importance for students to receive a high school diploma that provided them with the foundation necessary for success in college, the workforce, job training programs, or the military; and the role of elementary and middle schools in preparing students for high school.

2017-2018 Accountability Rating

For the 2017-2018 school year, the State revised its accountability rating system to better align federal funding with priorities within TEA's strategic plan. See "**RISK FACTORS – Federal Accountability System**" in the forepart to this Limited Offering Memorandum. For the 2017-2018 year, the accountability ratings were as follows:

(a) *Met Standard*. Assigned for overall performance and for performance in each domain to campuses that met the performance targets.

(b) *Improved Required*. Assigned for overall performance and for performance in each domain to campuses that did not met the performance targets.

(c) *Met Alternative Standard*. Assigned for overall performance and for performance in each domain to alternative education campuses that met the performance targets.

(d) *Not Rated*. Assigned to campuses that—under certain, specific circumstances—did not receive a rating

The overall design of the accountability system evaluated performance according to three domains:

(a) *Student Achievement Domain*. Evaluated performance across all subjects for all students, on both general and alternate assessments, College, Career, and Military Readiness (CCMR) indicators, and graduation rates.

(b) *Student Progress Domain*. Measured district and campus outcomes in two areas: the number of students that grew at least one year academically (or were on track) as measured by STAAR results and the achievement of all students relative to districts or campuses with similar economically disadvantaged percentages.

(c) *Closing the Gaps Domain*. Used disaggregated data to demonstrate differentials among racial/ethnic groups, socioeconomic backgrounds and other factors. The indicators included in this domain aligned the state accountability system with the Every Student Succeeds Act (ESSA).

2018-Present Accountability Rating

The State again revised the accountability system for the 2018-2019 school year. Currently, districts and campuses receive letter grades both in an overall context, as well as for each respective domain evaluated. However, scores are unavailable for the 2019-2020 and 2020-2021 school years due to the impact of COVID-19 and the Declared State of Disaster during those years. Further, for the 2021-2022 school year, lawmakers ordered the state to release only A-C ratings. In addition, lawsuits have prevented the release of ratings for the 2022-23 and 2023-2024 school years.

(a) *A (Exemplary Performance), B (Recognized Performance), C (Acceptable Performance), or D (In Need of Improvement)*: Assigned for overall performance and for performance in each domain to districts (including those evaluated under alternative education accountability (AEA)) that meet the performance target for the letter grade.

(b) *F (Unacceptable Performance)*. Assigned for overall performance and for performance in each domain to districts (including AEAs) that do not meet the performance target to earn at least a D.

(c) *Not Rated*. Assigned to districts that—under certain, specific circumstances—do not receive a rating.

The current accountability system evaluates performance in the following three domains:

(a) *Student Achievement*. Evaluates performance across all subjects for all students, on both general and alternate assessments, College, Career, and Military Readiness (CCMR) indicators, and graduation rates.

(b) *School Progress*. Measures district and campus outcomes in two areas: the number of students that grew at least one year academically (or are on track) as measured by

STAAR results and the achievement of all students relative to districts or campuses with similar economically disadvantaged percentages.

(c) *Closing the Gaps*. Uses disaggregated data to demonstrate differentials among racial/ethnic groups, domain's construction, align the state accountability system with the Every Student Succeeds Act (ESSA).

The table below shows the Charter Schools' accountability ratings determined by the Texas Education Agency for the 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2021-2022 school years.

Table 8: Charter Schools' Accountability Ratings[(1)]

2015-2016 and 2016-2017					
School Year	**Index 1**	**Index 2**	**Index 3**	**Index 4**	**Overall**
SST Main/Charter District #015-827					
School of Science and Technology – San Antonio (015827001)					
2015-2016	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Alamo (015827002)					
2015-2016	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Houston (015827003)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Excellence (015827004)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Not Available	Not Available	Not Available	Not Available	Not Available
School of Science and Technology—Spring (015827005)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Not Available	Not Available	Not Available	Not Available	Not Available
SST Discovery/Charter District #015-831					
School of Science and Technology – Discovery (015831001)					
2015-2016	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Corpus Christi Campus (015831002)					
2015-2016	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Advancement (015831003)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Met Standard	Met Standard	Met Standard	Met Standard	Met Standard

School of Science and Technology – Northwest (015831004)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Not Available	Not Available	Not Available	Not Available	Not Available
School of Science and Technology – Sugar Land (015831005)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Not Available	Not Available	Not Available	Not Available	Not Available
School of Science and Technology – Hill Country (015831006)					
2015-2016	Not Available	Not Available	Not Available	Not Available	Not Available
2016-2017	Not Available	Not Available	Not Available	Not Available	Not Available

2017-2018

School Year	Student Achievement Domain	Student Progress Domain	Closing the Gaps	Overall
SST Main/Charter District #015-827				
School of Science and Technology – San Antonio (015827001)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Alamo (015827002)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Houston (015827003)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Excellence (015827004)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology—Spring (015827005)				
2017-2018	Not Available	Not Available	Not Available	Not Available
SST Discovery/Charter District #015-831				
School of Science and Technology – Discovery (015831001)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Corpus Christi Campus (015831002)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard
School of Science and Technology – Advancement (015831003)				
2017-2018	Met Standard	Met Standard	Met Standard	Met Standard

School of Science and Technology – Northwest (015831004)				
2017-2018	Not Available	Not Available	Not Available	Not Available
School of Science and Technology – Sugar Land (015831005)				
2017-2018	Not Available	Not Available	Not Available	Not Available
School of Science and Technology – Hill Country (015831006)				
2017-2018	Not Available	Not Available	Not Available	Not Available

2018-2019[(2)]

School Year	Student Achievement Domain	Student Progress Domain	Closing the Gaps	Overall
SST Main/Charter District #015-827				
School of Science and Technology – San Antonio (015827001)				
2018-2019	A	A	B	A
School of Science and Technology – Alamo (015827002)				
2018-2019	A	B	A	A
School of Science and Technology – Houston (015827003)				
2018-2019	C	D	D	D[(3)]
School of Science and Technology – Excellence (015827004)				
2018-2019	F	F	F	F[(3)]
School of Science and Technology—Spring (015827005)				
2018-2019	Not Available	Not Available	Not Available	Not Available
SST Discovery/Charter District #015-831				
School of Science and Technology – Discovery (015831001)				
2018-2019	B	B	B	B
School of Science and Technology – Corpus Christi Campus (015831002)				
2018-2019	B	B	B	B
School of Science and Technology – Advancement (015831003)				
2018-2019	B	A	A	A

School of Science and Technology – Northwest (015831004)				
2018-2019	A	B	A	A
School of Science and Technology – Sugar Land (015831005)				
2018-2019	B	B	Not Rated	A
School of Science and Technology – Hill Country (015831006)				
2018-2019	Not Available	Not Available	Not Available	Not Available

2021-2022[(2)]

School Year	Student Achievement Domain	Student Progress Domain	Closing the Gaps	Overall
SST Main/Charter District #015-827				
School of Science and Technology – San Antonio (015827001)				
2021-2022	A	B	B	B
School of Science and Technology – Alamo (015827002)				
2021-2022	B	A	A	A
School of Science and Technology – Houston (015827003)				
2021-2022	C	A	C	B
School of Science and Technology – Excellence (015827004)				
2021-2022	C	A	C	B
School of Science and Technology—Spring (015827005)				
2021-2022	C	B	C	B
SST Discovery/Charter District #015-831				
School of Science and Technology – Discovery (015831001)				
2021-2022	B	A	B	B
School of Science and Technology – Corpus Christi Campus (015831002)				
2021-2022	B	A	B	B
School of Science and Technology – Advancement (015831003)				
2021-2022	A	A	A	A

School of Science and Technology – Northwest (015831004)				
2021-2022	C	A	B	B
School of Science and Technology – Sugar Land (015831005)				
2021-2022	B	A	B	A
School of Science and Technology – Hill Country (015831006)				
2021-2022	B	A	A	A

(1) Table 8 has been bifurcated to reflect the changes to the State Accountability Ratings system beginning with the 2017-2018 year, and again for the changes made for the 2018-2019 year.

(2) For the 2019-2020 and 2020-2021 school years, all Texas districts and campuses were labeled "Not Rated: Declared State of Disaster" due to the COVID-19 pandemic. The 2021-2022 school year is the most recent school year for which accountability ratings have been released by TEA.

(3) To improve scores, Riverwalk utilizes the Effective Schools Framework's Essential Actions (the "ESFEA") at the Houston and Excellence campuses. Additionally, the Education Service Center ("ESC") has trained all campus administrators on the practices of the most effective schools. Campus Improvement Teams ("CITs") have been established to identified and improve upon data-driven instruction, clear roles and responsibilities for campus instructional leaders, and compelling and aligned vision, mission, goals and values focused on a safe environment with high achievement expectations. Based on CIT, campus leader, and District Coordinator for School Improvement recommendations, the campuses have created Targeted Improvement Plans ("TIPs") according to state guidelines, which include four 90-day cycles including action plan milestones with specific goals. These plans were shared with all the Riverwalk stakeholders and the TEA. Additionally, the District Coordinator for School Improvement and campus leadership have regular meetings with TEA and ESC personnel to evaluate each of the actions and make necessary adjustments based on progress. ESC conducts regular onsite audits during each spring semester to measure progress and require necessary adjustments to the TIPs. When a campus achieves its goals at the end of cycle 3, it will be out of comprehensive support and the targeted improvement.

The information in the tables above was compiled from the Texas Academic Performance Reports and represents the most recent scores available from TEA.

2022-2023 and 2023-2024 School Years

In the Spring of 2022, TEA published its plans to revise the design of the STAAR examination and overhaul the existing accountability ratings system that is used to determine A-F letter grades for public schools in the State. Revisions to the STAAR test included featuring more open-ended questions, administering the exam fully online, and grading written test responses using an automated computer system. The TEA announced in 2023 that it would be incorporating its proposed changes to the methodologies used in its accountability ratings system for public schools and would apply them retroactively to the 2022-2023 school year.

This "2023 A–F Refresh" was met with significant pushback from State school districts. Over 100 school districts across the State sued the TEA in 2023 over the new A-F accountability ratings system, citing, among other things, concerns that the new rating system will lower performance ratings despite indications that academic performance has actually improved. On October 26, 2023, the 419th Civil District Court in Travis County (the "Travis County District Court") issued a temporary injunction that prevented the TEA from issuing or adjusting the accountability ratings for the 2022-2023 school year. On September 18, 2024, the Travis County District Court issued a second injunction with respect to the accountability ratings for the 2023-2024 school year.

As a result, although the TEA has calculated annual A-F grades assessing academic achievement and growth for every public school district and campus in the State, the last A-F Ratings the TEA was able to share with the public are from the 2021-2022 school year. The issuance of A-F Ratings for the 2022-2023 and 2023-2024 school years remains pending and subject to change based on judicial rulings. All

trial court proceedings are currently suspended while the 15th Court of Appeals reviews the TEA's challenge to the existing injunction as well as intervenors' petitions for writs of mandamus related to their respective interventions in the suit

During the pendency of the judicial challenges to the 2023 A-F Refresh, although TEA has not released A-F accountability ratings, it has released scaled scores that can be used to calculate accountability ratings under 2023 A-F Refresh. The table below shows the system-wide and Participating Campus accountability ratings for the Charter School calculated by Riverwalk based on scaled scores released by TEA for the 2023-2024 school year.

2023-2024		
Campus		**Rating Score**
15827001	SST San Antonio College Prep	92/100
15827002	SST Alamo	80/100
15827003	SST The Woodlands	90/100
15827005	SST Spring	76/100
15827006	SST Champions	86/100
15827007	SST Schertz	81/100
15831001	SST Discovery	76/100
15831002	SST Corpus Christi	92/100
15831003	SST Advancement	92/100
15831004	SST Northwest	88/100
15831005	SST Sugar Land	91/100
15831006	SST Hill Country	81/100
15831008	SST Hill Country College Prep	93/100
15831009	SST Sugarland College Prep	93/100

For more information regarding the effects of accountability ratings on Riverwalk, see "**RISK FACTORS—Dependence on the State—Public School System Accountability**" herein.

Federal Accountability Measures

Title I of the Elementary and Secondary Education Act of 1965, as reauthorized by the Every Student Succeeds Act ("*ESSA*") of 2015, requires each state to submit a plan outlining its statewide accountability system to the U.S. Department of Education (the "*USDOE*"). The most recent plan submitted by the State was approved by USDOE in March 2018 (the "*Texas Plan*"), with many subsequently approved amendments.

Under the Texas Plan, the TEA will maintain rigorous, yet achievable goals for all student groups; create stronger alignment between all State and federal program areas; shift the proficiency level for students from the "Approaches" label on STAAR to the "Meets" label; and better align federal funding with priorities within TEA's strategic plan. Certain information regarding State assessments, including accountability and transparency metrics, is set forth above under "— **ACCOUNTABILITY RATINGS AND STUDENT PERFORMANCE**."

Any failure of Riverwalk to meet the requirements of ESSA or the Texas Plan may have a material adverse effect on the ability of Riverwalk to generate revenues sufficient to make payments under the Master Notes representing debt service on the Bonds and other bonds issued for the benefit of Riverwalk.

FIRST Financial Ratings

The purpose of the financial accountability rating system (Texas Administrative Code ("*TAC*"), Title 19, § 109.1001), also known as the Financial Integrity Rating System of Texas ("*FIRST*"), is to ensure that open-enrollment charter schools are held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. The system is designed to encourage Texas public schools to manage their financial resources better in order to provide the maximum allocation possible for direct instructional purposes.

The system also discloses the quality of local management and decision-making processes that impact the allocation of financial resources in Texas public schools. An evaluation of the long-term effectiveness of the system should disclose a measurable improvement in the quality of Texas public schools' financial decision-making processes.

The FIRST ratings are determined by TEA and take certain critical indicators, fiscal responsibiliy and data quality, budgeting, personnel, and cash managmenet into account. The following table reflects Riverwalk's FIRST Ratings (one of four possible letter grades: A, B, C, or F for school years 2019-2020 through 2023-2024) for the school years 2016-2017 through 2023-2024, along with coinciding financial management ratings for all years.

Table 9 – FIRST Financial Ratings

Riverwalk's FIRST Ratings		
Charter Name/District Number	**Rating**	**Score**
SST Main/Charter District #015-827		
2023-2024	Meets Standard	C
2022-2023	Meets Standard	C
2021-2022	Superior	A
2020-2021	Meets Standard	C
2019-2020	Superior	A
2018-2019	Superior	90/100
2017-2018	Standard	70/100
2016-2017	Superior	90/100
SST Discovery/Charter District #015-831		
2023-2024	Superior	A
2022-2023	Superior	A
2021-2022	Superior	A
2020-2021	Superior	A
2019-2020	Above Standard	B
2018-2019	Superior	94/100
2017-2018	Superior	98/100
2016-2017	Superior	100/100

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Financial and Operations Information

Management's Discussion

Riverwalk's Board approved a new budget for the 2024-2025 school year of $148,109,819. Also, as part of its budgeting process the school continues to explore opportunities for various grants and philanthropic support annually.

Riverwalk believes it is on track to produce results consistent with the financial projections provided in this Official Statement, although no representations can made regarding any actions that may be taken during the current legislative session regarding charter school funding or otherwise.

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Statement of Financial Position for the Years Ended June 30, 2024 and June 30, 2023

The following is derived from Riverwalk's audited financial statements for fiscal years ended June 30, 2024 and June 30, 2023.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2024 with Comparative Totals for June 30, 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 31,180,240**	$ 29,748,522
Restricted Cash and Cash Equivalents	**8,871,693**	38,304,497
Investments	**23,943**	2,605,647
Grants Receivable	**20,975,147**	18,357,286
Pledges Receivable	**2,324,464**	5,165,520
Other Receivables	**134,877**	45,291
Total Current Assets	**63,510,364**	94,226,763
Fixed Assets		
Land	**36,218,469**	28,678,066
Building and Improvements	**203,274,053**	177,368,485
Furniture and Equipment	**10,040,184**	8,722,240
Construction in Progress	**128,708,075**	92,935,484
	378,240,781	307,704,275
Less: Accumulated Depreciation	**(31,218,944)**	(24,881,384)
Total Fixed Assets	**347,021,837**	282,822,891
Other Assets		
Finance Lease Right-of-Use Assets	**404,419**	129,466
Operating Lease Right-of-Use Assets	**30,380,915**	20,035,072
Deposits	**607,251**	531,689
Total Other Assets	**31,392,585**	20,696,227
Total Assets	**$ 441,924,786**	$ 397,745,881

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Financial Position (Continued)
June 30, 2024 with Comparative Totals for June 30, 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 12,816,257**	$ 15,172,368
Accrued Liabilities	**3,807,720**	2,902,093
Accrued Wages	**8,004,915**	11,303,110
Payroll Taxes Payable	**2,263,734**	1,127,969
Interest Payable	**5,023,502**	5,218,493
Deferred Revenue	**-**	185,290
Line of Credit	**33,148,296**	-
Current Portion of Finance Lease Liabilities	**211,555**	52,339
Current Portion of Operating Lease Liabilities	**2,844,055**	2,584,794
Current Portion of Bonds Payable	**4,803,640**	3,020,639
Total Current Liabilities	**72,923,674**	41,567,095
Long-Term Liabilities		
Finance Lease Liabilities, Net of Current Portion	**201,812**	13,012
Operating Lease Liabilities, Net of Current Portion	**30,076,950**	18,410,863
Bonds Payable, Net of Premium, Issuance Costs, and Current Portion	**329,309,301**	334,667,134
Total Long-Term Liabilities	**359,588,063**	353,091,009
Total Liabilities	**432,511,737**	394,658,104
Net Assets		
Without Donor Restrictions	**1,849,452**	(2,130,080)
With Donor Restrictions	**7,563,597**	5,217,857
Total Net Assets	**9,413,049**	3,087,777
Total Liabilities and Net Assets	**$ 441,924,786**	$ 397,745,881

Statements of Cash Flows for the Years Ended June 30, 2024 and June 30, 2023

The following is derived from Riverwalk's audited financial statements for fiscal years 2024 and 2023.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Cash Flows
For the Year Ended June 30, 2024 with Comparative Totals
For the Year Ended June 30, 2023

	2024	2023
Cash Flows from Operation Activities		
Change in Net Assets	$ 6,325,272	$ (4,834,198)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities		
Depreciation Expense	6,621,526	5,839,273
Amortization of Issuance Cost	395,097	395,136
Amortization of Bond Premium	(945,928)	(946,007)
(Increase) Decrease in Operating Assets		
Grants Receivable	(2,535,352)	(5,891,540)
Pledges Receivable	2,841,056	(161,894)
Other Receivables	(48,597)	-
Deposits	(75,562)	(114,911)
Increase (Decrease) in Liabilities		
Accounts Payable	(2,124,475)	4,403,997
Accrued Liabilities	905,627	657,859
Accrued Wages	(3,298,195)	3,831,992
Payroll Tax Payable	1,135,765	206,716
Interest Payable	(194,991)	816,315
Due to Related Entities	(355,134)	(57,165)
Operating Lease Liabilities	1,604,179	948,111
Total Adjustments	3,925,016	9,927,882
Net Cash Provided by Operating Activities	10,250,288	5,093,684
Cash Flows from Investing Activities		
Proceeds from sale of investments	2,581,704	(2,605,647)
Cash Paid for Purchases of Fixed Assets	(70,536,504)	(55,074,053)
Net Cash Used in Investing Activities	(67,954,800)	(57,679,700)
Cash Flows from Financing Activities		
Proceeds from Line of Credit	33,148,296	-
Principal Payments on Finance Leases	(420,869)	(103,079)
Repayment of Bonds	(3,024,001)	(2,897,360)
Net Cash Provided by (Used in) Financing Activities	29,703,426	(3,000,439)
Net Decrease in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	(28,001,086)	(55,586,455)
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning of the Year	68,053,019	123,639,474
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year	$ 40,051,933	$ 68,053,019
Supplemental Disclosures		
Cash Paid for Interest	$ 13,079,319	$ 6,652,915
Right-of-Use Assets Obtained through Lease Liabilities	$ 195,731	$ -
Supplemental Disclosures - Reconciliation		
Cash and Cash Equivalents	$ 31,180,240	$ 29,748,522
Restricted Cash and Cash Equivalents	8,871,693	38,304,497
Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	$ 40,051,933	$ 68,053,019

Audited Financial Information

Audited financial statements for Riverwalk for the fiscal years ending in 2024, 2023 and 2022 are included herein as **APPENDIX C**.

Debt Summary

Below is a list of the long-term outstanding debt obligations of Riverwalk as of the Date of Delivery of the Bonds.

TABLE 10: DEBT SUMMARY[(1)(2)]

Type of Debt	Original Amount	Outstanding Amount[(1)]
Education Revenue and Refunding Bonds, Series 2014 A&B	$7,420,000	$4,500,000
Education Revenue, Series 2016 A&B	$2,041,000	$762,000
Education Revenue Bonds, Series 2019	$176,260,000	$166,365,000
Education Revenue Bonds, Series 2022	$141,085,000	$139,440,000
Education Revenue Bonds, Series 2025*	$139,350,000	$139,350,000
TOTAL	**$466,156,000**	**$450,417,000**

(1) Excludes certain notes and obligations that are expected to be paid with proceeds of the Bonds.
(2) See also "**APPENDIX C – FINANCIAL STATEMENTS**."

**Preliminary, subject to change*

Conflicts Policy

Riverwalk's bylaws expressly state that no part of the net earnings of the corporation shall inure to the benefit of any director of the corporation. Further, directors do not receive salaries or other compensation for their services. The bylaws also expressly prohibit any director, officer or committee member from, without the prior approval of the Board of Directors, (i) doing any act in violation of the bylaws or a binding obligation of the corporation; (ii) doing any act with the intention of harming the corporation or any of its operations; (iii) doing any act that would make it impossible to unnecessarily difficult to carry on the intended or ordinary business of the corporation; (iv) receiving an improper benefit for the operations of the corporation; (v) using the assets of the corporation, directly or indirectly, for any purpose other than carrying on the business of the corporation; (vi) wrongfully transferring or disposing of corporation property, including intangible property such as good will; (vii) using the name of the corporation (or any substantially similar name) or any trademark or trade name adopted by the corporation, except on behalf of the corporation in the ordinary course of the corporation's business and (viii) disclosing any of the corporation's business practices, trade secrets or any other information not generally known to the business community to any person not authorized to receive it. Additionally, the Board of Directors is subject to the conflict of interest provisions set forth in Section 12.1054 of the Texas Education Code, as amended.

Riverwalk's articles of incorporation prohibit contracts and transactions that would result in denial of its tax exemption under the Code. The Code and related Treasury Regulations contain provisions governing "excess benefit" transactions (as set forth in Section 4958 of the Code). Those provisions provide for penalty taxes and, in extreme cases, revocation of 501(c)(3) status, for, among other things, above fair market value transactions with "disqualified persons." Loss of tax-exempt status by Riverwalk could result in loss of tax exemption for federal income tax purposes of interest on the Bonds. See "**RISK FACTORS – Loss of Tax-Exempt Status**."

In addition to the foregoing, Riverwalk has adopted an Ethics, Conflicts of Interest and Nepotism Policy which, among other things, (a) requires directors, officers and employees to conduct themselves in an honest ethical manner, (b) requires directors and officers to comply with State law governing conflicts of interest among charter school and charter holder board members and officers and (c) requires the directors and officers to file an affidavit relating to certain conflicts of interest.

Insurance Coverage

In the Master Indenture, Riverwalk has covenanted at all times following completion of any Related Project (as defined therein) to keep and maintain such Related Project insured against such risks and in such amounts with such deductible provisions as are customary in connection with the operation of facilities of the type and size

comparable to the Related Project and consistent with the requirements of State law, all as further described in the Master Indenture. Additionally, Riverwalk has covenanted to review each year the insurance carried by Riverwalk with respect to Riverwalk and the Related Project and, to the extent feasible, to carry insurance insuring against the risks and hazards described in the previous sentence to the same extent that other entities comparable to Riverwalk and owning or operating facilities of the size and type comparable to the Related Project carry such insurance. At least once every two years, Riverwalk has convenanted to retain an Independent Insurance Consultant (as defined in the Master Indenture) for the purpose of reviewing the insurance coverage of, and the insurance required for, Riverwalk and the Related Project and making recommendations respecting the types, amounts and provisions of insurance that should be carried with respect to Riverwalk and the·Related Project. The insurance requirements of the Master Indenture shall be deemed modified or superseded as necessary to conform with the recommendations contained in said report to the extent the report recommends additional or increased coverage.

Riverwalk currently maintains real and personal property, commercial general liability, commercial automotive, workman's compensation, educator's legal liability insurance and umbrella coverage through a comprehensive insurance program with Utica National Insurance Group. For the 2024/2025 policy year, total insured property values have increased by 6%, with commercial property coverage extending to $166,941,726. The estimated annual premium for commercial property has risen to $436,479. Additionally, coverage includes general liability with a $2,000,000 aggregate limit, workers' compensation with state statutory limits, commercial auto liability, crime coverage, and a $5,000,000 umbrella policy. Notably, the total program premium for the year is projected at $953,431.34, to provide robust protection for all assets, employees, and operations.

Projected Revenues and Expenditures

The Official Statement and this Appendix B contain certain "forward-looking" statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although Riverwalk believes that the assumptions upon which the forward-looking statements contained herein are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the Charter Schools by Riverwalk involve risks and uncertainties, many of which are outside of Riverwalk's control and any one of which, or a combination of which, could materially affect Riverwalk's results with respect to the Charter Schools' operations. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the willingness of the State to fund public schools including charter schools at present or increased levels; competitive conditions within the Charter Schools' service area; lower-than-projected enrollment; unanticipated expenses; changes in government regulation including changes in the law governing charter schools in Texas; future claims for accidents against Riverwalk and the extent of insurance coverage for such claims; and other risks discussed herein. See "**RISK FACTORS**" in the Official Statement.

Riverwalk is providing the following Historical and Projected Revenues and Expenses table for illustrative purposes only. These projections have been prepared by Riverwalk, based on Riverwalk's operating history with respect to charter schools and its assumptions about future State funding levels and future operations of the Charter Schools, including student enrollment and expenses. Riverwalk's projections have not been independently verified by any party other than Riverwalk. Riverwalk's projections have not been prepared in accordance with generally accepted accounting principles ("*GAAP*"). No feasibility studies have been conducted with respect to operations of Riverwalk pertinent to the Bonds. The Underwriters have not independently verified Riverwalk's projections, and make no representations nor give any assurances that such projections, or the assumptions underlying them, are complete or correct.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT RIVERWALK WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS REPRESENTING DEBT SERVICE ON THE BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN "RISK FACTORS" IN THE OFFICIAL STATEMENT, AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITERS MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN, NOR AS TO THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED.

TABLE 11: HISTORICAL AND PROJECTED REVENUES AND EXPENSES
Historical and Proforma Operating Results[1]

Riverwalk Education Foundation Inc. dba School of Science and Technology

	Audited	Current	Projected	Projected	Projected
FYE 6-30	2024	2025	2026	2027	2028
Number of Sites	17	19	21	23	23
BOY Enrollment	11,014	11,782	13,475	15,275	16,100
EOY Final Adjusted ADA (~ 90.8% of Enr)	10,001	10,698	12,235	13,870	14,619
State Funding Per ADA	$ 11,356	$ 11,356	$ 11,356	$ 11,356	$ 11,356
Revenue					
Local (BASC*,Interest, Grants, Gifts, Other)	$10,642,151	$13,842,110	$11,952,945	$13,015,305	$13,502,220
State Funding	$118,169,149	$124,931,063	$142,894,067	$159,504,313	$171,111,093
Replication Grant	$467,588	$1,041,000	$900,000	$1,800,000	$900,000
Federal Funding	$12,623,728	$10,035,646	$11,477,706	$13,010,906	$13,713,623
TOTAL REVENUE	**$141,902,616**	**$149,849,819**	**$167,224,718**	**$187,330,524**	**$199,226,935**
**BASC- Before & After School Care*					
Operating Expenditures					
Payroll Costs	$81,484,302	$83,527,811	$95,564,700	$108,330,300	$114,181,200
Building Leases	$3,133,752	$3,178,752	$1,738,572	$1,761,072	$1,761,072
Supplies & Materials	$5,234,155	$7,545,294	$8,629,506	$9,782,241	$10,310,578
Other Operating Costs	$32,840,807	$33,150,240	$37,913,723	$42,978,265	$45,299,513
Interest for Debt Service	$12,884,328	$13,281,535	$18,754,821	$19,282,998	$18,941,883
Additional Debt Interest (LoC)		$1,904,608	$352,603	$733,562	$739,726
TOTAL OPERATING EXPENSES	**$135,577,344**	**$142,588,240**	**$162,953,924**	**$182,868,437**	**$191,233,972**
Change in Net Assets	**$6,325,272**	**$7,261,579**	**$4,270,793**	**$4,462,087**	**$7,992,963**
End of Year Net Assets	**$9,413,049**	**$16,674,628**	**$20,945,421**	**$25,407,507**	**$33,400,471**
Adjusted Revenue	$141,902,616	$149,849,819	$167,224,718	$187,330,524	$199,226,935
Operating Expenses	$135,577,344	$142,588,240	$162,953,924	$182,868,437	$191,233,972
Interest Expense	$12,489,234	$15,186,143	$19,107,423	$20,016,559	$19,681,609
Depreciation	$6,621,525	$8,371,525	$11,341,525	$14,061,525	$14,781,525
Amortization	$395,094	$395,094	$395,094	$395,094	$395,094
Available Revenues	**$27,439,854**	**$31,214,341**	**$35,114,836**	**$38,935,265**	**$42,851,191**
Extraordinary losses or expenses	$1,608,729				
Annual Debt Service (Existing+2025 Bond+LoC)	**$16,490,026**	**$18,088,535**	**$24,143,423**	**$26,862,559**	**$26,869,609**
Total Annual Debt Service	**$16,490,026**	**$18,088,535**	**$24,143,423**	**$26,862,559**	**$26,869,609**
Annual Debt Service Coverage Ratio	1.66	1.73	1.45	1.45	1.59
MADS Coverage Ratio	1.52	1.16	1.31	1.45	1.59
Beginning Cash Balance	$32,213,895	$30,964,727	$38,226,306	$42,497,099	$46,959,186
Ending Cash Balance	$30,964,727	$38,226,306	$42,497,099	$46,959,186	$54,952,149
Days Cash on Hand	97	117	117	115	128

(1) Future expenses reflect increased costs due to future enrollment growth and facilities acquisitions outlined in the Official Statement. The expense estimates also include an assumed growth rate, used to model inflation.

Except as described above, the foregoing projections assume current fiscal policies of Riverwalk are continued, with considerations of historical information as well as known events and conditions that affect the projection periods.

The projections may be used to assess whether projected cash inflows will be sufficient to sustain Riverwalk's services and to meeting financial obligations as they come due. However, it is important to note that the projections of cash inflows, cash outflows, and accrued financial obligations based on current policy do not represent a forecast or a prediction of the most likely outcome.

Financial projections may be based upon assumptions regarding changes in social, economic and demographic events and conditions that are inherently subject to uncertainties. Therefore, readers are cautioned that actual future financial results of Riverwalk may be significantly different from the financial projections that are reported.

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APPENDIX C

FINANCIAL STATEMENTS

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APPENDIX C

RIVERWALK EDUCATION FOUNDATION, INC.

Consolidated Financial Statements
and
Supplementary Information

June 30, 2024 with Comparative
Totals for June 30, 2023

LAPORTE
CPAs & BUSINESS ADVISORS

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RIVERWALK EDUCATION FOUNDATION, INC.
015-827
015-831

(Federal Employer Identification Number: 01-0758906)

CERTIFICATE OF BOARD
June 30, 2024

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Riverwalk Education Foundation, Inc. dba School of Science & Technology was reviewed and ✓ approved _____ disapproved for the year ended June 30, 2024, at a meeting of the governing body of the charter holder on the 25th day of November, 2024.

Signature of Board Secretary

Signature of Board President

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

Independent Auditor's Report

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, collectively the financial statements.

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

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

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

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

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

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

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

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

Other Matters

Report on Summarized Comparative Information
We have previously audited RWEF, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated November 20, 2024, on our consideration of RWEF, Inc.'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 RWEF, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RWEF, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
November 20, 2024

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2024 with Comparative Totals for June 30, 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 31,180,240**	$ 29,748,522
Restricted Cash and Cash Equivalents	**8,871,693**	38,304,497
Investments	**23,943**	2,605,647
Grants Receivable	**20,975,147**	18,357,286
Pledges Receivable	**2,324,464**	5,165,520
Other Receivables	**134,877**	45,291
Total Current Assets	**63,510,364**	94,226,763
Fixed Assets		
Land	**36,218,469**	28,678,066
Building and Improvements	**203,274,053**	177,368,485
Furniture and Equipment	**10,040,184**	8,722,240
Construction in Progress	**128,708,075**	92,935,484
	378,240,781	307,704,275
Less: Accumulated Depreciation	**(31,218,944)**	(24,881,384)
Total Fixed Assets	**347,021,837**	282,822,891
Other Assets		
Finance Lease Right-of-Use Assets	**404,419**	129,466
Operating Lease Right-of-Use Assets	**30,380,915**	20,035,072
Deposits	**607,251**	531,689
Total Other Assets	**31,392,585**	20,696,227
Total Assets	**$ 441,924,786**	$ 397,745,881

The accompanying notes are an integral part of these consolidated financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Financial Position (Continued)
June 30, 2024 with Comparative Totals for June 30, 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 12,816,257**	$ 15,172,368
Accrued Liabilities	**3,807,720**	2,902,093
Accrued Wages	**8,004,915**	11,303,110
Payroll Taxes Payable	**2,263,734**	1,127,969
Interest Payable	**5,023,502**	5,218,493
Deferred Revenue	**-**	185,290
Line of Credit	**33,148,296**	-
Current Portion of Finance Lease Liabilities	**211,555**	52,339
Current Portion of Operating Lease Liabilities	**2,844,055**	2,584,794
Current Portion of Bonds Payable	**4,803,640**	3,020,639
Total Current Liabilities	**72,923,674**	41,567,095
Long-Term Liabilities		
Finance Lease Liabilities, Net of Current Portion	**201,812**	13,012
Operating Lease Liabilities, Net of Current Portion	**30,076,950**	18,410,863
Bonds Payable, Net of Premium, Issuance Costs, and Current Portion	**329,309,301**	334,667,134
Total Long-Term Liabilities	**359,588,063**	353,091,009
Total Liabilities	**432,511,737**	394,658,104
Net Assets		
Without Donor Restrictions	**1,849,452**	(2,130,080)
With Donor Restrictions	**7,563,597**	5,217,857
Total Net Assets	**9,413,049**	3,087,777
Total Liabilities and Net Assets	**$ 441,924,786**	$ 397,745,881

The accompanying notes are an integral part of these consolidated financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Activities
For the Year Ended June 30, 2024 with Comparative Totals
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues				
Local Support				
Other Revenues from Local Sources	**$ 5,154,690**	**$ -**	**$ 5,154,690**	$ 9,472,579
Contributions	**4,425,292**	**-**	**4,425,292**	527,520
Interest Income	**1,062,169**	**-**	**1,062,169**	2,364,978
Total Local Support	**10,642,151**	**-**	**10,642,151**	12,365,077
State Program Revenues	**-**	**118,169,149**	**118,169,149**	98,554,612
Federal Program Revenues	**-**	**13,091,316**	**13,091,316**	17,523,603
Net Assets Released from Restrictions				
Restrictions Satisfied by Payments	**128,914,725**	**(128,914,725)**	**-**	-
Total Revenues	**139,556,876**	**2,345,740**	**141,902,616**	128,443,292
Expenses				
Program Services				
Instruction and Instructional - Related Services	**81,214,310**	**-**	**81,214,310**	86,269,437
Support Services - Student (Pupil)	**6,699,533**	**-**	**6,699,533**	6,635,841
Instructional and School Leadership	**3,743,876**	**-**	**3,743,876**	7,188,519
Total Program Services	**91,657,719**	**-**	**91,657,719**	100,093,797
Support Services				
Administrative Support Services	**9,879,620**	**-**	**9,879,620**	7,381,806
Support Services - Non-Student Based	**21,155,677**	**-**	**21,155,677**	12,922,334
Debt Service	**12,884,328**	**-**	**12,884,328**	6,243,712
Total Support Services	**43,919,625**	**-**	**43,919,625**	33,183,693
Total Expenses	**135,577,344**	**-**	**135,577,344**	133,277,490
Change in Net Assets	**3,979,532**	**2,345,740**	**6,325,272**	(4,834,198)
Net Assets, Beginning of Year	**(2,130,080)**	**5,217,857**	**3,087,777**	7,921,975
Net Assets, End of Year	**$ 1,849,452**	**$ 7,563,597**	**$ 9,413,049**	$ 3,087,777

The accompanying notes are an integral part of these consolidated financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2024 with Comparative Totals
For the Year Ended June 30, 2023

	Program Services	Supporting Services				
	Program Expense	General and Administrative	Fundraising	Total Supporting Services	2024 Total	2023 Total
Expenses						
Salaries	**$ 65,038,099**	**$ 7,557,872**	**$ -**	**$ 7,557,872**	**$ 72,595,971**	$ 76,220,628
Payroll Taxes	**1,149,501**	**110,244**	**-**	**110,244**	**1,259,745**	1,377,401
Employee Benefits	**7,227,453**	**401,133**	**-**	**401,133**	**7,628,586**	7,749,565
Rental Expense	**-**	**1,594,369**	**-**	**1,594,369**	**1,594,369**	4,267,627
Maintenance and Repairs	**134,459**	**2,189,349**	**-**	**2,189,349**	**2,323,808**	3,062,515
Utilities	**-**	**6,263,999**	**-**	**6,263,999**	**6,263,999**	2,318,609
Depreciation and Amortization	**-**	**6,621,525**	**-**	**6,621,525**	**6,621,525**	5,021,210
Supplies	**4,583,053**	**651,102**	**-**	**651,102**	**5,234,155**	7,992,377
Travel	**236,535**	**65,012**	**-**	**65,012**	**301,547**	369,948
Equipment Lease	**-**	**-**	**-**	**-**	**-**	40,300
Insurance	**-**	**800,686**	**-**	**800,686**	**800,686**	679,415
Professional Fees	**12,188,939**	**4,191,281**	**-**	**4,191,281**	**16,380,220**	14,417,307
Training	**49,205**	**19,157**	**-**	**19,157**	**68,362**	46,440
Interest	**-**	**12,884,328**	**-**	**12,884,328**	**12,884,328**	6,652,915
Other	**1,050,475**	**569,568**	**-**	**569,568**	**1,620,043**	3,061,233
Total Expenses	**$ 91,657,719**	**$ 43,919,625**	**$ -**	**$ 43,919,625**	**$ 135,577,344**	$ 133,277,490

The accompanying notes are an integral part of these consolidated financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
Consolidated Statements of Cash Flows
For the Year Ended June 30, 2024 with Comparative Totals
For the Year Ended June 30, 2023

	2024	2023
Cash Flows from Operation Activities		
Change in Net Assets	**$ 6,325,272**	$ (4,834,198)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities		
Depreciation Expense	**6,621,526**	5,839,273
Amortization of Issuance Cost	**395,097**	395,136
Amortization of Bond Premium	**(945,928)**	(946,007)
(Increase) Decrease in Operating Assets		
Grants Receivable	**(2,535,352)**	(5,891,540)
Pledges Receivable	**2,841,056**	(161,894)
Other Receivables	**(48,597)**	-
Deposits	**(75,562)**	(114,911)
Increase (Decrease) in Liabilities		
Accounts Payable	**(2,124,475)**	4,403,997
Accrued Liabilities	**905,627**	657,859
Accrued Wages	**(3,298,195)**	3,831,992
Payroll Tax Payable	**1,135,765**	206,716
Interest Payable	**(194,991)**	816,315
Due to Related Entities	**(355,134)**	(57,165)
Operating Lease Liabilities	**1,604,179**	948,111
Total Adjustments	**3,925,016**	9,927,882
Net Cash Provided by Operating Activities	**10,250,288**	5,093,684
Cash Flows from Investing Activities		
Proceeds from sale of investments	**2,581,704**	(2,605,647)
Cash Paid for Purchases of Fixed Assets	**(70,536,504)**	(55,074,053)
Net Cash Used in Investing Activities	**(67,954,800)**	(57,679,700)
Cash Flows from Financing Activities		
Proceeds from Line of Credit	**33,148,296**	-
Principal Payments on Finance Leases	**(420,869)**	(103,079)
Repayment of Bonds	**(3,024,001)**	(2,897,360)
Net Cash Provided by (Used in) Financing Activities	**29,703,426**	(3,000,439)
Net Decrease in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**(28,001,086)**	(55,586,455)
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning of the Year	**68,053,019**	123,639,474
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year	**$ 40,051,933**	$ 68,053,019
Supplemental Disclosures		
Cash Paid for Interest	**$ 13,079,319**	$ 6,652,915
Right-of-Use Assets Obtained through Lease Liabilities	**$ 195,731**	$ -
Supplemental Disclosures - Reconciliation		
Cash and Cash Equivalents	**$ 31,180,240**	$ 29,748,522
Restricted Cash and Cash Equivalents	**8,871,693**	38,304,497
Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**$ 40,051,933**	$ 68,053,019

The accompanying notes are an integral part of these consolidated financial statements.

Note1. Organization

The Riverwalk Education Foundation, Inc. (RWEF, Inc. or the Organization) is a nonprofit organization that provides public education for students in grades K through 12. The RWEF, Inc. was incorporated in the State of Texas on September 6, 2002, under the Texas Non-Profit Corporation Act. On September 5, 2003, the Internal Revenue Service determined that the RWEF, Inc. was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

In conformance to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the Organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Organization is also subject to all laws and rules pertaining to open-enrollment charter schools in Section 12 of the Texas Education Code.

The charter holder, Riverwalk Education, Inc. operates charter schools and does not conduct any other charter or non-charter activities.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. RWEF, Inc. reports its financial information based on the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities-205 Presentation of Financial Statements*. Under FASB ASC 958-205, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Classification of Net Assets

Net assets of RWEF, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of RWEF, Inc. Certain restrictions may need to be maintained in perpetuity.

Note 2. Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

Principles of Consolidation

The consolidated financial statements include all of RWEF, Inc.'s accounts. All significant interagency balances and transactions have been eliminated.

Support and Revenue

Support and revenue are recorded based on the accrual method.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the Organization's multiple function expenditures.

Cash Donations and Donated Services

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

Contributions

In accordance with FASB ASC 958 *Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

Pledges and Accounts Receivable

Contributions are recognized when the donor makes a promise to give a contribution to RWEF, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. No provision has been made for uncollectible promises to give and accounts receivable as of the consolidated statement of financial position date, given that none have been identified.

Note 2. Summary of Significant Accounting Policies (Continued)

Fixed Assets - Property and Equipment

Property and equipment purchased by RWEF, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of $5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

Leases

RWEF, Inc. determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use assets and lease liabilities on the consolidated statement of financial position. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. RWEF, Inc. determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The right-of-use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Generally, RWEF, Inc. uses its estimated incremental borrowing rate to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that RWEF, Inc. is reasonably certain to exercise. RWEF, Inc. has elected to combine lease and non-lease components, in contracts, as a single lease component. Operating lease expense is generally recognized on a straight-line basis over the lease term.

Income Taxes

RWEF, Inc. qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Cash and Cash Equivalents

RWEF, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts with various banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per account. At times, individual bank accounts exceeded federally insured limits. RWEF, Inc. has not experienced any losses on such accounts.

Estimates

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

Note 3. Pension Plan

Plan Description

The Organization contributes to the Teacher Retirement System of Texas (TRS), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the Organization, but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes consolidated financial statements and required supplementary information for the defined benefit plan.

That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report form the TRS internet website, www.trs.state.tx.us, under the TRS Publications Heading. Organizations are legally separate entities from the state and each other. Assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

The latest TRS Comprehensive Annual Financial Report available dated August 31, 2023 provided the following information:

Pension Fund	Total Plan Assets 2023	Total Pension Liability 2023	Percent Funded
TRS	$ 213,472,526,000	$ 255,860,887,000	73.15%

Note 3. Pension Plan (Continued)

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas State Legislature. The State funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 8.25% for fiscal year 2024. The State's contribution rate as a non-employer contributing entity was 8.25% for fiscal year 2024. The Organization's employee contributions to the system for the year ended June 30, 2024 were $5,947,634 equal to the required contributions for the year.

Note 4. Budget

The official school annual budget is prepared and adopted on a basis consistent with generally accepted accounting principles. The budget s formally adopted by the Board of Directors.

Note 5. Liquidity and Availability of Financial Assets

The following reflects RWEF, Inc.'s financial assets as of the June 30, 2024 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the June 30, 2024:

Financial Assets at Year-End	
Cash and Cash Equivalents	$ 40,051,933
Investments	23,943
Grants Receivable	20,975,147
Total Financial Assets	61,051,023
Less: Those Unavailable for General Expenditures Within One Year, Due to:	
Cash Restrictions as to Use	8,871,693
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$ 52,179,330

Note 5. Liquidity and Availability of Financial Assets (Continued)

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

Note 6. Leases

Finance Leases

RWEF, Inc. is a party to fourteen finance lease agreements of copiers and accessory equipment. The leases are three years in length, are accompanied by bargain purchase options, and expires in 2024, 2025, and 2026. RWEF, Inc. is a party to seven operating lease agreements of office and school buildings.

Lease assets and obligations included in the consolidated statement of financial position as of June 30, 2024 are as follows:

Right-of-Use Assets Under Operating Leases	$ 30,380,915
Lease Obligations Under Operating Leases	32,921,005
Right-of-Use Assets Under Financing Leases	$ 404,419
Lease Obligations Under Financing Leases	413,367

Maturities of lease obligations as of June 30, 2024:

Year Ended June 30,	Operating Lease	Finance Lease
2025	$ 3,242,688	$ 224,566
2026	3,456,314	159,417
2027	3,477,782	34,440
2028	2,148,214	13,896
2029	1,619,934	-
Thereafter	22,338,915	-
Total Undiscounted Cash Flows	36,283,847	432,319
Less: Amounts Representing Interest	(3,362,842)	(18,952)
Present Value of Future Minimum Lease Payments	32,921,005	413,367
Less: Right-of-Use Lease Obligations, Current Portion	(2,844,055)	(211,555)
Right-of-Use Lease Obligations, Net of Current Portion	$ 30,076,950	$ 201,812

Note 6. Leases (Continued)

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term leases at June 30, 2024:

Weighted Average Remaining Lease Term (in Years):	
Operating Leases	16.3
Finance Leases	2.2
Weighted Average Discount Rate:	
Operating Leases	1.5%
Finance Leases	4.2%

Lease cost for the year ended June 30, 2024 are as follows:

Finance Lease Cost	
Amortization of Right-of-Use Asset	$ 217,530
Interest on Lease Liabilities	2,931
Operating Lease Cost	3,056,889
Total Lease Cost	$ 3,277,350

Note 7. Commitments and Contingencies

The Organization receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency, and it is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the Organization have complex compliance requirements and should state or federal auditors discover areas of noncompliance, the Organization funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. The school is economically dependent on these Organization funds.

Note 8. Health Care Coverage

During the year ended June 30, 2024, employees of RWEF, Inc. were covered by a Health Insurance Plan (the Plan). RWEF, Inc. contributed $325 for teachers and nonexempt employees; $425 for Assistant Principals; $625 for Principals; and $825 for Executive Directors and Chiefs, and $1,650 for Superintendents per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

Note 9. Bonds Payable

RWEF, Inc. has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Bonds, Series 2014A, Series 2016A, and Series 2019 in the amounts of $7,420,000; $2,041,000; and $176,260,000, respectively.

RWEF, Inc. has also issued Taxable Educational Revenue Bonds, Series 2016B and Series 2022 in the amount of $196,000 and $141,085,000, respectively. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

	2024	2023
2014 A Bonds, 2.0% interest; principal due annually commencing August 15, 2015 and interest due semi-annually commencing August 15, 2014. Maturity dates range from 2016 to 2035.	**$ 4,825,000**	$ 5,140,000
2016 A Bonds, 2.0% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2030.	**881,000**	1,026,000
2016 B Bonds, 3.25% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2026.	**58,000**	87,000
2019 Bonds, 3.07% interest; principal due annually commencing August 15, 2021 and interest due semi-annually commencing August 15, 2020. Maturity dates range from 2021 to 2055.	**169,025,000**	171,560,000
2022 Bonds, 5.0% interest; principal due annually commencing August 15, 2024 and interest due semi-annually commencing August 15, 2022. Maturity dates range from 2024 to 2057.	**141,085,000**	141,085,000
Total	**315,874,000**	318,898,000
Plus Unamortized Premium	**29,921,098**	30,865,047
Less: Unamortized Issuance Costs	**(11,682,157)**	(12,075,274)
Less: Current Portion	**(4,803,640)**	(3,020,639)
Total	**$ 329,309,301**	$ 334,667,134

Note 9. Bonds Payable (Continued)

Future maturities of long-term debt at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 4,807,000	$ 13,281,535	$ 18,088,535
2026	5,036,000	13,046,080	18,082,080
2027	5,256,000	12,798,473	18,054,473
2028	5,518,000	12,538,858	18,056,858
2029	5,788,000	12,265,260	18,053,260
Thereafter	289,469,000	192,101,502	481,570,502
Total	$ 315,874,000	$ 256,031,708	$ 571,905,708

Note 10. Bond Debt Covenants

The bond agreements contain certain restrictions and covenants. RWEF, Inc. is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must equal at least 1.10X the annual debt service requirements. Additionally, RWEF, Inc. is required to maintain an operating reserve that covers 45 days of expenses at the end of each fiscal year. RWEF, Inc. was in compliance with all material restrictions and covenants included in its bond agreements for the year ended June 30, 2024.

Note 11. Restricted Cash and Cash Equivalents

Restricted cash at June 30, 2024 consisted of debt service and bond-financed project cash accounts. These funds are to be solely used in the repayment of bond liabilities and cannot be used for normal operating expenditures.

Note 12. Nets Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024 are restricted as follows:

Subject to expenditure for specified purposes:

Federal Funds	$ 844,796
State-Financed General Charter School Activities	6,468,801
Support of Charter Schools Located In San Antonio	250,000
Total Restricted Funds	$ 7,563,597

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

State Funds	$ 113,448,069
Federal Funds	13,235,616
Support of Charter Schools Located in San Antonio	2,231,040
Total Restrictions Released	$ 128,914,725

Note 13. Central Office and Consolidation

RWEF, Inc. operates a Central Office administrative unit to provide administrative services to each of the separate school districts in exchange for an interagency fee. During the fiscal year, the Central Office unit agreed to charge each district an administrative fee equal to approximately 8 percent of state foundation and available per capita school fund revenues. During the fiscal year ended June 30, 2024, the School of Science and Technology - Main district and the School of Science and Technology - Discovery district paid the Central Office unit $4,132,147 and $4,954,895, respectively, and owed the Central Office $687,383 and $818,822, respectively. These fees and interagency payables have been eliminated in the presentation of consolidated financial statements, resulting in statement of financial position eliminations of $1,506,205 and eliminations within the statement of activities of $9,073,910.

Note 14. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

Note 15. Evaluation of Subsequent Events

RWEF, Inc. has evaluated subsequent events through the date that the consolidated financial statements were available to be issues, November 20, 2024, and determined that no events occurred that required disclosure. No subsequent events occurring after this fate have been evaluated for inclusion in these consolidated financial statements.

Independent Auditor's Report on Supplementary Information

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc. or Organization) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 20, 2024, which expressed an unmodified opinion on those financial statements. See page 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated June 30, 2024, and appearing on pages 22 to 39 and 49 to 56, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Covington, LA
November 20, 2024

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Main
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 10,631,312**	$ 16,016,039
Restricted Cash and Cash Equivalents	**-**	12,794,010
Investments	**-**	516,089
Grants Receivable	**9,175,223**	7,456,019
Pledges Receivable	**1,750,000**	4,292,250
Other Receivables	**57,241**	80,588
Total Current Assets	**21,613,776**	41,154,995
Fixed Assets		
Land	**21,583,918**	14,933,572
Building and Improvements	**101,038,252**	75,132,684
Furniture and Equipment	**5,235,751**	4,374,881
Construction in Progress	**49,888,729**	59,180,053
	177,746,650	153,621,190
Less: Accumulated Depreciation	**(14,590,830)**	(11,531,769)
Total Fixed Assets	**163,155,820**	142,089,421
Other Assets		
Finance Leases Right-of-Use Assets	**183,344**	43,058
Operating Leases Right-of-Use Assets	**3,162,952**	4,381,255
Deposits	**255,214**	255,214
Total Other Assets	**3,601,510**	4,679,527
Total Assets	**$ 188,371,106**	$ 187,923,943

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Main (Continued)
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 5,598,995**	$ 9,210,695
Accrued Liabilities	**848,545**	1,110,540
Accrued Wages	**3,016,519**	4,006,542
Payroll Taxes Payable	**666,875**	434,241
Interest Payable	**2,487,703**	2,594,195
Due to Related Entities	**-**	2,436,842
Line of Credit	**6,400,471**	-
Current Portion of Finance Lease Liabilities	**106,107**	13,405
Current Portion of Operating Lease Liabilities	**1,055,792**	1,211,301
Current Portion of Bonds Payable	**2,361,885**	1,433,022
Total Current Liabilities	**22,542,892**	22,450,783
Long-Term Liabilities		
Finance Lease Liabilities Net of Current Portion	**81,858**	1,472
Operating Lease Liabilities Net of Current Portion	**2,729,914**	3,785,549
Bonds Payable Net of Premium, Issuance Costs, and Current Portion	**161,819,146**	164,467,470
Total Long-Term Liabilities	**164,630,918**	168,254,491
Total Liabilities	**187,173,810**	190,705,274
Net Assets		
Without Donor Restrictions	**390,321**	(3,588,306)
With Donor Restrictions	**806,975**	806,975
Total Net Assets	**1,197,296**	(2,781,331)
Total Liabilities and Net Assets	**$ 188,371,106**	$ 187,923,943

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Discovery
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 14,278,925**	$ 13,094,424
Restricted Cash and Cash Equivalents	**14,704,214**	25,510,487
Investments	**23,943**	2,089,558
Grants Receivable	**11,135,952**	10,319,804
Pledges Receivable	**574,464**	873,270
Due from Related Entities	**-**	2,456,780
Other Receivables	**77,636**	5,692
Total Current Assets	**40,795,134**	54,350,015
Fixed Assets		
Land	**14,634,551**	13,744,494
Building and Improvements	**102,214,154**	102,214,154
Furniture and Equipment	**4,781,094**	4,324,021
Construction in Progress	**78,811,346**	33,755,432
	200,441,145	154,038,101
Less: Accumulated Depreciation	**(16,612,673)**	(13,367,034)
Total Fixed Assets	**183,828,472**	140,671,067
Other Assets		
Finance Leases Right-of-Use Assets	**219,982**	106,613
Operating Leases Right-of-Use Assets	**26,798,512**	15,430,097
Deposits	**185,287**	185,287
Total Other Assets	**27,203,781**	15,721,997
Total Assets	**$ 251,827,387**	$ 210,743,079

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Discovery (Continued)
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 8,556,063**	$ 7,138,558
Accrued Liabilities	**2,660,985**	1,526,391
Accrued Wages	**3,995,336**	6,685,078
Payroll Taxes Payable	**1,442,407**	596,006
Interest Payable	**2,535,799**	2,624,298
Deferred Revenue	**-**	185,290
Line of Credit	**26,747,825**	-
Current Portion of Finance Lease Liabilities	**103,862**	31,433
Current Portion of Operating Lease Liabilities	**1,670,664**	1,178,816
Current Portion of Bonds Payable	**2,441,755**	1,587,617
Total Current Liabilities	**50,154,696**	21,553,487
Long-Term Liabilities		
Finance Lease Liabilities Net of Current Portion	**119,954**	9,953
Operating Lease Liabilities Net of Current Portion	**27,042,175**	14,583,797
Bonds Payable Net of Premium, Issuance Costs, and Current Portion	**167,490,155**	170,199,664
Total Long-Term Liabilities	**194,652,284**	184,793,414
Total Liabilities	**244,806,980**	206,346,901
Net Assets		
Without Donor Restrictions	**1,458,226**	1,458,226
With Donor Restrictions	**5,562,181**	2,937,952
Total Net Assets	**7,020,407**	4,396,178
Total Liabilities and Net Assets	**$ 251,827,387**	$ 210,743,079

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Central Office
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 437,482**	$ 638,059
Due from Related Entities	**2,170,177**	1,795,105
Total Current Assets	**2,607,659**	2,433,164
Fixed Assets		
Building and Improvements	**21,647**	21,647
Furniture and Equipment	**23,339**	23,339
Construction in Progress	**8,000**	-
	52,986	44,986
Less: Accumulated Depreciation	**(15,441)**	(11,192)
Total Fixed Assets	**37,545**	33,794
Other Assets		
Finance Leases Right-of-Use Assets	**1,093**	8,404
Operating Leases Right-of-Use Assets	**419,451**	223,720
Deposits	**166,750**	91,188
Total Other Assets	**587,294**	323,312
Total Assets	**$ 3,232,498**	$ 2,790,270

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Financial Position
School of Science & Technology - Central Office (Continued)
June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 8,556,063**	$ 7,138,558
Accrued Liabilities	**2,660,985**	1,526,391
Accrued Wages	**3,995,336**	6,685,078
Payroll Taxes Payable	**1,442,407**	596,006
Interest Payable	**2,535,799**	2,624,298
Deferred Revenue	**-**	185,290
Line of Credit	**26,747,825**	-
Current Portion of Finance Lease Liabilities	**103,862**	31,433
Current Portion of Operating Lease Liabilities	**1,670,664**	1,178,816
Current Portion of Bonds Payable	**2,441,755**	1,587,617
Total Current Liabilities	**50,154,696**	21,553,487
Long-Term Liabilities		
Finance Lease Liabilities Net of Current Portion	**119,954**	9,953
Operating Lease Liabilities Net of Current Portion	**27,042,175**	14,583,797
Bonds Payable Net of Premium, Issuance Costs, and Current Portion	**167,490,155**	170,199,664
Total Long-Term Liabilities	**194,652,284**	184,793,414
Total Liabilities	**244,806,980**	206,346,901
Net Assets		
Without Donor Restrictions	**1,458,226**	1,458,226
With Donor Restrictions	**5,562,181**	2,937,952
Total Net Assets	**7,020,407**	4,396,178
Total Liabilities and Net Assets	**$ 251,827,387**	$ 210,743,079

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Activities
School of Science & Technology - Main
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
	Revenues				
	Local Support				
5740	Other Revenues from Local Sources	**$ 4,615,620**	**$ -**	**$ 4,615,620**	$ 6,118,872
5750	Revenue from Cocurricular Activities	**1,512,522**	**-**	**1,512,522**	1,299,173
	Total Local Support	**6,128,142**	**-**	**6,128,142**	7,418,045
	State Program Revenues				
5810	Foundation School Program Act Revenues	**-**	**52,146,392**	**52,146,392**	42,755,469
5820	State Program Revenues Distributed by Texas Education Agency	**-**	**1,599,495**	**1,599,495**	80,273
5830	State Revenues from State Agencies	**-**	**-**	**-**	-
	Total State Program Revenues	**-**	**53,745,887**	**53,745,887**	42,835,742
	Federal Program Revenues:				
5920	Federal Revenues Distributed by Texas Education Agency	**-**	**5,003,805**	**5,003,805**	6,712,710
5930	Federal Revenue Distributed by Other Government Agencies	**-**	**-**	**-**	-
	Total Federal Program Revenues	**-**	**5,003,805**	**5,003,805**	6,712,710
	Net Assets Released from Restrictions				
	Restrictions Satisfied by Payments	**58,749,692**	**(58,749,692)**	**-**	-
	Total Revenues	**64,877,834**	**-**	**64,877,834**	56,966,497
	Expenses				
11	Instruction	**35,008,922**	**-**	**35,008,922**	36,476,644
12	Instructional Resources and Media Services	**1,296**	**-**	**1,296**	3,937
13	Curriculum Development and Instructional Staff Development	**2,175,259**	**-**	**2,175,259**	1,895,991
21	Instructional Leadership	**2,474,837**	**-**	**2,474,837**	2,559,787
23	School Leadership	**1,641,354**	**-**	**1,641,354**	2,940,624
33	Health Services	**166,264**	**-**	**166,264**	187,879
34	Student (Pupil) Transportation	**224,991**	**-**	**224,991**	185,300
35	Food Services	**1,931,352**	**-**	**1,931,352**	1,657,275
36	Cocurricular/Extracurricular Activities	**1,070,693**	**-**	**1,070,693**	1,203,370
41	General Administration	**881,280**	**-**	**881,280**	394,933
51	Plant Maintenance and Operations	**8,378,065**	**-**	**8,378,065**	8,218,357
52	Security and Monitoring Services	**522,281**	**-**	**522,281**	618,756
53	Data Processing Services	**60,062**	**-**	**60,062**	26,099
71	Debt Service	**6,362,551**	**-**	**6,362,551**	2,951,528
	Total Expenses	**60,899,207**	**-**	**60,899,207**	59,320,480
	Change in Net Assets	**3,978,627**	**-**	**3,978,627**	(2,353,983)
	Net Assets, Beginning of Year	**(3,588,306)**	**806,975**	**(2,781,331)**	(427,348)
	Net Assets, End of Year	**$ 390,321**	**$ 806,975**	**$ 1,197,296**	$ (2,781,331)

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Activities
School of Science & Technology - Discovery
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
	Revenues				
	Local Support				
5740	Other Revenues from Local Sources	**$ 3,023,975**	**$ -**	**$ 3,023,975**	$ 3,597,090
5750	Revenue from Cocurricular Activities	**1,490,034**	**-**	**1,490,034**	1,322,997
	Total Local Support	**4,514,009**	**-**	**4,514,009**	4,920,087
	State Program Revenues				
5810	Foundation School Program Act Revenues	**-**	**62,747,972**	**62,747,972**	55,589,024
5820	State Program Revenues Distributed by Texas Education Agency	**-**	**1,675,290**	**1,675,290**	129,846
	Total State Program Revenues	**-**	**64,423,262**	**64,423,262**	55,718,870
	Federal Program Revenues				
5920	Federal Revenues Distributed by Texas Education Agency	**-**	**8,087,511**	**8,087,511**	10,810,893
	Total Federal Program Revenues	**-**	**8,087,511**	**8,087,511**	10,810,893
	Net Assets Released from Restrictions				
	Restrictions Satisfied by Payments	**69,886,544**	**(69,886,544)**	**-**	-
	Total Revenues	**74,400,553**	**2,624,229**	**77,024,782**	71,449,850
	Expenses				
11	Instruction	**44,891,814**	**-**	**44,891,814**	48,509,533
12	Instructional Resources and Media Services	**503**	**-**	**503**	4,702
13	Curriculum Development and Instructional Staff Development	**2,593,729**	**-**	**2,593,729**	2,156,579
21	Instructional Leadership	**2,967,988**	**-**	**2,967,988**	2,692,594
23	School Leadership	**2,052,424**	**-**	**2,052,424**	3,341,418
33	Health Services	**87,152**	**-**	**87,152**	116,400
35	Food Services	**2,319,682**	**-**	**2,319,682**	2,183,318
36	Cocurricular/Extracurricular Activities	**899,399**	**-**	**899,399**	1,102,299
41	General Administration	**308,659**	**-**	**308,659**	198,803
51	Plant Maintenance and Operations	**11,218,524**	**-**	**11,218,524**	9,584,321
52	Security and Monitoring Services	**486,794**	**-**	**486,794**	637,663
53	Data Processing Services	**52,238**	**-**	**52,238**	23,513
71	Debt Service	**6,521,647**	**-**	**6,521,647**	3,291,861
	Total Expenses	**74,400,553**	**-**	**74,400,553**	73,843,004
	Change in Net Assets	**-**	**2,624,229**	**2,624,229**	(2,393,154)
	Net Assets, Beginning of Year	**1,458,226**	**2,937,952**	**4,396,178**	6,789,332
	Net Assets, End of Year	**$ 1,458,226**	**$ 5,562,181**	**$ 7,020,407**	$ 4,396,178

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Activities
School of Science & Technology - Central Office
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
	Revenues				
	Local Support				
5740	Other Revenues from Local Sources	**$ -**	**$ 9,087,042**	**$ 9,087,042**	$ 7,706,985
	Total Local Support	**-**	**9,087,042**	**9,087,042**	7,706,985
	Net Assets Released from Restrictions				
	Restrictions Satisfied by Payments	**9,364,626**	**(9,364,626)**	**-**	-
	Tc**Total Revenues**	**9,364,626**	**(277,584)**	**9,087,042**	7,706,985
	Expenses				
13	Curriculum Development and Instructional Staff Development	**237,102**	**-**	**237,102**	441,732
21	Instructional Leadership	**-**	**-**	**-**	114,455
41	General Administration	**8,689,681**	**-**	**8,689,681**	6,788,070
51	Plant Maintenance and Operations	**424,655**	**-**	**424,655**	449,466
53	Data Processing Services	**13,058**	**-**	**13,058**	-
71	Debt Service	**130**	**-**	**130**	323
	Total Expenses	**9,364,626**	**-**	**9,364,626**	7,794,046
	Change in Net Assets	**-**	**(277,584)**	**(277,584)**	(87,061)
	Net Assets, Beginning of Year	**-**	**1,472,930**	**1,472,930**	1,559,991
	Net Assets, End of Year	**$ -**	**$ 1,195,346**	**$ 1,195,346**	$ 1,472,930

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Cash Flows
School of Science & Technology - Main
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	**$ 3,978,627**	$ (2,353,983)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization Expense	**3,197,246**	2,401,464
Amortization of Bond Discount and Issuance Costs	**188,317**	188,334
Amortization of Bond Premium	**(471,395)**	(471,389)
(Increase) Decrease in Grants Receivable	**(1,719,204)**	(2,975,675)
(Increase) Decrease in Pledges Receivable	**2,542,250**	(675,235)
(Increase) Decrease in Other Receivable	**23,347**	-
(Increase) Decrease in Deposits	**-**	(153,052)
Increase (Decrease) in Accounts Payable	**(3,611,700)**	(1,083,119)
Increase (Decrease) in Accrued Liabilities	**(261,995)**	219,685
Increase (Decrease) in Accrued Wages	**(990,023)**	1,020,371
Increase (Decrease) in Payroll Taxes Payable	**232,634**	79,560
Increase (Decrease) in Interest Payable	**(106,492)**	571,265
Increase (Decrease) in Due to Related Entities	**(2,436,842)**	1,656,879
Increase (Decrease) in Operating Lease Liability	**198,914**	615,595
Net Cash Provided by (Used in) Operating Activities	**763,684**	(959,300)
Cash Flows from Investing Activities		
Proceeeds (Purchase) of investment	**516,089**	(516,089)
Cash Paid for Purchases of Fixed Assets	**(24,125,460)**	(27,525,357)
Net Cash Used in Investing Activities	**(23,609,371)**	(28,041,446)
Cash Flows from Financing Activities		
Proceeds from Line of Credit	**6,400,471**	-
Principal Payments on Finance Leases	**(297,138)**	(28,928)
Repayments of Bonds	**(1,436,383)**	(1,382,142)
Net Cash Provided by (Used in) Financing Activities	**4,666,950**	(1,411,070)
Net Decrease in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**(18,178,737)**	(30,411,816)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of the Year	**28,810,049**	59,221,865
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of the Year	**$ 10,631,312**	$ 28,810,049
Supplemental Disclosures		
Cash Paid for Interest	**$ 6,280,729**	$ 3,092,915

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Cash Flows
School of Science & Technology - Discovery
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	**$ 2,624,229**	$ (2,393,154)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization Expense	**3,412,720**	3,159,425
Amortization of Bond Discount and Issuance Costs	**206,780**	206,802
Amortization of Bond Premium	**(474,533)**	(474,618)
(Increase) Decrease in Grants Receivable	**(816,148)**	(2,915,865)
(Increase) Decrease in Pledges Receivable	**298,806**	513,341
(Increase) Decrease in Due from Related Entities	**2,456,780**	(1,275,530)
(Increase) Decrease in Other Receivable	**(71,944)**	-
(Increase) Decrease in Deposits	**-**	96,584
Increase (Decrease) in Accounts Payable	**1,417,505**	5,389,196
Increase (Decrease) in Accrued Liabilities	**1,134,594**	383,061
Increase (Decrease) in Accrued Wages	**(2,689,742)**	2,889,906
Increase (Decrease) in Payroll Taxes Payable	**846,401**	120,990
Increase (Decrease) in Interest Payable	**(88,499)**	499,769
Increase (Decrease) in Operating Lease Liability	**1,414,730**	332,516
Net Cash Provided by Operating Activities	**9,671,679**	6,532,423
Cash Flows from Investing Activities		
Proceeeds (Purchase) of Investment	**2,065,615**	(2,089,558)
Cash Paid for Purchases of Fixed Assets	**(46,403,044)**	(27,525,357)
Net Cash Used in Investing Activities	**(44,337,429)**	(29,614,915)
Cash Flows from Financing Activities		
Proceeds from Line of Credit	**26,747,825**	-
Principal Payments on Finance Leases	**(116,229)**	(66,905)
Repayments of Bonds	**(1,587,618)**	(1,515,218)
Net Cash Provided by (Used in) Financing Activities	**25,043,978**	(1,582,123)
Net Decrease in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	**(9,621,772)**	(24,664,615)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of the Year	**38,604,911**	63,269,526
Cash and Cash Equivalents and Restricted Cash and Cash Cash Equivalents, End of the Year	**$ 28,983,139**	$ 38,604,911
Supplemental Disclosures		
Cash Paid for Interest	**$ 6,403,368**	$ 3,092,915

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Statement of Cash Flows
School of Science & Technology - Central Office
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	**$ (277,584)**	$ (87,061)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation and Amortization Expense	**11,560**	278,384
(Increase) Decrease in Due from Related Entities	**(375,072)**	(438,514)
(Increase) Decrease in Deposits	**(75,562)**	(58,443)
Increase (Decrease) in Accounts Payable	**69,720**	97,920
Increase (Decrease) in Accrued Liabilities	**33,028**	55,113
Increase (Decrease) in Accrued Wages	**381,570**	(78,285)
Increase (Decrease) in Payroll Taxes Payable	**56,730**	6,166
Increase (Decrease) in Operating Lease Liability	**(9,465)**	(254,719)
Net Cash Used in Operating Activities	**(185,075)**	(479,439)
Cash Flows from Investing Activities		
Cash paid for purchases of fixed assets	**(8,000)**	(23,339)
Net Cash Used in Investing Activities	**(8,000)**	(23,339)
Cash Flows from Financing Activities		
Principal Payments on Finance Leases	**(7,502)**	(7,246)
Net Cash Used in Financing Activities	**(7,502)**	(7,246)
Net Decrease in Cash and Cash Equivalents	**(200,577)**	(510,024)
Cash and Cash Equivalents, Beginning of the Year	**638,059**	1,148,083
Cash and Cash Equivalents, End of Year	**$ 437,482**	$ 638,059
Supplemental Disclosures		
Cash Paid for Interest	**$ 130**	$ 323
Right-of-Use Assets Obtained through Lease Liabilities	**$ 195,731**	$ -

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Expenses
School of Science & Technology - Main
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		2024	2023
	Expenses		
6100	Payroll Costs	**$ 32,123,345**	$ 33,597,313
6200	Professional and Contracted Services	**14,912,127**	14,310,299
6300	Supplies and Materials	**2,748,564**	4,059,800
6400	Other Operating Costs	**4,752,620**	4,543,207
6500	Debt	**6,362,551**	2,809,861
	Total Expenses	**$ 60,899,207**	$ 59,320,480

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Expenses
School of Science & Technology - Discovery
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		2024	2023
	Expenses		
6100	Payroll Costs	**$ 41,251,476**	$ 45,232,128
6200	Professional and Contracted Services	**19,980,670**	16,666,478
6300	Supplies and Materials	**2,373,865**	3,770,587
6400	Other Operating Costs	**4,272,895**	4,881,950
6500	Debt	**6,521,647**	3,291,861
	Total Expenses	**$ 74,400,553**	$ 73,843,004

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Expenses
School of Science & Technology - Central Office
For the Year Ended June 30, 2024 (With Comparative Totals for June 30, 2023)

		2024	2023
	Expenses		
6100	Payroll Costs	**$ 8,109,481**	$ 6,518,158
6200	Professional and Contracted Services	**825,003**	819,763
6300	Supplies and Materials	**111,726**	198,279
6400	Other Operating Costs	**318,286**	257,525
6500	Debt	**130**	323
	Total Expenses	**$ 9,364,626**	$ 7,794,048

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Capital Assets
School of Science & Technology - Main
For the Year Ended June 30, 2024

		Ownership Interest		
		Local	State	Federal
	Capital Assets			
1110	Cash	$ 6,383,456	$ 3,145,950	$ 1,101,906
1510	Land	-	21,583,918	-
1520	Building and Improvements	20,451	101,017,801	-
1539	Furniture and Equipment	-	4,941,459	294,292
1553	Financing Lease for Equipment Right-of-Use Assets	-	183,344	-
1554	Operating Lease for Buildings Right-of-Use Assets	-	3,162,952	-
1580	Construction in Progress	-	49,888,729	-
	Total Capital Assets	$ 6,403,907	$ 183,924,153	$ 1,396,198

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Capital Assets
School of Science & Technology - Discovery
For the Year Ended June 30, 2024

		Ownership Interest		
		Local	State	Federal
	Capital Assets			
1110	Cash	$ 2,854,418	$ 24,229,419	$ 1,899,302
1510	Land	-	14,634,551	-
1520	Building and Improvements	61,094	102,153,060	-
1539	Furniture and Equipment	-	3,775,730	1,005,364
1553	Financing Lease for Equipment Right-of-Use Assets	-	219,982	-
1554	Operating Lease for Buildings Right-of-Use Assets	-	26,798,512	-
1580	Construction in Progress	-	78,811,346	-
	Total Capital Assets	$ 2,915,512	$ 250,622,600	$ 2,904,666

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Capital Assets
School of Science & Technology - Central Office
For the Year Ended June 30, 2024

		Ownership Interest		
		Local	State	Federal
	Capital Assets			
1110	Cash	$ -	$ 437,482	$ -
1520	Building and Improvements	-	21,647	-
1539	Furniture and Equipment	-	23,339	-
1553	Financing Lease for Equipment Right-of-Use Assets	-	1,093	-
1554	Operating Lease for Buildings Right-of-Use Assets	-	419,451	-
1580	Construction in Progress	-	8,000	-
	Total Capital Assets	$ -	$ 911,012	$ -

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Budgetary Comparison Schedule
School of Science & Technology - Main
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 2,495,000	$ 3,490,000	$ 4,615,620	$ 1,125,620
5750 Revenue from Cocurricular Activities	1,831,935	1,522,000	1,512,522	(9,478)
Total Local Support	4,326,935	5,012,000	6,128,142	1,116,142
State Program Revenues:				
5810 Foundation School Program Act Revenues	50,302,930	52,332,416	52,146,392	(186,024)
5820 State Program Revenues Distributed by Texas Education Agency	508,500	1,431,970	1,599,495	167,525
Total State Program Revenues	50,811,430	53,764,386	53,745,887	(18,499)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	4,409,707	4,752,000	5,003,805	251,805
Total Federal Program Revenues	4,409,707	4,752,000	5,003,805	251,805
Total Revenues	59,548,072	63,528,386	64,877,834	1,349,448
EXPENSES				
11 Instruction	31,523,370	33,984,239	35,008,922	(1,024,683)
12 Instructional Resources and Media Services	-	1,296	1,296	-
13 Curriculum Development and Instructional Staff Development	2,173,762	2,292,144	2,175,259	116,885
21 Instructional Leadership	2,166,606	3,108,506	2,474,837	633,669
23 School Leadership	4,191,642	2,028,379	1,641,354	387,025
33 Health Services	183,573	153,693	166,264	(12,571)
34 Student (Pupil) Transportation	-	232,932	224,991	7,941
35 Food Services	1,311,000	1,928,399	1,931,352	(2,953)
36 Cocurricular/Extracurricular Activities	737,524	1,025,268	1,070,693	(45,425)
41 General Administration	170,000	779,478	881,280	(101,802)
51 Plant Maintenance and Operations	8,688,844	8,620,868	8,378,065	242,803
52 Security and Monitoring Services	445,000	519,590	522,281	(2,691)
53 Data Processing Services	16,000	59,771	60,062	(291)
71 Debt Service	6,180,834	6,380,834	6,362,551	18,283
Total Expenses	57,788,155	61,115,397	60,899,207	216,190
Change in Net Assets	1,759,917	2,412,989	3,978,627	1,565,638
Net Assets, beginning of year	(2,781,331)	(2,781,331)	(2,781,331)	-
Net Assets, end of year	$ (1,021,414)	$ (368,342)	$ 1,197,296	$ 1,565,638

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Budgetary Comparison Schedule
School of Science & Technology - Discovery
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 1,890,000	$ 3,125,000	$ 3,023,975	$ (101,025)
5750 Revenue from Cocurricular Activities	1,493,000	1,545,000	1,490,034	(54,966)
Total Local Support	3,383,000	4,670,000	4,514,009	(155,991)
State Program Revenues:				
5810 Foundation School Program Act Revenues	59,668,007	63,048,465	62,747,972	(300,493)
5820 State Program Revenues Distributed by Texas Education Agency	509,000	1,462,000	1,675,290	213,290
Total State Program Revenues	60,177,007	64,510,465	64,423,262	(87,203)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	7,780,427	8,238,057	8,087,511	(150,546)
Total Federal Program Revenues	7,780,427	8,238,057	8,087,511	(150,546)
Total Revenues	71,340,434	77,418,522	77,024,782	(393,740)
EXPENSES				
11 Instruction	30,433,534	43,840,849	44,891,814	(1,050,965)
12 Instructional Resources and Media Services	-	502	503	(1)
13 Curriculum Development and Instructional Staff Development	2,576,664	2,669,256	2,593,729	75,527
21 Instructional Leadership	2,571,179	2,889,423	2,967,988	(78,565)
23 School Leadership	4,930,702	2,468,398	2,052,424	415,974
33 Health Services	172,316	80,038	87,152	(7,114)
35 Food Services	1,829,999	2,250,901	2,319,682	(68,781)
36 Cocurricular/Extracurricular Activities	496,048	855,232	899,399	(44,167)
41 General Administration	330,000	304,607	308,659	(4,052)
51 Plant Maintenance and Operations	9,731,624	9,975,119	11,218,524	(1,243,405)
52 Security and Monitoring Services	421,000	518,453	486,794	31,659
53 Data Processing Services	22,000	52,238	52,238	-
71 Debt Service	7,226,842	7,038,466	6,521,647	516,819
Total Expenses	60,741,908	72,943,482	74,400,553	(1,457,071)
Change in Net Assets	10,598,526	4,475,040	2,624,229	(1,850,811)
Net Assets, beginning of year	4,396,178	4,396,178	4,396,178	-
Net Assets, end of year	$ 14,994,704	$ 8,871,218	$ 7,020,407	$ (1,850,811)

See independent auditor's report.

RIVERWALK EDUCATION FOUNDATION, INC.
Budgetary Comparison Schedule
School of Science & Technology - Central Office
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 9,117,112	$ 9,125,612	$ 9,087,042	$ (38,570)
Total Local Support	9,117,112	9,125,612	9,087,042	(38,570)
Total Revenues	9,117,112	9,125,612	9,087,042	(38,570)
EXPENSES				
11 Instruction	-	-	-	-
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	754,658	296,647	237,102	59,545
21 Instructional Leadership	314,576	-	-	-
23 School Leadership	-	-	-	-
33 Health Services	-	-	-	-
35 Food Services	-	-	-	-
36 Cocurricular/Extracurricular Activities	6,568,563	7,921,173	-	7,921,173
41 General Administration	564,520	527,758	8,689,681	(8,161,923)
51 Plant Maintenance and Operations	-	-	424,655	(424,655)
52 Security and Monitoring Services	-	13,057	-	13,057
53 Data Processing Services	-	-	13,058	(13,058)
71 Debt Service	-	-	130	(130)
Total Expenses	8,202,317	8,758,635	9,364,626	(605,991)
Change in Net Assets	914,795	366,977	(277,584)	(644,561)
Net Assets, beginning of year	1,472,930	1,472,930	1,472,930	-
Net Assets, end of year	$ 2,387,725	$ 1,839,907	$ 1,195,346	$ (644,561)

See independent auditor's report.

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

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

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc. or the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered RWEF, Inc.'s internal control over financial reporting (internal control) as basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RWEF, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of RWEF, Inc.'s internal control.

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

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

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

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



A Professional Accounting Corporation

Covington, LA
November 20, 2024

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Riverwalk Education Foundation, Inc. (RWEF, Inc. or the Organization)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RWEF, Inc.'s major federal programs for the year ended June 30, 2024. RWEF, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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



A Professional Accounting Corporation

Covington, LA
November 20, 2024

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Summary of Auditor's Results

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1.	Type of auditor's report	Unmodified
2.	Internal control over financial reporting	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
	c. Noncompliance material to the financial statements noted?	No

Federal Awards

3.	Internal control over major programs	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
4.	Type of auditor's report issued on compliance for each major program	Unmodified
5.	Audit findings disclosed that are required in accordance with Section 2 CFR 200.516(a)	None

6. Identification of major programs

Program Name	Assistance Listing Number
Child Nutrition Cluster	10.553/10.555
Special Education Cluster	84.027/84.173

7. The threshold used for distinguishing between Type A and Type B programs was $750,000.

8. RWEF, Inc. qualifies as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Prior Year Findings
For the Year Ended June 30, 2024

No findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended June 30, 2023.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed - Through Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	23610101015827	$ 93,671
Title I, Part A-Improving Basic Programs	84.010A	23610101015831	164,809
Title I, Part A-Improving Basic Programs	84.010A	24610101015827	1,210,841
Title I, Part A-Improving Basic Programs	84.010A	24610101015831	1,871,770
Charter Schools	84.282A	215901027110007	218,665
Charter Schools	84.282A	235901027110003	129,173
Charter Schools	84.282A	235901027110014	382,008
Title II, Part A-Supporting Effective Instruction	84.367A	23694501015827	20,357
Title II, Part A-Supporting Effective Instruction	84.367A	23694501015831	18,556
Title II, Part A-Supporting Effective Instruction	84.367A	24694501015827	178,763
Title II, Part A-Supporting Effective Instruction	84.367A	24694501015831	199,757
Title III, Part A-LEP	84.365A	24671001015827	101,781
Title III, Part A-LEP	84.365A	24671001015831	112,105
LEP Summer School	84.369A	69552302	11,755
Title IV, Part A, Subpart 1	84.424A	23680101015827	20,377
Title IV, Part A, Subpart 1	84.424A	23680101015831	9,814
Title IV, Part A, Subpart 1	84.424A	24680101015827	88,300
Title IV, Part A, Subpart 1	84.424A	24680101015831	97,903
Special Education Cluster			
IDEA, Part B-Formula	84.027A	236600010158276600	36,252
IDEA, Part B-Formula	84.027A	246600010158276600	671,114
IDEA, Part B-Formula	84.027A	246600010158316600	888,075
HIGH COST FUND	84.027A	66002406	59,376
Total Special Education Cluster			1,654,817
Total U.S. Department of Education, non-COVID-19 Assistance			6,585,222
COVID-19 - Elementary and Secondary School Emergency Relief Fund II (CRRSSA-ESSER II)	84.425D	21521001015831	725,663
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (TCLAS-ESSER III)	84.425U	21528042015827	630,000
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (TCLAS-ESSER III)	84.425U	21528042015831	999,561
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (ARP ESSER III)	84.425U	21528001015831	73,786
Total U.S. Department of Education, COVID-19 Assistance			2,429,010
Total U.S. Department of Education			9,014,232
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast Program	10.553	71402301	163,022
School Breakfast Program	10.553	71402401	644,886
National School Lunch Program	10.555	71302301	621,091
National School Lunch Program	10.555	71302401	2,648,085
			4,077,084
Total U.S. Department of Agriculture			4,077,084
Total Federal Financial Assistance			$ 13,091,316

Note 1. Significant Accounting Policies

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

RWEF, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

RWEF, Inc. did not provide federal awards to subrecipients.

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Real Property Ownership Interest for School of Science & Technology - Main
For the Year Ended June 30, 2024

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
NCB 11833 BLK 33 LOT E IRRG 275 FT OF 32	1450 NE Loop 410 San Antonio, TX 78209	$ 3,855,280	$ -	$ 3,855,280	$ -
NCB 11833 BLK 33 LOT W 100 FT of 32 NCB 15911 (CROSSWINDS DRAINAGE DETENTION),	1450 NE Loop 410 San Antonio, TX 78209	1,850,450	-	1,850,450	-
BLOCK 1 LOT 45	11214 N Weidner Rd. San Antonio, TX 78233	15,532,610	-	15,532,610	-
14945 P-1N (0.24 AC) & TR-1K (11.763 AC)	Wurzbach Pkwy TX 78233	645,580	-	645,580	-
RES B BLK 1 LOUETTA GLEN SEC 1	0 Louetta Rd. Spring, TX 77388	478,876	-	478,876	-
RES A BLK 1 RESERVE ON TC JESTER SEC 1	15015 T C Jester Blvd. Houston, TX 77068	17,572,724	-	17,572,724	-
RES A BLK 1 LOUETTA NORTH BUSINESS PARK	2105 Louetta Rd. Spring, TX 77388	17,388,159	-	17,388,159	-
TR 10D ABST 229 G H DELESDERNIER	0 T C Jester Blvd. Houston, TX 77068	39,439	-	39,439	-
RES F5-A GREENBRIAR NORTH SEC 1	330 N Sam Houston Pky E. Houston, TX 77060	8,750,611	-	8,750,611	-
A-175 SUR- 98 R GARZA, ACRES 2.6620 -(Comal County)	19440 S IH 35 , SCHERTZ, TX 78154	1,694,440	-	1,694,440	-
A-175 SUR- 98 R GARZA, ACRES 5.375	S IH 35 SCHERTZ, TX 78154	1,273,690	-	1,273,690	-
BUILDING HOPE CHARTER SCHOOL, BLOCK 1, LOT 1	IH35 Schertz	4,213,220	-	4,213,220	-
LAND - NCB 15671 BLK 5 LOT 9 5.617 AC (LEGACY NORTH SUBD ENCLAVE)	1819 E SONTERRA BLVD SAN ANTONIO, TX 78259	2,186,530	-	2,186,530	-
LAND - TR 49A-1 & TR 17A ABST 588 J M MCGEE ABST 70 E SMITH	0 KUYKENDAHL RD SPRING, TX 77389	3,491,768	-	3,491,768	-

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Real Property Ownership Interest for School of Science & Technology - Discovery
For the Year Ended June 30, 2024

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest- State	Ownership Interest- Federal
NCB 16007 BLK 2 LOT 3 (BUILDING HOPE CHARTER SCHOOL)	9202 W Loop 1604 N, San Antonio, TX 78250	$ 29,598,940	$ -	$ 29,598,940	$ -
CB 4411C (REGAL VILLAGE), BLOCK 51 LOT 3	Culebra Rd San Antonio, TX 78253	2,957,970	-	2,957,970	-
RES A BLK 1 SCHOOL OF SCIENCE AND TECHNOLOGY	12000 Brant Rock Dr. Houston, TX 77082	843,714	-	843,714	-
0361 I AND GN, ACRES 9.8807	10007 Clodine Rd. Richmond, TX 77407	18,699,660	-	18,699,660	-
Geographic ID: 9960-19-220-0174-907	10007 Clodine RD, Richmond, TX 77407	191,000	-	191,000	-
0151 A M CLOPPER, TRACT 1, ACRES 11	Personal Property Supplies, Furniture, Fixtures & Equipment located @ 10007 Clodine RD near Richmond	380,160	-	380,160	-
AIRLINE ROAD SCHOOL OF SCIENCE AND TECHNOLOGY BLK 1 LOT 1	2626 Airline Rd. Corpus Christi, TX 78414	12,386,700	-	12,386,700	-
SARATOGA SCHOOL SUBDIVISION BLK 1 LOT 1	3601 SARATOGA BLVD, TX 78413	6,066,949	-	6,066,949	-

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Real Property Ownership Interest for
School of Science & Technology - Central Office
For the Year Ended June 30, 2024

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest- State	Ownership Interest- Federal
None					

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Related Party Transactions for
School of Science & Technology - Main
For the Year Ended June 30, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Related Party Transactions for
School of Science & Technology - Discovery
For the Year Ended June 30, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

RIVERWALK EDUCATION FOUNDATION, INC.
Schedule of Related Party Transactions for
School of Science & Technology - Central Office
For the Year Ended June 30, 2024

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

RIVERWALK EDUCATION FOUNDATION, INC.
Special Program Compliance Schedule - Main
For the Year Ended June 30, 2024

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 4,499,649
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 2,629,904
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 536,276
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 292,595

See independent auditor’s report on supplementary information.

RIVERWALK EDUCATION FOUNDATION, INC.
Special Program Compliance Schedule - Discovery
For the Year Ended June 30, 2024

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 6,083,847
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 3,346,114
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 555,501
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 301,952

See independent auditor’s report on supplementary information.

RIVERWALK EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

LAPORTE
CPAs & BUSINESS ADVISORS

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RIVERWALK EDUCATION FOUNDATION, INC.
015-827
015-831

(Federal Employer Identification Number: 01-0758906)

CERTIFICATE OF BOARD
June 30, 2023

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Riverwalk Education Foundation, Inc. dba School of Science & Technology was reviewed and ✓ approved _____ disapproved for the year ended June 30, 2023, at a meeting of the governing body of the charter holder on the 27 day of Nov, 2023.

Signature of Board Secretary

Signature of Board President

LAPORTE
CPAs & BUSINESS ADVISORS

5177 Richmond Ave. | Suite 1100
Houston, TX 77056
713.666.5900 | Fax 713.666.1049
LaPorte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, collectively the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWEF, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

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

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

Other Matters

Report on Summarized Comparative Information

We have previously audited RWEF, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 22, 2023, on our consideration of RWEF, Inc.'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 RWEF, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RWEF, Inc.'s internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Houston, Texas
November 22, 2023

RIVERWALK EDUCATION FOUNDATION, INC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash	$ 32,354,169	$ 22,577,569
Restricted Cash	38,304,497	102,266,245
Grants Receivable	23,568,097	18,893,960
Total Current Assets	94,226,763	143,737,774
Property and Equipment		
Land	28,678,066	28,645,732
Building and Improvements	177,368,485	163,777,141
Furniture and Equipment	8,722,240	8,039,212
Construction in Progress	92,935,484	50,801,803
	307,704,275	251,263,888
Less Accumulated Depreciation	(24,815,550)	(19,486,441)
	282,888,725	231,777,447
Other Assets		
Deposits	531,689	416,778
Finance Lease Right-of-Use Assets	63,632	306,605
Operating Lease Right-of-Use Assets	20,035,072	21,252,964
Total Other Assets	20,630,393	21,976,347
TOTAL ASSETS	$ 397,745,881	$ 397,491,568
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 15,172,368	$ 12,042,940
Wages Payable	11,303,110	7,471,118
Accrued Payroll Liabilities	1,127,969	921,253
Accrued Liabilities	2,902,093	2,244,234
Interest Payable	5,218,493	4,147,459
Deferred Revenue	185,290	185,290
Current Portion of Finance Lease Liabilities	52,339	103,178
Current Portion of Operating Lease Liabilities	2,584,794	2,601,994
Current Portion of Bonds Payable	3,020,639	2,890,000
Total Current Liabilities	41,567,095	32,607,466
Long-Term Liabilities		
Finance Lease Liabilities net of Current Portion	13,012	65,153
Operating Lease Liabilities net of Current Portion	18,410,863	18,650,970
Bonds Payable net of Premium, Issuance Costs, and Current Portion	334,667,134	338,246,004
Total Long-Term Liabilities	353,091,009	356,962,127
TOTAL LIABILITIES	394,658,104	389,569,593
Net Assets		
Without Donor Restrictions	(2,130,080)	2,501,635
With Donor Restrictions	5,217,857	5,420,340
TOTAL NET ASSETS	3,087,777	7,921,975
TOTAL LIABILITIES AND NET ASSETS	$ 397,745,881	$ 397,491,568

See accompanying notes to financial statements

RIVERWALK EDUCATION FOUNDATION, INC
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues				
Local Support				
Other revenues from local sources	$ 4,724,579	$ 5,275,520	$ 10,000,099	$ 4,049,589
Interest Income	2,364,978	-	2,364,978	30,650
Total Local Support	7,089,557	5,275,520	12,365,077	4,080,239
State Program Revenues	-	98,554,612	98,554,612	90,705,451
Federal Program Revenues	-	17,523,603	17,523,603	15,862,102
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	121,556,218	(121,556,218)	-	-
Total Revenues	128,645,775	(202,483)	128,443,292	110,647,792
Expenses				
Program Services				
Instruction and Instructional-Related Services	86,269,437	-	86,269,437	70,869,017
Instructional and School Leadership	7,188,519	-	7,188,519	9,994,275
Total Program Services	93,457,956	-	93,457,956	80,863,292
Support Services				
Administrative Support Services	7,381,806	-	7,381,806	6,841,824
Support Services- Non-Student Based	19,558,175	-	19,558,175	15,569,461
Support Services- Student (Pupil)	6,635,841	-	6,635,841	5,564,186
Debt Service	6,243,712	-	6,243,712	6,990,057
Total Support Services	39,819,534	-	39,819,534	34,965,528
Total Expenses	133,277,490	-	133,277,490	115,828,820
Change in Net Assets	(4,631,715)	(202,483)	(4,834,198)	(5,181,028)
Net Assets, beginning of year, as restated	2,501,635	5,420,340	7,921,975	13,103,003
Net Assets, end of year	$ (2,130,080)	$ 5,217,857	$ 3,087,777	$ 7,921,975

See accompanying notes to financial statements

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	Program Services	Supporting Services				
	Program Expense	General and Administrative	Fundraising	Total Supporting Services	2023 Total	2022 Total
Expenses						
Salaries	$ 69,878,884	$ 6,341,744	$ -	$ 6,341,744	$ 76,220,628	$ 62,212,376
Payroll taxes	1,270,801	106,600	-	106,600	1,377,401	1,061,445
Employee benefits	7,215,326	534,239	-	534,239	7,749,565	7,171,760
Rental Expense	38,038	4,229,589	-	4,229,589	4,267,627	3,109,793
Maintenance and Repairs	59,527	3,002,988	-	3,002,988	3,062,515	2,973,527
Utilities	-	2,318,609	-	2,318,609	2,318,609	1,707,357
Depreciation and Amortization	-	5,021,210	-	5,021,210	5,021,210	4,965,340
Supplies	5,974,654	2,017,723	-	2,017,723	7,992,377	10,194,405
Travel	211,998	157,950	-	157,950	369,948	240,300
Equipment Lease	32,555	7,745	-	7,745	40,300	185,789
Insurance	-	679,415	-	679,415	679,415	400,922
Professional Fees	6,859,714	7,557,593	-	7,557,593	14,417,307	11,384,945
Training	32,880	13,560	-	13,560	46,440	33,335
Interest	-	6,652,915	-	6,652,915	6,652,915	7,267,728
Other	1,883,579	1,177,654	-	1,177,654	3,061,233	2,919,798
Total Expenses	$ 93,457,956	$ 39,819,534	$ -	$ 39,819,534	$ 133,277,490	$ 115,828,820

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,834,198)	$ (5,181,028)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	5,572,081	5,243,011
Amortization of Bond Discount	395,136	262,717
Amortization of Bond Premium and Issuance Costs	(946,007)	(540,388)
(Increase) Decrease in Grants Receivable	(4,674,136)	(3,749,307)
(Increase) Decrease in Other Receivable	-	55,428
(Increase) Decrease in Deposits	(114,911)	138,026
(Increase) Decrease in Right-of-Use Assets for Operating Leases	1,217,892	-
Increase (Decrease) in Accounts Payable	3,129,428	7,828,150
Increase (Decrease) in Accrued Liabilities	657,859	548,882
Increase (Decrease) in Accrued Wages	3,831,992	1,412,868
Increase (Decrease) in Payroll Tax Payable	206,716	140,386
Increase (Decrease) in Interest Payable	1,071,034	1,565,165
Increase (Decrease) in Deferred Revenue	-	185,290
Increase (Decrease) in Operating Lease Liabilities	(257,308)	-
Total Adjustments	10,089,776	13,090,228
Net Cash Provided (Used) by Operating Activities	5,255,578	7,909,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(56,440,387)	(54,369,457)
Net Cash Provided (Used) By Investing Activities	(56,440,387)	(54,369,457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	-	44,378,747
Proceeds from Bonds	-	160,277,509
Repayment of Issuance Cost	-	(6,250,730)
Principal Payments on Finance Leases	(102,979)	(88,526)
Repayment of Loans	-	(56,722,384)
Repayment of Bonds	(2,897,360)	(2,752,511)
Net Cash Provided (Used) By Financing Activities	(3,000,339)	138,842,105
NET INCREASE (DECREASE) IN CASH	(54,185,148)	92,381,848
CASH AT BEGINNING OF YEAR	124,843,814	32,461,966
CASH AT END OF YEAR	$ 70,658,666	$ 124,843,814
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 6,652,915	$ 7,267,728
SUPPLEMENTAL DISCLOSURE - RECONCILIATION		
CASH	$ 32,354,169	$ 22,577,569
RESTRICTED CASH	38,304,497	102,266,245
TOTAL CASH	$ 70,658,666	$ 124,843,814

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATOIN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

A. Organization:

The Riverwalk Education Foundation, Inc. ("RWEF, Inc.") is a nonprofit organization that provides public education for students in grades K through 12. The foundation was incorporated in the State of Texas on September 6, 2002, under the Texas Non-Profit Corporation Act. On September 5, 2003, the Internal Revenue Service determined that the organization was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

In conformance to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the Organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Organization is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

The charter holder, Riverwalk Education, Inc. operates charter schools and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. RWEF, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions

LEASES

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements;* ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates;* ASU 2020-02, *Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842);* and ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

B. Summary of Significant Accounting Policies: (Continued)

LEASES (Continued)

RWEF, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established July 1, 2020 as both the effective date and date of initial application. RWEF, Inc. elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed RWEF, Inc. to carry forward the historical lease classification. In addition, RWEF, Inc. made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

The adoption of the ASUs had a material impact on RWEF, Inc.'s statement of financial position and on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. ROU assets represent RWEF, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent RWEF, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

CLASSIFICATION OF NET ASSETS

Net assets of RWEF, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of RWEF, Inc. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

B. Summary of Significant Accounting Policies: (Continued)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all of RWEF, Inc.'s accounts. All significant interagency balances and transactions have been eliminated.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give a contribution to RWEF, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

B. Summary of Significant Accounting Policies: (Continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased by RWEF, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of $5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

INCOME TAXES

RWEF, Inc. qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

RWEF, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts with various banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per account. At times, individual bank accounts exceeded federally insured limits. RWEF, Inc. has not experienced any losses on such accounts.

ESTIMATES

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

C. Pension Plan:

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan.

C. Pension Plan: (Continued)

That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading. Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

The latest TRS Comprehensive Annual Financial Report available dated August 31, 2022 provided the following information:

Pension Fund	Total Plan Assets 2022	Total Pension Liability 2022	Percent Funded
TRS	$ 207,621,898,000	$ 243,553,045,455	75.62%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal year 2023. The state's contribution rate as a non-employer contributing entity was 7.75% for fiscal year 2023. The charter school's employee contributions to the system for the year ended June 30, 2023 were $5,863,393 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling $135,240 for the year ended June 30, 2023. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge of $30,485.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

E. Liquidity and Availability of Financial Assets:

The following reflects RWEF, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end:		
Cash and cash equivalents	$	70,658,666
Grants receivable		23,638,282
Total financial assets		94,296,948
Less those unavailable for general expenditures within one year, due to:		
Cash restrictions as to use		38,304,497
Financial assets available to meet cash needs for general expenditure within one year	$	55,992,451

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

F. Leases:

Finance Leases

RWEF, Inc. is a party to fourteen finance lease agreements of copiers and accessory equipment. The leases are three years in length, are accompanied by bargain purchase options, and expire in 2023, 2024 and 2025. Future minimum payments required under finance lease obligations at June 30, 2023 are as follows:

Twelve months ending June 30,		Amount
2024	$	53,223
2025		13,113
Total finance lease payments		66,336
Less: Imputed Interest		(985)
Present Value of Future Lease Payments	$	65,351

Finance lease costs totaled $105,133, consisting of $102,201 in amortization of right-of-use assets under finance leases and $2,932 in interest costs related to finance lease liabilities. Operating lease costs were $4,307,927 for the year ended June 30, 2023.

Right-of-use assets under finance leases were as follows:

Finance Lease Right-of-Use Assets – Beginning Balance	$	306,605
Less accumulated amortization		(140,772)
Less current year amortization		(102,201)
Finance Lease Right-of-Use Assets – Ending Balance	$	63,632

F. Leases: (Continued)

Operating Leases

RWEF, Inc. is a party to seven operating lease agreements of office and school buildings. Future minimum payments required under operating lease obligations at June 30, 2023 are as follows:

Twelve months ending June 30,	Amount
2024	$ 2,841,861
2025	2,513,520
2026	2,674,614
2027	2,697,114
2028	1,459,614
Thereafter	10,396,982
Total operating lease payments	22,583,705
Less: Imputed Interest	(1,588,048)
Total operating lease liabilities	$ 20,995,657

Right-of-use assets under operating leases were as follows:

Operating Lease Right-of-Use Assets - Beginning Balance	$ 21,252,964
Less current year amortization	(1,217,892)
Operating Lease Right-of-Use Assets - Ending Balance	$ 20,035,072

G. Commitments and Contingencies:

The charter school receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency, and it is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. The school is economically dependent on these charter school funds.

H. Health Care Coverage:

During the year ended June 30, 2023, employees of RWEF, Inc. were covered by a Health Insurance Plan (the Plan). RWEF, Inc. contributed $325 for teachers and nonexempt employees; $425 for Assistant Principals; $625 for Principals; and $825 for Executive Directors and Chiefs, and $1,650 for Superintendents per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

1. Bonds Payable:

RWEF, Inc. has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Bonds, Series 2014A, Series 2016A, and Series 2019 in the amounts of $7,420,000; $2,041,000; and $176,260,000, respectively.

RWEF, Inc. has also issued Taxable Educational Revenue Bonds, Series 2016B and Series 2022 in the amount of $196,000 and $141,085,000, respectively. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

Bonds payable at June 30, 2023 consist of the following:

2014 A Bonds, 2.0% interest; principal due annually commencing August 15, 2015 and interest due semi-annually commencing August 15, 2014. Maturity dates range from 2016 to 2035.	$ 5,140,000
2016 A Bonds, 2.0% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2030.	1,026,000
2016 B Bonds, 3.25% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2026.	87,000
2019 Bonds, 3.07% interest; principal due annually commencing August 15, 2021 and interest due semi-annually commencing August 15, 2020. Maturity dates range from 2021 to 2055.	171,560,000
2022 Bonds, 5.0% interest; principal due annually commencing August 15, 2024 and interest due semi-annually commencing August 15, 2022. Maturity dates range from 2024 to 2057.	141,085,000
Total	318,898,000
Plus unamortized premium	30,865,047
Less unamortized issuance costs	(12,075,274)
Less current portion	(3,020,639)
	$ 334,667,134

I. Bonds Payable: (Continued)

Future maturities of long-term debt at June 30, 2023 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 3,024,000	$ 13,466,026	$ 16,490,026
2025	4,807,000	13,281,535	18,088,535
2026	5,036,000	13,046,080	18,082,080
2027	5,256,000	12,798,473	18,054,473
2028	5,518,000	12,538,858	18,056,858
Thereafter	295,257,000	204,366,763	499,623,763
Total	$ 318,898,000	$ 269,497,734	$ 588,395,734

J. Bond Debt Covenants:

The bond agreements contain certain restrictions and covenants. RWEF, Inc. is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must equal at least 1.10X the annual debt service requirements. Management was not in compliance with this covenant for the year ended June 30, 2023. Additionally, RWEF, Inc. is required to maintain an operating reserve that covers 45 days of expenses at the end of each fiscal year. Management believes RWEF, Inc. was in compliance with this covenant for the year ended June 30, 2023.

K. Restricted Cash:

Restricted cash at June 30, 2023 consisted of debt service and bond-financed project cash accounts. These funds are to be solely used in the repayment of bond liabilities and cannot be used for normal operating expenditures.

L. Nets Assets with Donor Restrictions:

Net assets with donor restrictions at June 30, 2023 are restricted as follows:

Subject to expenditure for specified purposes:

Federal Funds	$ 989,096
State-financed general charter school activities	2,713,241
Support of charter schools located in San Antonio	1,515,520
Total restricted funds	$ 5,217,857

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

State Funds	$ 99,576,114
Federal Funds	17,670,104
Support of charter schools located in San Antonio	4,310,000
Total Restrictions Released	$ 121,556,218

M. Central Office and Consolidation:

RWEF, Inc. operates a Central Office administrative unit to provide administrative services to each of the separate school districts in exchange for an interagency fee. During the fiscal year, the Central Office unit agreed to charge each district an administrative fee equal to approximately 10 percent of state foundation and available per capita school fund revenues. The School of Science and Technology – Main district and the School of Science and Technology – Discovery district paid the Central Office unit $2,896,906 and $3,554,640, respectively, and owed the Central Office $543,945 and $684,549, respectively. These fees and interagency payables have been eliminated in the presentation of consolidated financial statements, resulting in statement of financial position eliminations of $1,228,494 and eliminations within the statement of activities of $7,680,040. Other interfund receivables and payables between districts were eliminated in the presentation of the consolidated financial statements resulting in statement of financial position eliminations of $2,482,918. An adjustment of $1,397,580 was made to correct the prior year elimination entries. The prior year financial statement balances were adjusted to reflect the changes.

N. Comparative Totals:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

O. Evaluation of Subsequent Events:

RWEF, Inc. has evaluated subsequent events through November 22, 2023, the date which the financial statements were available to be issued.

LAPORTE
CPAs & BUSINESS ADVISORS

5177 Richmond Ave. | Suite 1100
Houston, TX 77056
713.666.5900 | Fax 713.666.1049
LaPorte.com

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 22, 2023, which expressed an unmodified opinion on those financial statements. See page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated June 30, 2023, and appearing on pages 18 to 35 and 45 to 52, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Houston, TX
November 22, 2023

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RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - MAIN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 16,532,128	$ 11,900,036
Restricted Cash	12,794,010	48,526,169
Grants Receivable	9,949,282	6,973,607
Total Current Assets	39,275,420	67,399,812
Property and Equipment		
Land	14,933,572	14,901,238
Building and Improvements	75,132,684	75,132,684
Furniture and Equipment	4,374,881	4,023,245
Construction in Progress	59,180,053	32,038,666
	153,621,190	126,095,833
Less: Accumulated Depreciation	(11,503,160)	(9,173,074)
Total Property and Equipment	142,118,030	116,922,759
Other Assets		
Deposits	255,214	102,162
Finance Lease Right-of-Use Assets	14,449	85,828
Operating Lease Right-of-Use Assets	4,381,255	7,111,702
Total Other Assets	4,650,918	7,299,692
TOTAL ASSETS	$ 186,044,368	$ 191,622,263
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 9,210,695	$ 10,293,814
Wages Payable	4,006,542	2,986,171
Payroll Taxes Payable	434,241	354,681
Accrued Liabilities	1,110,540	890,855
Due to Related Entity	2,436,842	779,963
Interest Payable	2,594,195	2,022,930
Current Portion of Finance Lease Liabilities	13,405	28,973
Current Portion of Operating Lease Liabilities	1,211,301	1,332,784
Current Portion of Bonds Payable	1,433,022	1,374,782
Total Current Liabilities	22,450,783	20,064,953
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	1,472	14,832
Operating Lease Liabilities net of Current Portion	3,785,549	5,778,918
Bonds Payable net of Premium, Issuance Costs, and Current Portion	164,467,470	166,190,908
Total Long-term Liabilities	168,254,491	171,984,658
TOTAL LIABILITIES	190,705,274	192,049,611
Net Assets		
Without Donor Restrictions	(5,467,881)	(836,166)
With Donor Restrictions	806,975	408,818
TOTAL NET ASSETS	(4,660,906)	(427,348)
TOTAL LIABILITIES AND NET ASSETS	$ 186,044,368	$ 191,622,263

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - DISCOVERY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash	$ 15,183,982	$ 9,529,450
Restricted Cash	25,510,487	53,740,076
Grants Receivable	13,072,649	10,156,784
Receivable from Related Entity	2,462,472	1,186,942
Total Current Assets	56,229,590	74,613,252
Property and Equipment		
Land	13,744,494	13,744,494
Building and Improvements	102,214,154	88,622,810
Furniture and Equipment	4,324,020	4,015,967
Construction in Process	33,755,431	18,763,137
	154,038,099	125,146,408
Less: Accumulated Depreciation	(13,300,760)	(10,299,816)
Total Property and Equipment	140,737,339	114,846,592
Other Assets		
Deposits	185,287	281,871
Finance Lease Right-of-Use Assets	40,341	198,824
Operating Lease Right-of-Use Assets	15,430,097	13,650,350
Total Other Assets	15,655,725	14,131,045
TOTAL ASSETS	$ 212,622,654	$ 203,590,889
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 7,138,558	$ 1,749,362
Wages Payable	6,685,078	3,795,172
Payroll Taxes Payable	596,006	475,016
Accrued Liabilities	1,526,391	1,143,330
Interest Payable	2,624,298	2,124,529
Deferred Revenue	185,290	185,290
Current Portion of Finance Lease Liabilities	31,433	66,930
Current Portion of Operating Lease Liabilities	1,178,816	996,906
Current Portion of Bonds Payable	1,587,617	1,515,219
Total Current Liabilities	21,553,487	12,051,754
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	9,953	41,261
Operating Lease Liabilities net of Current Portion	14,583,797	12,653,444
Bonds Payable net of Current Portion, Premium and Issuance Costs	170,199,664	172,055,098
Total Long-term Liabilities	184,793,414	184,749,803
Total Liabilities	206,346,901	196,801,557
Net Assets		
Without Donor Restrictions	3,337,801	3,337,801
With Donor Restrictions	2,937,952	3,451,531
Total Net Assets	6,275,753	6,789,332
TOTAL LIABILITIES AND NET ASSETS	$ 212,622,654	$ 203,590,889

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash	$ 638,059	$ 1,148,083
Due from Related Entities	1,795,105	1,356,591
Total Current Assets	2,433,164	2,504,674
Property and Equipment		
Building and Improvements	21,647	21,647
Furniture and Equipment	23,339	-
	44,986	21,647
Less: Accumulated Depreciation	(11,630)	(13,550)
Total Property and Equipment	33,356	8,097
Other Assets		
Deposits	91,188	32,745
Finance Lease Right-of-Use Assets	8,842	21,953
Operating Lease Right-of-Use Assets	223,720	490,912
Total Other Assets	323,750	545,610
TOTAL ASSETS	$ 2,790,270	$ 3,058,381
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 97,684	$ (236)
Wages Payable	611,490	689,775
Payroll Taxes Payable	97,722	91,556
Accrued Liabilities	265,162	210,049
Current Portion of Finance Lease Liability	7,501	16,334
Current Portion of Operating Lease Liabilities	194,677	272,304
Total Current Liabilities	1,274,236	1,279,782
Long-Term Liabilities		
Finance Lease Liabilities net of Current Portion	1,587	-
Operating Lease Liabilities net of Current Portion	41,517	218,608
Total Long-Term Liabilities	43,104	218,608
Total Liabilities	1,317,340	1,498,390
Net Assets		
With Donor Restrictions	1,472,930	1,559,991
Total Net Assets	1,472,930	1,559,991
TOTAL LIABILITIES AND NET ASSETS	$ 2,790,270	$ 3,058,381

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - MAIN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 1,696,622	$ 2,542,675	$ 4,239,297	$ 351,518
5750 Revenue from Cocurricular Activities	1,299,173	-	1,299,173	908,448
Total Local Support	2,995,795	2,542,675	5,538,470	1,259,966
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	42,755,469	42,755,469	38,930,208
5820 State Program Revenues Distributed by Texas Education Agency	-	80,273	80,273	326,675
Total State Program Revenues	-	42,835,742	42,835,742	39,256,883
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	6,712,710	6,712,710	7,362,535
5930 Federal Revenue Distributed by Other Government Agencies	-	-	-	19,234
Total Federal Program Revenues	-	6,712,710	6,712,710	7,381,769
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	51,692,970	(51,692,970)	-	-
Total Revenues	54,688,765	398,157	55,086,922	47,898,618
Expenses				
11 Instruction	36,476,644	-	36,476,644	31,137,465
12 Instructional Resources and Media Services	3,937	-	3,937	782
13 Curriculum Development and Instructional Staff Development	1,895,991	-	1,895,991	1,324,159
21 Instructional Leadership	2,559,787	-	2,559,787	1,988,045
23 School Leadership	2,940,624	-	2,940,624	3,591,825
33 Health Services	187,879	-	187,879	178,902
34 Student (Pupil) Transportation	185,300	-	185,300	-
35 Food Services	1,657,275	-	1,657,275	1,402,987
36 Cocurricular/Extracurricular Activities	1,203,370	-	1,203,370	794,253
41 General Administration	394,933	-	394,933	332,561
51 Plant Maintenance and Operations	8,218,357	-	8,218,357	6,009,335
52 Security and Monitoring Services	618,756	-	618,756	185,166
53 Data Processing Services	26,099	-	26,099	93,988
71 Debt Service	2,951,528	-	2,951,528	3,450,173
Total Expenses	59,320,480	-	59,320,480	50,489,641
Change in Net Assets	(4,631,715)	398,157	(4,233,558)	(2,591,023)
Net Assets, beginning of year	(836,166)	408,818	(427,348)	2,163,675
Net Assets, end of year	$ (5,467,881)	$ 806,975	$ (4,660,906)	$ (427,348)

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 2,743,820	$ 2,732,845	$ 5,476,665	$ 627,103
5750 Revenue from Cocurricular Activities	1,322,997	-	1,322,997	795,590
Total Local Support	4,066,817	2,732,845	6,799,662	1,422,693
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	55,589,024	55,589,024	50,978,300
5820 State Program Revenues Distributed by Texas Education Agency	-	129,846	129,846	470,268
Total State Program Revenues	-	55,718,870	55,718,870	51,448,568
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	10,810,893	10,810,893	8,480,333
Total Federal Program Revenues	-	10,810,893	10,810,893	8,480,333
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	69,776,187	(69,776,187)	-	-
Total Revenues	73,843,004	(513,579)	73,329,425	61,351,594
Expenses				
11 Instruction	48,509,533	-	48,509,533	38,979,530
12 Instructional Resources and Media Services	4,702	-	4,702	-
13 Curriculum Development and Instructional Staff Development	2,156,579	-	2,156,579	1,470,192
21 Instructional Leadership	2,692,594	-	2,692,594	2,009,907
23 School Leadership	3,341,418	-	3,341,418	4,268,172
33 Health Services	116,400	-	116,400	219,659
35 Food Services	2,183,318	-	2,183,318	2,040,426
36 Cocurricular/Extracurricular Activities	1,102,299	-	1,102,299	911,884
41 General Administration	198,803	-	198,803	593,624
51 Plant Maintenance and Operations	9,584,321	-	9,584,321	8,710,691
52 Security and Monitoring Services	637,663	-	637,663	188,957
53 Data Processing Services	23,513	-	23,513	5,120
71 Debt Service	3,291,861	-	3,291,861	3,539,462
Total Expenses	73,843,004	-	73,843,004	62,937,624
Change in Net Assets	-	(513,579)	(513,579)	(1,586,030)
Net Assets, beginning of year	3,337,801	3,451,531	6,789,332	8,375,362
Net Assets, end of year	$ 3,337,801	$ 2,937,952	$ 6,275,753	$ 6,789,332

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ -	$ 7,706,985	$ 7,706,985	$ 5,835,325
Total Local Support	-	7,706,985	7,706,985	5,835,325
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	7,794,046	(7,794,046)	-	-
Total Revenues	7,794,046	(87,061)	7,706,985	5,835,325
Expenses				
13 Curriculum Development and Instructional Staff Development	441,732	-	441,732	445,754
21 Instructional Leadership	114,455	-	114,455	85,206
33 Health Services	-	-	-	16,075
41 General Administration	6,788,070	-	6,788,070	5,964,430
51 Plant Maintenance and Operations	449,466	-	449,466	327,412
71 Debt Service	323	-	323	423
Total Expenses	7,794,046	-	7,794,046	6,839,300
Change in Net Assets	-	(87,061)	(87,061)	(1,003,975)
Net Assets, beginning of year	-	1,559,991	1,559,991	2,563,966
Net Assets, end of year	$ -	$ 1,472,930	$ 1,472,930	$ 1,559,991

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (4,233,558)	$ (2,591,023)
Adjustments to reconcile change in net assets to net		
Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,401,464	2,309,395
Amortization of Bond Discount and Issuance Costs	188,334	118,794
Amortization of Bond Premium	(471,389)	(258,844)
(Increase) Decrease in Grants Receivable	(2,975,675)	(431,648)
(Increase) Decrease in Other Receivable	-	55,428
(Increase) Decrease in Deposits	(153,052)	(100,000)
(Increase) Decrease in Right-of-Use Assets for Operating Leases	2,730,447	-
Increase (Decrease) in Accounts Payable	(1,083,119)	6,602,454
Increase (Decrease) in Accrued Liabilities	219,685	256,615
Increase (Decrease) in Accrued Wages	1,020,371	643,150
Increase (Decrease) in Payroll Taxes Payable	79,560	67,585
Increase (Decrease) in Interest Payable	571,265	824,169
Increase (Decrease) in Due from Related Entities	1,656,879	-
Increase (Decrease) in Operating Lease Liability	(2,114,852)	-
Total Adjustments	2,069,918	10,087,098
Net Cash Provided (Used) By Operating Activities	(2,163,640)	7,496,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(27,525,357)	(34,183,392)
Net Cash Provided (Used) By Investing Activities	(27,525,357)	(34,183,392)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	-	24,223,167
Proceeds from Bonds	-	84,127,497
Repayment of Issuance Cost	-	(3,280,924)
Repayment of Loans	-	(35,700,724)
Principal Payments on Finance Leases	(28,928)	(26,861)
Repayments of Bonds	(1,382,142)	(1,311,458)
Net Cash Provided (Used) By Financing Activities	(1,411,070)	68,030,697
NET INCREASE (DECREASE) IN CASH	(31,100,067)	41,343,380
CASH AT BEGINNING OF YEAR	60,426,205	19,082,825
CASH AT END OF YEAR	$ 29,326,138	$ 60,426,205
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 3,092,915	$ 3,590,225

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - DISCOVERY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (513,579)	$ (1,586,030)
Adjustments to reconcile change in net assets to net		
Cash provided by operating activities:		
Depreciation expense	3,159,425	2,925,657
Amortization of Bond Discount	206,802	143,923
Amortization of Bond Premium and Issuance Costs	(474,618)	(281,542)
(Increase) Decrease in Grants Receivable	(2,915,865)	(1,554,090)
(Increase) Decrease in Due from Related Entities	(1,275,530)	(406,979)
(Increase) Decrease in Deposits	96,584	258,805
(Increase) Decrease in Right-of-Use Assets for Operating Leases	(1,779,747)	-
Increase (Decrease) in Accounts Payable	5,389,196	161,889
Increase (Decrease) in Accrued Liabilities	383,061	220,444
Increase (Decrease) in Accrued Wages	2,889,906	581,694
Increase (Decrease) in Payroll Taxes Payable	120,990	48,965
Increase (Decrease) in Interest Payable	499,769	740,996
Increase (Decrease) in Deferred Revenue	-	185,290
Increase (Decrease) in Operating Lease Liabilities	2,112,263	-
Total Adjustments	8,412,236	3,025,052
Net Cash Provided (Used) By Operating Activities	7,898,657	1,439,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(28,891,691)	(20,186,065)
Net Cash Provided (Used) By Investing Activities	(28,891,691)	(20,186,065)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	-	20,155,580
Proceeds from Bonds	-	76,150,011
Repayment of Issuance Cost	-	(2,969,806)
Repayment of Loans	-	(21,018,170)
Principal Payments on Finance Leases	(66,805)	(56,046)
Repayments of Bonds	(1,515,218)	(1,444,542)
Net Cash Provided (Used) By Financing Activities	(1,582,023)	70,817,027
NET INCREASE (DECREASE) IN CASH	(22,575,057)	52,069,985
CASH AT BEGINNING OF YEAR	63,269,526	11,199,541
CASH AT END OF YEAR	$ 40,694,469	$ 63,269,526
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 3,559,676	$ 3,677,081

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (87,061)	$ (1,003,975)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	11,192	7,958
(Increase) Decrease in Due from Related Entities	(438,514)	(291,742)
(Increase) Decrease in Deposits	(58,443)	(20,779)
(Increase) Decrease in Right-of-Use Assets for Operating Leases	267,192	-
Increase (Decrease) in Accounts Payable	97,920	(1,042)
Increase (Decrease) in Accrued Liabilities	55,113	71,822
Increase (Decrease) in Accrued Wages	(78,285)	188,024
Increase (Decrease) in Payroll Taxes Payable	6,166	23,836
Increase (Decrease) in Operating Lease Liabilities	(254,719)	
Total Adjustments	(392,378)	(21,923)
Net Cash Provided (Used) By Operating Activities	(479,439)	(1,025,898)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(23,339)	
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(23,339)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on Finance Leases	(7,246)	(5,619)
CASH USED FOR INVESTING ACTIVITIES	(7,246)	(5,619)
NET INCREASE (DECREASE) IN CASH	(510,024)	(1,031,517)
CASH AT BEGINNING OF YEAR	1,148,083	2,179,600
CASH AT END OF YEAR	$ 638,059	$ 1,148,083
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 323	$ 423

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
EXPENSES		
6100 Payroll Costs	$ 33,597,307	$ 28,284,678
6200 Professional and Contracted Services	14,310,297	10,070,033
6300 Supplies and Materials	4,059,811	5,030,001
6400 Other Operating Costs	4,543,203	3,654,756
6500 Debt	2,809,862	3,450,173
Total Expenses	$ 59,320,480	$ 50,489,641

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
EXPENSES		
6100 Payroll Costs	$ 45,232,128	$ 36,282,319
6200 Professional and Contracted Services	16,666,478	13,177,528
6300 Supplies and Materials	3,770,587	4,998,082
6400 Other Operating Costs	4,881,950	4,940,233
6500 Debt	3,291,861	3,539,462
Total Expenses	$ 73,843,004	$ 62,937,624

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Period Ended June 30, 2022)

	2023	2022
EXPENSES		
6100 Payroll Costs	$ 6,518,158	$ 5,878,585
6200 Professional and Contracted Services	819,762	511,245
6300 Supplies and Materials	198,280	240,005
6400 Other Operating Costs	257,523	209,042
6500 Debt	323	423
Total Expenses	$ 7,794,046	$ 6,839,300

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2023

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ 976,556	$ 28,349,582	$ -
1510 Land	-	14,933,572	-
1520 Building and Improvements	20,540	75,112,144	-
1539 Furniture and Equipment	-	4,080,589	294,292
1553 Right-of-Use Assets Financing Lease for Equipment	-	14,449	-
1554 Right-of-Use Assets Operating Lease for Buildings	-	4,381,255	-
1580 Construction in Progress	-	59,180,053	-
Total Capital Assets	$ 997,096	$ 186,051,644	$ 294,292

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - DISCOVERY
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ 926,521	$ 39,767,948	$ -
1510 Land	-	13,744,494	-
1520 Building and Improvements	61,094	102,153,060	-
1539 Furniture and Equipment	-	3,318,656	995,114
1553 Right of Use Assets: Financing Lease for Equipment	-	40,341	-
1554 Right of Use Assets: Operating Lease for Building	-	15,430,097	-
1569 Library Books and Media	-	-	10,250
1580 Construction in Progress	-	33,755,431	-
Total Capital Assets	$ 987,615	$ 208,210,027	$ 1,005,364

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ -	$ 638,059	$ -
1520 Building and Improvements	-	21,647	-
1539 Furniture and Equipment	-	23,339	-
1553 Right-of-use assets: Financing Lease for Equipment	-	8,842	-
1554 Right-of-use assets: Operating Lease for Buildings	-	223,720	-
Total Capital Assets	$ -	$ 915,607	$ -

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - MAIN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5710 Revenues from Local and Intermediate Sources	$ -	$ 30,000	$ -	$ (30,000)
5740 Other Revenues from Local Sources	255,000	8,050,000	4,239,297	(3,810,703)
5750 Revenue from Cocurricular Activities	1,346,143	1,350,000	1,299,173	(50,827)
Total Local Support	1,601,143	9,430,000	5,538,470	(3,891,530)
State Program Revenues:				
5810 Foundation School Program Act Revenues	50,906,000	44,358,542	42,755,469	(1,603,073)
5820 State Program Revenues Distributed by Texas Education Agency	397,000	85,000	80,273	(4,727)
Total State Program Revenues	51,303,000	44,443,542	42,835,742	(1,607,800)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	2,413,747	6,818,623	6,712,710	(105,913)
5930 Federal Revenues Distributed by Other Government Agencies			-	-
Total Federal Program Revenues	2,413,747	6,818,623	6,712,710	(105,913)
Total Revenues	55,317,890	60,692,165	55,086,922	(5,605,243)
EXPENSES				
11 Instruction	30,850,739	35,796,418	36,476,644	(680,226)
12 Instructional Resources and Media Services	19,500	3,850	3,937	(87)
13 Curriculum Development and Instructional Staff Development	2,695,909	1,613,962	1,895,991	(282,029)
21 Instructional Leadership	2,534,670	2,500,000	2,559,787	(59,787)
23 School Leadership	3,662,686	2,841,646	2,940,624	(98,978)
33 Health Services	213,036	186,116	187,879	(1,763)
34 Student (Pupil) Transportation	-	174,466	185,300	(10,834)
35 Food Services	900,000	1,589,302	1,657,275	(67,973)
36 Cocurricular/Extracurricular Activities	840,000	1,181,992	1,203,370	(21,378)
41 General Administration	494,000	358,477	394,933	(36,456)
51 Plant Maintenance and Operations	5,376,900	8,905,162	8,218,357	686,805
52 Security and Monitoring Services	405,000	611,521	618,756	(7,235)
53 Data Processing Services	126,616	26,114	26,099	15
71 Debt Service	6,625,789	4,854,365	2,951,528	1,902,837
Total Expenses	54,744,845	60,643,391	59,320,480	1,322,911
Change in Net Assets	573,045	48,774	(4,233,558)	(4,282,332)
Net Assets, beginning of year	(427,348)	(427,348)	(427,348)	-
Net Assets, end of year	$ 145,697	$ (378,574)	$ (4,660,906)	$ (4,282,332)

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY - DISCOVERY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 523,000	$ 5,746,000	$ 5,476,665	$ (269,335)
5750 Revenue from Cocurricular Activities	1,405,000	1,409,992	1,322,997	(86,995)
Total Local Support	1,928,000	7,155,992	6,799,662	(356,330)
State Program Revenues:				
5810 Foundation School Program Act Revenues	59,292,000	55,790,744	55,589,024	(201,720)
5820 State Program Revenues Distributed by Texas Education Agency	500,000	135,000	129,846	(5,154)
Total State Program Revenues	59,792,000	55,925,744	55,718,870	(206,874)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	2,782,000	11,342,645	10,810,893	(531,752)
Total Federal Program Revenues	2,782,000	11,342,645	10,810,893	(531,752)
Total Revenues	64,502,000	74,424,381	73,329,425	(1,094,956)
Expenses				
11 Instruction	37,997,129	47,633,259	48,509,533	(876,274)
12 Instructional Resources and Media Services		4,600	4,702	(102)
13 Curriculum Development and Instructional Staff Development	1,470,748	1,850,000	2,156,579	(306,579)
21 Instructional Leadership	2,015,914	2,550,000	2,692,594	(142,594)
23 School Leadership	4,268,170	3,161,310	3,341,418	(180,108)
33 Health Services	219,660	114,785	116,400	(1,615)
35 Food Services	2,024,096	2,100,000	2,183,318	(83,318)
36 Cocurricular/Extracurricular Activities	914,949	1,065,000	1,102,299	(37,299)
41 General Administration	596,000	195,500	198,803	(3,303)
51 Plant Maintenance and Operations	7,380,689	10,019,165	9,584,321	434,844
52 Security and Monitoring Services	189,345	615,087	637,663	(22,576)
53 Data Processing Services	5,120	23,801	23,513	288
71 Debt Service	3,577,726	4,896,863	3,291,861	1,605,002
Total Expenses	60,659,546	74,229,370	73,843,004	386,366
Change in Net Assets	3,842,454	195,011	(513,579)	(708,590)
Net Assets, beginning of year	6,789,332	6,789,332	6,789,332	-
Net Assets, end of year	$ 10,631,786	$ 6,984,343	$ 6,275,753	$ (708,590)

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 9,360,986	$ 9,360,986	$ 7,706,985	$ (1,654,001)
Total Local Support	9,360,986	9,360,986	7,706,985	(1,654,001)
Total Revenues	9,360,986	9,360,986	7,706,985	(1,654,001)
Expenses				
13 Curriculum Development and Instructional Staff Development	3,557,175	3,624,175	441,732	3,182,443
21 Instructional Leadership	-	-	114,455	(114,455)
33 Health Services	-	5,000	-	5,000
41 General Administration	5,623,811	6,292,811	6,788,070	(495,259)
51 Plant Maintenance and Operations	180,000	434,740	449,466	(14,726)
71 Debt Service	-	-	323	(323)
Total Expenses	9,360,986	10,356,726	7,794,046	2,562,680
Change in Net Assets	-	(995,740)	(87,061)	908,679
Net Assets, beginning of year	1,559,991	1,559,991	1,559,991	-
Net Assets, end of year	$ 1,559,991	$ 564,251	$ 1,472,930	$ 908,679

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5177 Richmond Ave. | Suite 1100
Houston, TX 77056
713.666.5900 | Fax 713.666.1049
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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



A Professional Accounting Corporation

Houston, TX
November 22, 2023

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Houston, TX 77056
713.666.5900 | Fax 713.666.1049
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Riverwalk Education Foundation, Inc. (RWEF, Inc.)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RWEF, Inc.'s major federal programs for the year ended June 30, 2023. RWEF, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RWEF, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding RWEF, Inc.'s compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of RWEF, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the RWEF, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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



A Professional Accounting Corporation

Houston, TX
November 22, 2023

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses on internal control over financial statements.

3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weaknesses on internal control over major federal award programs.

5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.

6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).

7. Major programs:

U.S. Department of Education
Passed – Through Texas Education Agency
Education Stabilization Fund ALN 84.425

8. The threshold used for distinguishing between Type A and Type B programs was $750,000.

9. RWEF, Inc. qualifies as a low-risk auditee.

Current Year Findings	Questioned Costs
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	$-0-

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

No findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended June 30, 2022.

RIVERWALK EDUCATION FOUNDATION, INC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass - Through Grantor Program Title	Federal Assistance Listing Number	Pass - Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed - Through Texas Education Agency:			
Title I, Part A-Improving Basic Program	84.010A	226101010158311	$ 195,646
Title I, Part A-Improving Basic Program	84.010A	236101010158277	1,025,481
Title I, Part A-Improving Basic Program	84.010A	236101010158311	1,669,676
Title I, Part A-Improving Basic Program	84.010A	236101410158277	28,745
Charter Schools	84.282A	2159010271100077	249,073
Title II, Part A-Supporting Effective Instruction	84.367A	226945010158277	2,072
Title II, Part A-Supporting Effective Instruction	84.367A	226945010158311	27,557
Title II, Part A-Supporting Effective Instruction	84.367A	236945010158277	152,897
Title II, Part A-Supporting Effective Instruction	84.367A	236945010158311	246,895
Title III, Part A-LEP	84.365A	226710010158277	707
Title III, Part A-LEP	84.365A	236710010158277	77,459
Title III, Part A-LEP	84.365A	236710010158311	79,104
LEP Summer School	84.369A	69552202	10,354
Special Education Cluster			
IDEA, Part B-Formula	84.027A	2266000101582760000	29,551
IDEA, Part B-Formula	84.027A	2366000101582760000	531,718
IDEA, Part B-Formula	84.027A	2366000101583160000	782,548
IDEA, Part B-Formula - ARI	84.027A	2253500101582750000	52,873
IDEA, Part B-Formula - ARI	84.027A	2253500101583150000	111,685
Total Special Education Cluster			1,508,375
Total U.S. Department of Education, non-COVID-19 Assistance			5,274,041
COVID-19 - Title IV, Part A, Subpart 1	84.424A	20680101015827	11,956
COVID-19 - Title IV, Part A, Subpart 1	84.424A	20680101015831	60,648
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	20521001015827	503
COVID-19 - Elementary and Secondary School Emergency Relief Fund II (CRRSSA-FSSER II)	84.425D	21521001015827	1,190,177
COVID-19 - Elementary and Secondary School Emergency Relief Fund II (CRRSSA-ESSER II)	84.425D	21521001015831	1,309,662
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (TCLAS-ESSER III)	84.425U	21528042015827	671,467
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (TCLAS-ESSER III)	84.425U	21528042015831	1,137,942
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (ARP ESSER III)	84.425U	21528001015827	1,292,819
COVID-19 - Elementary and Secondary School Emergency Relief Fund III (ARP ESSER III)	84.425U	21528001015831	2,880,955
Total U.S. Department of Education, COVID-19 Assistance			8,556,129
Total U.S. Department of Education			13,830,170
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
School Breakfast Program	10.553	71402201	139,281
School Breakfast Program	10.553	71402301	556,106
National School Lunch Program	10.555	71302201	568,777
National School Lunch Program	10.555	71302301	2,294,981
			3,559,145
Passed - Through Texas Department of Agriculture			
Supply Chain Assistance Grant	10.555	226TX400N8903	10,000
Total Child Nutrition Cluster			3,569,145
Total U.S. Department of Agriculture, non-COVID-19 Assistance			3,569,145
Passed - Through Texas Department of Agriculture			
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)	10.649		6,270
Total U.S. Department of Agriculture, COVID-19 Assistance			6,270
Total U.S. Department of Agriculture			3,575,415
Total Federal Financial Assistance			$ 17,405,585

See notes to the schedule of expenditures of federal awards

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Riverwalk Education Foundation, Inc. (RWEF, Inc.) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of RWEF, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of RWEF, Inc.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

RWEF, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

The Organization did not provide federal awards to subrecipients.

Reconciliation of Functional Expenses to Expenditures per Schedule of Expenditures of Federal Awards (SEFA) and Federal Grant Revenue:

Total Expenditure of Federal Awards per SEFA	$	17,405,585
Federal Funds Not Expended		118,018
Total Federal Awards per the Statement of Activities	$	17,523,603

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY -MAIN

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30, 2023

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
NCB 11833 BLK 33 LOT E IRRG 275 FT OF 32	1450 NE Loop 410 San Antonio TX 78209	$ 3,395,440	$ -	$ 3,395,440	$ -
NCB 11833 BLK 33 LOT W 100 FT of 32 NCB 15911 (CROSSWINDS DRAINAGE DETENTION)	1450 NE Loop 410 San Antonio TX 78209	1,687,430	-	1,687,430	-
BLOCK 1 LOT 45	11214 N Weidner Rd San Antonio TX 78233	14,319,180	-	14,319,180	-
14945 P-1N (0.24 AC) & TR-1K (11.763 AC)	Wurzbach Pkwy TX 78233	468,570	-	468,570	-
RES B BLK 1 LOUETTA GLEN SEC 1	0 Louetta Rd Spring, TX 77388	478,876	-	478,876	-
RES A BLK 1 RESERVE ON TC JESTER SEC 1	15015 T C Jester Blvd Houston, TX 77068	14,339,312	-	14,339,312	-
RES A BLK 1 LOUETTA NORTH BUSINESS PARK	2105 Louetta Rd Spring TX 77388	14,080,645	-	14,080,645	-
TR 10D ABST 229 GH DELESDERNIER	0 T C Jester Blvd Houston, TX 77068	39,439	-	39,439	-
RES F5-A GREENBRIAR NORTH SEC 1	330 N Sam Houston Pky E Houston, TX 77060	7,094,842	-	7,094,842	-
A-175 SUR- 98 R GARZA, ACRES 2.6620 -(Comal County)	19440 S IH 35 , SCHERTZ, TX 78154	701,540	-	701,540	-
A-175 SUR- 98 R GARZA, ACRES 5.375	S IH 35 SCHERTZ, TX 78154	1,273,690	-	1,273,690	-
BUILDING HOPE CHARTER SCHOOL, BLOCK 1, LOT 1	IH35 Schertz	4,213,220	-	4,213,220	-

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30, 2023

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
NCB 16007 BLK 2 LOT 2 "BOWEN'S CROSSING COMMERCIAL UT-4"	Bowen's Crossing San Antonio, TX 78250	$ 201,710	$ -	$ 201,710	$ -
NCB 16007 BLK 2 LOT 3 (BUILDING HOPE CHARTER SCHOOL)	9202 W Loop 1604 N, San Antonio, TX 78250	19,415,370	-	19,415,370	-
CB 4411C (REGAL VILLAGE), BLOCK 51 LOT 3	Culebra Rd San Antonio, TX 78253	15,233,760	-	15,233,760	-
RES A BLK 1 SCHOOL OF SCIENCE AND TECHNOLOGY	12000 Brant Rock Dr. Houston, TX 77082	1,497,883	-	1,497,883	-
0361 I AND GN, ACRES 9.8807	10007 Clodine Rd. Richmond, TX 77407	19,025,595	-	19,025,595	-
Geographic ID: 9960-19-220-0174-907	10007 Clodine RD, Richmond, TX 77407	191,000		191,000	
AIRLINE ROAD SCHOOL OF SCIENCE AND TECHNOLOGY BLK 1 LOT 1	2626 Airline Rd. Corpus Christi, TX 78414	11,032,786	-	11,032,786	-

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - CENTRAL OFFICE

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30, 2023

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest-State	Ownership Interest-Federal
None					

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY - MAIN

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2023

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC
SCHOOL OF SCIENCE & TECHNOLOGY - DISCOVERY

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2023

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - CENTRAL OFFICE

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2023

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.

SPECIAL PROGRAM COMPLIANCE SCHEDULE - MAIN

FOR THE YEAR ENDED JUNE 30, 2023

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 3,977,199
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 2,852,468
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 461,855
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 400,546

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.

SPECIAL PROGRAM COMPLIANCE SCHEDULE - DISCOVERY

FOR THE YEAR ENDED JUNE 30, 2023

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 5,539,573
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 4,341,151
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 487,479
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 428,251

See independent auditor's report on supplementary information

RIVERWALK EDUCATION FOUNDATION, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

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RIVERWALK EDUCATION FOUNDATION, INC.
015-827
015-831

(Federal Employer Identification Number: 01-0758906)

CERTIFICATE OF BOARD
June 30, 2022

We, the undersigned, certify that the attached Annual Financial and Compliance Report of Riverwalk Education Foundation, Inc. dba School of Science & Technology was reviewed and ✓ approved _____ disapproved for the year ended June 30, 2022, at a meeting of the governing body of the charter holder on the 18 day of November, 2022.

Signature of Board Secretary

Signature of Board President

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
5177 RICHMOND AVE. SUITE 1100
HOUSTON, TX 77056
TEL: (713) 666-5900
FAX: (713) 666-1049
http://www.gomezandco.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWEF, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Report on Summarized Comparative Information

We have previously audited RWEF's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2022, on our consideration of RWEF, Inc.'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 RWEF, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering RWEF, Inc.'s internal control over financial reporting and compliance.



Houston, Texas
November 18, 2022

RIVERWALK EDUCATION FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(With Comparative Totals for June 30, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash	$ 22,577,569	$ 17,458,583
Restricted Cash	102,266,245	15,003,383
Grants Receivable	17,496,380	15,144,653
Other Receivables	-	55,428
Total Current Assets	142,340,194	47,662,047
Property and Equipment		
Land	28,645,732	23,422,163
Building and Improvements	163,777,141	154,508,582
Furniture and Equipment	8,039,212	7,538,761
Construction in Progress	50,801,803	11,424,926
Finance Lease Right-of-Use Assets	306,605	188,762
Operating Lease Right-of-Use Assets	21,252,964	18,436,978
	272,823,457	215,520,172
Less: Accumulated Depreciation	(19,486,441)	(16,167,865)
	253,337,016	199,352,307
Other Assets		
Deposits	416,778	554,804
TOTAL ASSETS	$ 396,093,988	$ 247,569,158
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 12,042,940	$ 4,214,790
Wages Payable	7,471,118	6,058,250
Accrued Payroll Liabilities	921,253	780,867
Accrued Liabilities	2,244,234	1,695,353
Interest Payable	4,147,459	2,582,294
Deferred Revenue	185,290	-
Current Portion of Finance Lease Liabilities	103,178	62,603
Current Portion of Operating Lease Liabilities	2,601,994	1,967,778
Current Portion of Notes Payable net of Issuance Costs	-	20,169
Current Portion of Bonds Payable	2,890,000	2,756,000
Total Current Liabilities	32,607,466	20,138,104
Long-Term Liabilities		
Finance Lease Liabilities net of Current Portion	65,153	76,412
Operating Lease Liabilities net of Current Portion	18,650,970	14,544,767
Notes Payable net of Current Portion	-	12,319,976
Bonds Payable net of Premium, Issuance Costs, and Current Portion	338,246,004	187,386,896
Total Long-Term Liabilities	356,962,127	214,328,051
TOTAL LIABILITIES	389,569,593	234,466,155
Net Assets		
Without Donor Restrictions	1,104,055	5,103,762
With Donor Restrictions	5,420,340	7,999,241
TOTAL NET ASSETS	6,524,395	13,103,003
TOTAL LIABILITIES AND NET ASSETS	$ 396,093,988	$ 247,569,158

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Local Support:				
Other revenues from local sources	$ 2,652,009	$ -	$ 2,652,009	$ 1,018,361
Interest Income	30,650	-	30,650	9,620
Total Local Support	2,682,659	-	2,682,659	1,027,981
State Program Revenues	-	90,705,451	90,705,451	79,139,998
Federal Program Revenues	-	15,862,102	15,862,102	6,209,355
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	109,146,454	(109,146,454)	-	-
Total Revenues	111,829,113	(2,578,901)	109,250,212	86,377,334
Expenses				
Program Services				
Instruction and Instructional-Related Services	70,869,017	-	70,869,017	53,176,883
Instructional and School Leadership	9,994,275	-	9,994,275	7,438,665
Total Program Services	80,863,292	-	80,863,292	60,615,548
Support Services				
Administrative Support Services	6,841,824	-	6,841,824	4,704,223
Ancillary Services	-	-	-	-
Support Services- Non-Student Based	15,569,461	-	15,569,461	12,081,488
Support Services- Student (Pupil)	5,564,186	-	5,564,186	2,387,695
Debt Service	6,990,057	-	6,990,057	5,725,421
Fundraising	-		-	65,260
Total Support Services	34,965,528	-	34,965,528	24,964,087
Total Expenses	115,828,820	-	115,828,820	85,579,635
Change in Net Assets	(3,999,707)	(2,578,901)	(6,578,608)	797,699
Net Assets, beginning of year	5,103,762	7,999,241	13,103,003	12,305,304
Net Assets, end of year	$ 1,104,055	$ 5,420,340	$ 6,524,395	$ 13,103,003

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	Program Services	Supporting Services				
	Program Expense	General and Administrative	Fundraising	Total Supporting Services	2022 Total	2021 Total
Expenses						
Salaries	$ 57,134,908	$ 5,077,468	$ -	$ 5,077,468	$ 62,212,376	$ 46,847,083
Payroll taxes	979,812	81,633	-	81,633	1,061,445	801,471
Employee benefits	6,496,263	675,497	-	675,497	7,171,760	5,207,894
Rental Expense	19,253	3,090,540	-	3,090,540	3,109,793	1,958,314
Maintenance and Repairs	57,176	2,916,351	-	2,916,351	2,973,527	2,245,988
Utilities	-	1,707,357	-	1,707,357	1,707,357	1,358,512
Depreciation and Amortization	-	4,965,340	-	4,965,340	4,965,340	5,119,180
Supplies	8,747,283	1,447,122	-	1,447,122	10,194,405	8,452,414
Travel	57,136	183,164	-	183,164	240,300	20,520
Equipment Lease	89,626	96,163	-	96,163	185,789	126,793
Insurance	-	400,922	-	400,922	400,922	416,451
Professional Fees	5,793,040	5,591,905	-	5,591,905	11,384,945	4,776,767
Training	26,835	6,500	-	6,500	33,335	400
Interest	-	7,267,728	-	7,267,728	7,267,728	5,911,708
Other	1,461,960	1,457,838	-	1,457,838	2,919,798	2,336,140
Total Expenses	$ 80,863,292	$ 34,965,528	$ -	$ 34,965,528	$ 115,828,820	$ 85,579,635

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (6,578,608)	$ 797,699
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	5,243,011	5,305,467
Amortization expense	262,717	218,625
Amortization of Premium	(540,388)	(404,912)
(Increase) Decrease in Grants Receivable	(2,351,727)	(4,172,307)
(Increase) Decrease in Other Receivable	55,428	747,572
(Increase) Decrease in Deposits	138,026	345,099
Increase (Decrease) in Accounts Payable	7,828,150	4,032,618
Increase (Decrease) in Accrued Wages	1,412,868	1,353,118
Increase (Decrease) in Payroll Tax Payable	140,386	141,619
Increase (Decrease) in Accrued Liabilities	548,882	322,109
Increase (Decrease) in Interest Payable	1,565,165	(1,074,974)
Increase (Decrease) in Deferred Revenue	185,290	(30,730)
Total Adjustments	14,487,808	6,783,304
Net Cash Provided (Used) by Operating Activities	7,909,200	7,581,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(54,369,457)	(112,166,697)
Net Cash Provided (Used) By Investing Activities	(54,369,457)	(112,166,697)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	44,378,747	11,846,237
Proceeds from Bonds	160,277,509	-
Repayment of Issuance Cost	(6,250,730)	-
Repayment of Capital Lease	(88,526)	(81,931)
Repayment of Loans	(56,722,384)	(44,006)
Repayment of Bonds	(2,752,511)	(458,000)
Net Cash Provided (Used) By Financing Activities	138,842,105	11,262,300
NET INCREASE (DECREASE) IN CASH	92,381,848	(93,323,394)
CASH AT BEGINNING OF YEAR	32,461,966	125,785,360
CASH AT END OF YEAR	$ 124,843,814	$ 32,461,966
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 7,267,728	$ 5,911,708

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATOIN, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

A. Organization:

The Riverwalk Education Foundation, Inc. ("RWEF, Inc.") is a nonprofit organization that provides public education for students in grades K through 12. The foundation was incorporated in the State of Texas on September 6, 2002, under the Texas Non-Profit Corporation Act. On September 5, 2003, the Internal Revenue Service determined that the organization was exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

In conformance to its charter granted by the State Board of Education in accordance with Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School, the Organization operates as part of the state public school system subject to all federal and state laws and rules governing public schools. The Organization is also subject to all laws and rules pertaining to open-enrollment charter schools in section 12 of the Texas Education Code.

The charter holder, Riverwalk Education, Inc. operates charter schools and does not conduct any other charter or non-charter activities.

B. Summary of Significant Accounting Policies:

LEASES

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements;* ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (topic 815), and Leases (topic 842): Effective Dates;* ASU 2020-02, *Financial Instruments – Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842);* and ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

RWEF, Inc. elected to adopt these ASUs using the modified retrospective approach required by the standards and implementing the standards using the effective date method, which established July 1, 2020 as both the effective date and date of initial application. RWEF, Inc. elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed RWEF, Inc. to carry forward the historical lease classification. In addition, RWEF, Inc. made the following elections: to use hindsight in determining the lease term for existing leases; to apply the short-term lease exception to all leases with a term of one year or less; and to use a risk-free discount rate for all operating leases, determined using a period comparable with that of the lease term.

B. Summary of Significant Accounting Policies: (Continued)

LEASES (Continued)

The adoption of the ASUs had a material impact on RWEF, Inc.'s statement of financial position and on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. ROU assets represent RWEF, Inc.'s right to use an underlying asset for the lease term, and lease liabilities represent RWEF, Inc.'s obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. RWEF, Inc. reports its financial information based on the *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-205 Presentation of Financial Statements*. Under *FASB ASC 958-205*, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions

CLASSIFICATION OF NET ASSETS

Net assets of RWEF, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of RWEF, Inc. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

B. Summary of Significant Accounting Policies: (Continued)

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all of RWEF, Inc.'s accounts. All significant interagency balances and transactions have been eliminated.

SUPPORT AND REVENUE

Support and revenue are recorded based on the accrual method.

FUNCTIONAL EXPENSES

Expenses are charged to each program based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific program are charged to the various programs based upon hours worked, square footage, number of program staff, or other reasonable methods for allocating the organization's multiple function expenditures.

CASH DONATIONS AND DONATED SERVICES

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the program service and administration of the Organization.

CONTRIBUTIONS

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities-605 Revenue Recognition*, contributions received are recorded as with donor restrictions and without donor restrictions support depending on the existence or nature of any donor restrictions.

PLEDGES AND ACCOUNTS RECEIVABLE

Contributions are recognized when the donor makes a promise to give a contribution to RWEF, Inc. that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

B. Summary of Significant Accounting Policies: (Continued)

PROPERTY AND EQUIPMENT

Property and equipment purchased by RWEF, Inc. are recorded at cost. Donations of property and equipment are recorded at their fair value at the date of the gift. All purchases and donations in excess of $5,000 are capitalized. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture, fifteen years for building and land improvements, and thirty years for buildings. Gains or losses on retired or sold property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to net assets without donor restrictions.

INCOME TAXES

RWEF, Inc. qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

CASH AND CASH EQUIVALENTS

RWEF, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts with various banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000 per account. At times, individual bank accounts exceeded federally insured limits. RWEF, Inc. has not experienced any losses on such accounts.

ESTIMATES

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

C. Pension Plan:

Plan Description

The charter school contributes to the Teacher Retirement System of Texas ("TRS"), a cost sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers the retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public-school systems of Texas. The plan operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805 respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan.

C. Pension Plan: (Continued)

That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report form the TRS Internet website, www.trs.state.tx.us, under the TRS Publications Heading. Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district ("ISD") may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

The latest TRS Comprehensive Annual Financial Report available dated August 31, 2021 provided the following information:

Pension Fund	Total Plan Assets 2021	Total Pension Liability 2021	Percent Funded
TRS	$ 223,172,755,000	$ 227,273,464,000	88.79%

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 8.0% for fiscal year 2022. The state's contribution rate as a non-employer contributing entity was 7.75% for fiscal year 2022. The charter school's employee contributions to the system for the year ended June 30, 2022 were $4,685,210 equal to the required contributions for the year.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum were contributed at a rate of 7.5% totaling $233,514 for the year ended June 30, 2022. The charter school's contributions into this plan do not represent more than 5% of the total contributions to the plan. The charter school was assessed a surcharge of $27,591.

D. Budget:

The official school budget is prepared for adoption for required Governmental Fund Types. The annual budget is adopted on a basis consistent with generally accepted accounting principles and is formally adopted by the Board of Directors.

E. Liquidity and Availability of Financial Assets:

The following reflects RWEF, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end:		
Cash and cash equivalents	$	124,843,814
Grants receivable		17,496,380
Total financial assets		142,340,194
Less those unavailable for general expenditures within one year, due to:		
Cash restrictions as to use		102,266,245
Financial assets available to meet cash needs for general expenditure within one year	$	40,073,949

The Organization manages its liquid assets conservatively within standard depository bank accounts at national banks. Cash is managed to provide sufficient funds for meeting program expenditures of the Organization. Excess cash is invested in short-term investments such as certificates of deposit that have maturity dates of less than three months.

F. Leases:

Finance Leases

RWEF, Inc. is a party to fourteen finance lease agreements of copiers and accessory equipment. The leases are three years in length, are accompanied by bargain purchase options, and expire in 2023, 2024 and 2025. Future minimum payments required under finance lease obligations at June 30, 2022 are as follows:

Twelve months ending June 30,		Amount
2023	$	106,438
2024		53,216
2025		13,106
Total finance lease payments		172,760
Less: present value discount		(4,429)
Total finance lease liabilities	$	168,331

Finance lease costs totaled $55,157, consisting of $51,144 in amortization of right-of-use assets under finance leases and $4,013 in interest costs related to finance lease liabilities.

Right-of-use assets under finance leases were as follows:

Copier equipment	$	306,605
Accumulated amortization		(140,772)
	$	165,833

F. Leases: (Continued)

Operating Leases

RWEF, Inc. is a party to seven operating lease agreements of office and school buildings. Future minimum payments required under operating lease obligations at June 30, 2022 are as follows:

Twelve months ending June 30,	Amount
2023	$ 2,876,926
2024	2,757,586
2025	2,338,701
2026	2,270,136
2027	2,270,136
Thereafter	10,398,051
Total operating lease payments	22,911,536
Less: present value discount	(1,658,572)
Total operating lease liabilities	$ 21,252,964

Right-of-use assets under operating leases were as follows:

Buildings	$ 21,252,964

G. Commitments and Contingencies:

The charter school receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency, and it is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex compliance requirements and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency. The school is economically dependent on these charter school funds.

H. Health Care Coverage:

During the year ended June 30, 2022, employees of RWEF, Inc. were covered by a Health Insurance Plan (the Plan). RWEF, Inc. contributed $325 for teachers and nonexempt employees; $425 for Assistant Principals; $625 for Principals; and $825 for Superintendents per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers.

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

I. Bonds Payable:

RWEF, Inc. has secured bond financing pursuant to Chapter 53 of the Texas Education Code of "Qualified Tax Exempt" Education Revenue Bonds, Series 2014A, Series 2016A, and Series 2019 in the amounts of $7,420,000; $2,041,000; and $176,260,000, respectively.

RWEF, Inc. has also issued Taxable Educational Revenue Bonds, Series 2016B and Series 2022 in the amount of $196,000 and $141,085,000, respectively. The bonds are limited obligations of the issuer payable solely from revenues received by the issuer pursuant to a loan agreement between the issuer and the borrower. None of the state, the city, nor any political corporation, subdivision, or agency of the state is pledged to the payment of the principal of premium, or interest on the bonds.

Bonds payable at June 30, 2022 consist of the following:

2014 A Bonds, 2.0% interest; principal due annually commencing August 15, 2015 and interest due semi-annually commencing August 15, 2014. Maturity dates range from 2016 to 2035.	$ 5,450,000
2016 A Bonds, 2.0% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2030.	1,171,000
2016 B Bonds, 3.25% interest; principal due annually commencing August 15, 2016 and interest due semi-annually commencing August 15, 2016. Maturity dates range from 2016 to 2026.	112,000
2019 Bonds, 3.07% interest; principal due annually commencing August 15, 2021 and interest due semi-annually commencing August 15, 2020. Maturity dates range from 2021 to 2055.	173,970,000
2022 Bonds, 5.0% interest; principal due annually commencing August 15, 2024 and interest due semi-annually commencing August 15, 2022. Maturity dates range from 2024 to 2057.	141,085,000
Total	321,788,000
Plus unamortized premium	31,820,396
Less unamortized issuance costs	(12,472,392)
Less current portion	(2,890,000)
	$ 338,246,004

I. Bonds Payable: (Continued)

Future maturities of long-term debt at June 30, 2022 are as follows:

Year ending June 30,	Principal	Interest	Total
2022	$ 2,890,000	$ 12,623,816	$ 15,513,816
2023	3,024,000	13,466,026	16,490,026
2024	4,807,000	13,281,535	18,088,535
2025	5,036,000	13,046,080	18,082,080
2026	5,256,000	12,798,473	18,054,473
Thereafter	300,775,000	216,905,620	517,680,620
Total	$ 321,788,000	$ 282,121,550	$ 603,909,550

J. Bond Debt Covenants:

The bond agreements contain certain restrictions and covenants. RWEF, Inc. is required to maintain a ratio of available revenue (without excluding any discretionary expenses incurred during the fiscal year) that must equal at least 1.10X the annual debt service requirements. Additionally, RWEF, Inc. is required to maintain an operating reserve that covers 45 days of expenses at the end of each fiscal year. Management believes RWEF, Inc. was in compliance with these covenants and all other applicable covenants contained in bond agreements for the year ended June 30, 2022.

K. Restricted Cash:

Restricted cash at June 30, 2022 consisted of debt service and bond-financed project cash accounts. These funds are to be solely used in the repayment of bond liabilities and cannot be used for normal operating expenditures.

L. Nets Assets with Donor Restrictions:

Net assets with donor restrictions at June 30, 2022 are restricted as follows:

Subject to expenditure for specified purposes:

Federal Funds	$ 1,135,597
State-financed general charter school activities	3,734,743
Support of charter schools located in San Antonio	550,000
Total restricted funds	$ 5,420,340

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

State Funds	$ 93,669,949
Federal Funds	14,726,505
Support of charter schools located in San Antonio	750,000
Total Restrictions Released	$ 109,146,454

M. Central Office:

RWEF, Inc. operates a Central Office administrative unit to provide administrative services to each of the separate school districts in exchange for an interagency fee. During the fiscal year, the Central Office unit agreed to charge each district an administrative fee equal to approximately 10 percent of state foundation and available per capita school fund revenues. The School of Science and Technology – Main district and the School of Science and Technology – Discovery district paid the Central Office unit $1,911,497 and $2,515,487, respectively, and owed the Central Office $621,237 and $776,343, respectively. These fees and interagency payables have been eliminated in the presentation of consolidated financial statements, resulting in balance sheet eliminations of $2,244,369 and eliminations within the statement of activities of $4,784,262.

N. Comparative Totals:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

O. Evaluation of Subsequent Events:

RWEF, Inc. has evaluated subsequent events through November 18, 2022, the date which the financial statements were available to be issued.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
5177 RICHMOND AVE. SUITE 1100
HOUSTON, TX 77056
TEL: (713) 666-5900
FAX: (713) 666-1049
http://www.gomezandco.com

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) as of and for the year ended June 30, 2022, and our report thereon dated November 18, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules for Individual Charter School dated June 30, 2022, and appearing on pages 18 to 35 and 45 to 52, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Houston, TX
November 18, 2022

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 11,900,036	$ 6,539,562
Restricted Cash	48,526,169	12,543,263
Grants Receivable	6,973,607	6,541,959
Other Receivables	-	55,428
Total Current Assets	67,399,812	25,680,212
Property and Equipment		
Land	14,901,238	13,313,472
Building and Improvements	75,132,684	65,864,125
Furniture and Equipment	4,023,245	3,522,794
Construction in Progress	32,038,666	9,212,050
Finance Lease Right-of-Use Assets	85,828	48,964
Operating Lease Right-of-Use Assets	7,111,702	2,291,518
	133,293,363	94,252,923
Less: Accumulated Depreciation	(9,173,074)	(7,659,043)
	124,120,289	86,593,880
Other Assets		
Deposits	102,162	2,162
TOTAL ASSETS	$ 191,622,263	$ 112,276,254
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 10,293,814	$ 3,691,360
Wages Payable	2,986,171	2,343,021
Payroll Taxes Payable	354,681	287,096
Accrued Liabilities	890,855	634,240
Due to Related Entity	779,963	779,963
Interest Payable	2,022,930	1,198,761
Current Portion of Finance Lease Liabilities	28,973	16,298
Current Portion of Operating Lease Liabilities	1,332,784	829,039
Current Portion of Bonds Payable	1,374,782	1,311,458
Total Current Liabilities	20,064,953	11,091,236
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	14,832	17,503
Operating Lease Liabilities net of Current Portion	5,778,918	667,115
Notes Payable net of Current Portion	-	11,477,558
Bonds Payable net of Premium, Issuance Costs, and Current Portion	166,190,908	86,859,167
Total Long-term Liabilities	171,984,658	99,021,343
TOTAL LIABILITIES	192,049,611	110,112,579
Net Assets		
Without Donor Restrictions	(836,166)	1,765,962
With Donor Restrictions	408,818	397,713
TOTAL NET ASSETS	(427,348)	2,163,675
TOTAL LIABILITIES AND NET ASSETS	$ 191,622,263	$ 112,276,254

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash	$ 9,529,450	$ 8,739,421
Restricted Cash	53,740,076	2,460,120
Grants Receivable	10,156,784	8,602,694
Receivable from Related Entity	1,186,942	779,963
Total Current Assets	74,613,252	20,582,198
Property and Equipment		
Land	13,744,494	10,108,691
Building and Improvements	88,622,810	88,622,810
Furniture and Equipment	4,015,967	4,015,967
Construction in Process	18,763,137	2,212,876
Finance Lease Right-of-Use Assets	198,824	139,798
Operating Lease Right-of-Use Assets	13,650,350	15,616,985
	138,995,582	120,717,127
Less: Accumulated Depreciation	(10,299,816)	(8,352,981)
	128,695,766	112,364,146
Other Assets		
Deposits	281,871	540,676
TOTAL ASSETS	$ 203,590,889	$ 133,487,020
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 1,749,362	$ 1,587,473
Wages Payable	3,795,172	3,213,478
Payroll Taxes Payable	475,016	426,051
Accrued Liabilities	1,143,330	922,886
Interest Payable	2,124,529	1,383,533
Deferred Revenue	185,290	-
Current Portion of Finance Lease Liabilities	66,930	46,305
Current Portion of Operating Lease Liabilities	996,906	987,815
Current Portion of Notes Payable	20,169	20,169
Current Portion of Bonds Payable	1,515,219	1,444,542
Total Current Liabilities	12,071,923	10,032,252
Long-term Liabilities		
Finance Lease Liabilities net of Current Portion	41,261	58,909
Operating Lease Liabilities net of Current Portion	12,653,444	13,650,350
Notes Payable net of Current Portion and Issuance Costs	(20,169)	842,418
Bonds Payable net of Current Portion, Premium and Issuance Costs	172,055,098	100,527,729
Total Long-term Liabilities	184,729,634	115,079,406
Total Liabilities	196,801,557	125,111,658
Net Assets		
Without Donor Restrictions	3,337,801	3,337,801
With Donor Restrictions	3,451,531	5,037,561
Total Net Assets	6,789,332	8,375,362
TOTAL LIABILITIES AND NET ASSETS	$ 203,590,889	$ 133,487,020

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative Totals for June 30, 2021)

	2022	2021
ASSETS		
Current Assets		
Cash	$ 1,148,083	$ 2,179,600
Due from Related Entities	1,356,591	1,064,849
Total Current Assets	2,504,674	3,244,449
Property and Equipment		
Building and Improvements	21,647	21,647
Operating Lease Right-of-Use Assets	490,912	528,475
Finance Lease Right-of-Use Assets	21,953	-
	534,512	550,122
Less: Accumulated Depreciation	(13,550)	(155,841)
Total Property and Equipment	520,962	394,281
Other Assets		
Deposits	32,745	11,966
TOTAL ASSETS	$ 3,058,381	$ 3,650,696
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ (236)	$ 806
Wages Payable	689,775	501,751
Payroll Taxes Payable	91,556	67,720
Accrued Liabilities	210,049	138,227
Current Portion of Operating Lease Liabilities	272,304	150,924
Current Portion of Finance Lease Liability	16,334	-
Total Current Liabilities	1,279,782	859,428
Long-Term Liabilities		
Operating Lease Liabilities net of Current Portion	218,608	227,302
Total Long-Term Liabilities	218,608	227,302
Total Liabilities	1,498,390	1,086,730
Net Assets		
With Donor Restrictions	1,559,991	2,563,966
Total Net Assets	1,559,991	2,563,966
TOTAL LIABILITIES AND NET ASSETS	$ 3,058,381	$ 3,650,696

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 351,518	$ -	$ 351,518	$ 82,933
5750 Revenue from Cocurricular Activities	908,448	-	908,448	372,989
Total Local Support	1,259,966	-	1,259,966	455,922
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	38,930,208	38,930,208	32,934,884
5820 State Program Revenues Distributed by Texas Education Agency	-	326,675	326,675	72,597
Total State Program Revenues	-	39,256,883	39,256,883	33,007,481
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	7,362,535	7,362,535	2,128,763
5930 Federal Revenue Distributed by Other Government Agencies	-	19,234	19,234	-
Total Federal Program Revenues	-	7,381,769	7,381,769	2,128,763
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	46,627,547	(46,627,547)	-	-
Total Revenues	47,887,513	11,105	47,898,618	35,592,166
Expenses				
11 Instruction	31,137,465	-	31,137,465	21,640,241
12 Instructional Resources and Media Services	782	-	782	-
13 Curriculum Development and Instructional Staff Development	1,324,159	-	1,324,159	1,268,455
21 Instructional Leadership	1,988,045	-	1,988,045	1,680,394
23 School Leadership	3,591,825	-	3,591,825	3,153,187
33 Health Services	178,902	-	178,902	84,196
35 Food Services	1,402,987	-	1,402,987	504,103
36 Cocurricular/Extracurricular Activities	794,253	-	794,253	302,439
41 General Administration	332,561	-	332,561	310,515
51 Plant Maintenance and Operations	6,009,335	-	6,009,335	4,925,591
52 Security and Monitoring Services	185,166	-	185,166	63,053
53 Data Processing Services	93,988	-	93,988	66,569
71 Debt Service	3,450,173	-	3,450,173	2,615,274
81 Fundraising	-	-	-	34,266
Total Expenses	50,489,641	-	50,489,641	36,648,283
Change in Net Assets	(2,602,128)	11,105	(2,591,023)	(1,056,117)
Net Assets, beginning of year	1,765,962	397,713	2,163,675	3,219,792
Net Assets, end of year	$ (836,166)	$ 408,818	$ (427,348)	$ 2,163,675

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 627,103	$ -	$ 627,103	$ 5,674
5750 Revenue from Cocurricular Activities	795,590	-	795,590	573,540
Total Local Support	1,422,693	-	1,422,693	579,214
State Program Revenues:				
5810 Foundation School Program Act Revenues	-	50,978,300	50,978,300	45,948,864
5820 State Program Revenues Distributed by Texas Education Agency	-	470,268	470,268	183,653
Total State Program Revenues	-	51,448,568	51,448,568	46,132,517
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	-	8,480,333	8,480,333	4,069,684
5930 Federal Revenues Distributed Other Government Agencies	-	-	-	10,908
Total Federal Program Revenues	-	8,480,333	8,480,333	4,080,592
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	61,514,931	(61,514,931)	-	-
Total Revenues	62,937,624	(1,586,030)	61,351,594	50,792,323
Expenses				
11 Instruction	38,979,530	-	38,979,530	30,900,476
12 Instructional Resources and Media Services	-	-	-	5,041
13 Curriculum Development and Instructional Staff Development	1,470,192	-	1,470,192	1,667,171
21 Instructional Leadership	2,009,907	-	2,009,907	2,264,408
23 School Leadership	4,268,172	-	4,268,172	4,209,074
33 Health Services	219,659	-	219,659	114,768
35 Food Services	2,040,426	-	2,040,426	1,030,986
36 Cocurricular/Extracurricular Activities	911,884	-	911,884	351,204
41 General Administration	593,624	-	593,624	310,835
51 Plant Maintenance and Operations	8,710,691	-	8,710,691	6,831,270
52 Security and Monitoring Services	188,957	-	188,957	35,324
53 Data Processing Services	5,120	-	5,120	4,519
71 Debt Service	3,539,462	-	3,539,462	3,110,146
81 Fundraising	-	-	-	30,994
Total Expenses	62,937,624	-	62,937,624	50,866,215
Change in Net Assets	-	(1,586,030)	(1,586,030)	(73,892)
Net Assets, beginning of year	3,337,801	5,037,561	8,375,362	8,449,254
Net Assets, end of year	$ 3,337,801	$ 3,451,531	$ 6,789,332	$ 8,375,362

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ -	$ 5,835,325	$ 5,835,325	$ 6,372,702
Total Local Support	-	5,835,325	5,835,325	6,372,702
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	6,839,300	(6,839,300)	-	-
Total Revenues	6,839,300	(1,003,975)	5,835,325	6,372,702
Expenses				
13 Curriculum Development and Instructional Staff Development	445,754	-	445,754	126,891
21 Instructional Leadership	85,206	-	85,206	80,066
33 Health Services	16,075		16,075	
41 General Administration	5,964,430	-	5,964,430	4,082,875
51 Plant Maintenance and Operations	327,412	-	327,412	155,162
71 Debt Service	423		423	-
Total Expenses	6,839,300	-	6,839,300	4,444,994
Change in Net Assets	-	(1,003,975)	(1,003,975)	1,927,708
Net Assets, beginning of year	-	2,563,966	2,563,966	636,258
Net Assets, end of year	$ -	$ 1,559,991	$ 1,559,991	$ 2,563,966

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,591,023)	$ (1,056,117)
Adjustments to reconcile change in net assets to net		
Cash Provided (Used) by Operating Activities:		
Depreciation expense	2,309,395	2,270,403
Amortization expense	118,794	95,651
Amortization of Premium	(258,844)	(187,737)
(Increase) Decrease in Grants Receivable	(431,648)	(2,079,442)
(Increase) Decrease in Other Receivable	55,428	747,572
(Increase) Decrease in Deposits	(100,000)	213,243
Increase (Decrease) in Accounts Payable	6,602,454	3,234,371
Increase (Decrease) in Accrued Liabilities	256,615	120,707
Increase (Decrease) in Accrued Wages	643,150	566,184
Increase (Decrease) in Payroll Taxes Payable	67,585	50,069
Increase (Decrease) in Interest Payable	824,169	(489,730)
Increase (Decrease) in Due from Related Entities	-	125,000
Total Adjustments	10,087,098	4,666,291
Net Cash Provided (Used) By Operating Activities	7,496,075	3,610,174
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(34,183,392)	(52,370,965)
Net Cash Provided (Used) By Investing Activities	(34,183,392)	(52,370,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	24,223,167	11,303,172
Proceeds from Bonds	84,127,497	-
Repayment of Issuance Cost	(3,280,924)	-
Repayment of Loans	(35,700,724)	-
Repayment of Capital Leases	(26,861)	(33,230)
Repayments of Bonds	(1,311,458)	(264,525)
Net Cash Provided (Used) By Financing Activities	68,030,697	11,005,417
NET INCREASE (DECREASE) IN CASH	41,343,380	(37,755,374)
CASH AT BEGINNING OF YEAR	19,082,825	56,838,199
CASH AT END OF YEAR	$ 60,426,205	$ 19,082,825
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 3,590,225	$ 2,707,360

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,586,030)	$ (73,892)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,925,657	3,030,735
Amortization expense	143,923	122,974
Amortization of Premium	(281,542)	(217,175)
(Increase) Decrease in Grants Receivable	(1,554,090)	(2,092,865)
(Increase) Decrease in Due from Related Entities	(406,979)	(125,000)
(Increase) Decrease in Other Receivables	-	-
(Increase) Decrease in Deposits	258,805	131,856
Increase (Decrease) in Accounts Payable	161,889	85,230
Increase (Decrease) in Accrued Liabilities	220,444	1,025,690
Increase (Decrease) in Accrued Wages	581,694	744,900
Increase (Decrease) in Payroll Taxes Payable	48,965	(585,244)
Increase (Decrease) in Interest Payable	740,996	197,272
Increase (Decrease) in Deferred Revenue	185,290	-
Total Adjustments	3,025,052	2,318,373
Net Cash Provided (Used) By Operating Activities	1,439,022	2,244,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(20,186,065)	(59,795,731)
Net Cash Provided (Used) By Investing Activities	(20,186,065)	(59,795,731)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	20,155,580	543,065
Proceeds from Bonds	76,150,011	-
Repayment of Issuance Cost	(2,969,806)	-
Repayment of Loans	(21,018,170)	(44,006)
Repayment of Capital Leases	(56,046)	(48,701)
Repayments of Bonds	(1,444,542)	(193,475)
Net Cash Provided (Used) By Financing Activities	70,817,027	256,883
NET INCREASE (DECREASE) IN CASH	52,069,985	(57,294,367)
CASH AT BEGINNING OF YEAR	11,199,541	68,493,908
CASH AT END OF YEAR	$ 63,269,526	$ 11,199,541
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 3,677,081	$ 3,204,347

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,003,975)	$ 1,927,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,958	4,329
(Increase) Decrease in Due from Related Entities	(291,742)	(228,252)
(Increase) Decrease in Other Receivables	-	-
(Increase) Decrease in Deposits	(20,779)	-
Increase (Decrease) in Accounts Payable	(1,042)	806
Increase (Decrease) in Accrued Liabilities	71,822	4,128
Increase (Decrease) in Accrued Wages	188,024	42,034
Increase (Decrease) in Payroll Taxes Payable	23,836	6,324
Increase (Decrease) in Deferred Rent	-	(30,730)
Total Adjustments	(21,923)	(201,361)
Net Cash Provided (Used) By Operating Activities	(1,025,898)	1,726,347
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases	(5,619)	-
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(5,619)	-
NET INCREASE (DECREASE) IN CASH	(1,031,517)	1,726,347
CASH AT BEGINNING OF YEAR	2,179,600	453,253
CASH AT END OF YEAR	$ 1,148,083	$ 2,179,600
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 423	$ -

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
EXPENSES		
6100 Payroll Costs	$ 28,284,678	$ 20,219,384
6200 Professional and Contracted Services	10,070,033	7,063,784
6300 Supplies and Materials	5,030,001	3,161,439
6400 Other Operating Costs	3,654,756	3,588,403
6500 Debt	3,450,173	2,615,274
Total Expenses	$ 50,489,641	$ 36,648,284

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
EXPENSES		
6100 Payroll Costs	$ 36,282,319	$ 28,558,981
6200 Professional and Contracted Services	13,177,528	9,541,986
6300 Supplies and Materials	4,998,082	5,267,592
6400 Other Operating Costs	4,940,233	4,387,510
6500 Debt	3,539,462	3,110,146
Total Expenses	$ 62,937,624	$ 50,866,215

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Period Ended June 30, 2021)

	2022	2021
EXPENSES		
6100 Payroll Costs	$ 5,878,585	$ 4,078,083
6200 Professional and Contracted Services	511,245	197,190
6300 Supplies and Materials	240,005	67,056
6400 Other Operating Costs	209,042	102,665
6500 Debt	423	-
Total Expenses	$ 6,839,300	$ 4,444,994

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ 931,536	$ 59,494,669	$ -
1510 Land	-	14,901,238	-
1520 Building and Improvements	20,540	107,150,810	-
1539 Furniture and Equipment	-	3,728,953	294,292
1552 Right-of-use assets	-	7,197,530	-
Total Capital Assets	$ 952,076	$ 192,473,200	$ 294,292

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ 925,611	$ 62,343,915	$ -
1510 Land	-	13,744,494	-
1520 Building and Improvements	61,094	107,324,853	-
1539 Furniture and Equipment	-	3,010,603	995,114
1552 Right-of-use assets	-	13,849,174	-
1569 Library Books and Media	-	-	10,250
Total Capital Assets	$ 986,705	$ 200,273,039	$ 1,005,364

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Ownership Interest		
	Local	State	Federal
1110 Cash	$ -	$ 1,148,083	$ -
1520 Building and Improvements	-	21,647	-
1552 Right-of-use assets	-	512,865	-
Total Capital Assets	$ -	$ 1,682,595	$ -

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 22,000	$ 348,500	$ 351,518	$ 3,018
5750 Revenue from Cocurricular Activities	570,000	906,500	908,448	1,948
Total Local Support	592,000	1,255,000	1,259,966	4,966
State Program Revenues:				
5810 Foundation School Program Act Revenues	41,573,494	39,548,494	38,930,208	(618,286)
5820 State Program Revenues Distributed by Texas Education Agency	20,000	326,000	326,675	675
Total State Program Revenues	41,593,494	39,874,494	39,256,883	(617,611)
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	1,670,000	7,723,070	7,362,535	(360,535)
5930 Federal Revenues Distributed by Other Government Agencies			19,234	19,234
Total Federal Program Revenues	1,670,000	7,723,070	7,381,769	(341,301)
Total Revenues	43,855,494	48,852,564	47,898,618	(953,946)
EXPENSES				
11 Instruction	24,301,862	30,907,232	31,137,465	(230,233)
12 Instructional Resources and Media Services	5,150	782	782	-
13 Curriculum Development and Instructional Staff Development	2,266,682	1,366,682	1,324,159	42,523
21 Instructional Leadership	2,179,691	2,179,691	1,988,045	191,646
23 School Leadership	2,903,836	3,583,836	3,591,825	(7,989)
33 Health Services	82,943	176,943	178,902	(1,959)
35 Food Services	470,000	1,376,000	1,402,987	(26,987)
36 Cocurricular/Extracurricular Activities	420,000	790,000	794,253	(4,253)
41 General Administration	78,000	328,000	332,561	(4,561)
51 Plant Maintenance and Operations	3,774,269	4,534,269	6,009,335	(1,475,066)
52 Security and Monitoring Services	55,000	185,000	185,166	(166)
53 Data Processing Services	68,712	94,712	93,988	724
71 Debt Service	3,178,005	3,498,004	3,450,173	47,831
Total Expenses	39,784,150	49,021,151	50,489,641	(1,468,490)
Change in Net Assets	4,071,344	(168,588)	(2,591,023)	(2,422,435)
Net Assets, beginning of year	2,163,675	2,163,675	2,163,675	-
Net Assets, end of year	$ 6,235,019	$ 1,995,087	$ (427,348)	$ (2,422,435)

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 8,000	$ 1,005,500	$ 627,103	$ (378,397)
5750 Revenue from Cocurricular Activities	535,000	795,500	795,590	90
Total Local Support	543,000	1,801,000	1,422,693	(378,307)
State Program Revenues:				
5810 Foundation School Program Act Revenues	49,661,107	49,894,107	50,978,300	1,084,193
5820 State Program Revenues Distributed by Texas Education Agency	50,000	481,000	470,268	(10,732)
Total State Program Revenues	49,711,107	50,375,107	51,448,568	1,073,461
Federal Program Revenues:				
5920 Federal Revenue Distributed by TEA	2,440,000	8,677,753	8,480,333	(197,420)
Total Federal Program Revenues	2,440,000	8,677,753	8,480,333	(197,420)
Total Revenues	52,694,107	60,853,860	61,351,594	497,734
Expenses				
11 Instruction	28,404,161	37,997,129	38,979,530	(982,401)
12 Instructional Resources and Media Services	7,000	-	-	-
13 Curriculum Development and Instructional Staff Development	2,545,748	1,470,748	1,470,192	556
21 Instructional Leadership	2,965,365	2,015,914	2,009,907	6,007
23 School Leadership	3,843,446	4,268,170	4,268,172	(2)
33 Health Services	123,465	219,660	219,659	1
35 Food Services	670,000	2,024,096	2,040,426	(16,330)
36 Cocurricular/Extracurricular Activities	400,000	914,949	911,884	3,065
41 General Administration	91,000	596,000	593,624	2,376
51 Plant Maintenance and Operations	5,620,689	7,380,689	8,710,691	(1,330,002)
52 Security and Monitoring Services	60,000	189,345	188,957	388
53 Data Processing Services	19,000	5,120	5,120	-
71 Debt Service	3,647,726	3,577,726	3,539,462	38,264
Total Expenses	48,397,600	60,659,546	62,937,624	(2,278,078)
Change in Net Assets	4,296,507	194,314	(1,586,030)	(1,780,344)
Net Assets, beginning of year	8,375,362	8,375,362	8,375,362	-
Net Assets, end of year	$ 12,671,869	$ 8,569,676	$ 6,789,332	$ (1,780,344)

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues				
Local Support:				
5740 Other Revenues from Local Sources	$ 9,360,986	$ 9,360,986	$ 5,835,325	$ (3,525,661)
Total Local Support	9,360,986	9,360,986	5,835,325	(3,525,661)
Total Revenues	9,360,986	9,360,986	5,835,325	(3,525,661)
Expenses				
13 Curriculum Development and Instructional Staff Development	3,557,175	3,624,175	445,754	3,178,421
21 Instructional Leadership	-	-	85,206	(85,206)
33 Health Services	-	5,000	16,075	(11,075)
41 General Administration	5,623,811	6,292,811	5,964,430	328,381
51 Plant Maintenance and Operations	180,000	434,740	327,412	107,328
71 Debt Service	-	-	423	(423)
Total Expenses	9,360,986	10,356,726	6,839,300	3,517,426
Change in Net Assets	-	(995,740)	(1,003,975)	(8,235)
Net Assets, beginning of year	2,563,966	2,563,966	2,563,966	-
Net Assets, end of year	$ 2,563,966	$ 1,568,226	$ 1,559,991	$ (8,235)

See accompanying notes to financial statements.

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
5177 RICHMOND AVE. SUITE 1100
HOUSTON, TX 77056
TEL: (713) 666-5900
FAX: (713) 666-1049
http://www.gomezandco.com

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

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Riverwalk Education Foundation, Inc. (RWEF, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control over Financial Reporting

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

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

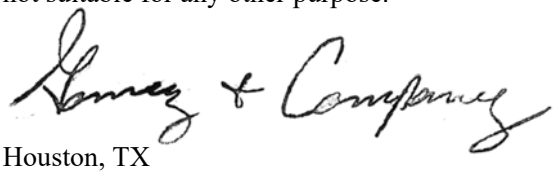
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Houston, TX
November 18, 2022

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
5177 RICHMOND AVE. SUITE 1100
HOUSTON, TX 77056
TEL: (713) 666-5900
FAX: (713) 666-1049
http://www.gomezandco.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Riverwalk Education Foundation, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Riverwalk Education Foundation, Inc. (RWEF, Inc.)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of RWEF, Inc.'s major federal programs for the year ended June 30, 2022. RWEF, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RWEF, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding RWEF, Inc.'s compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of RWEF, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the RWEF, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

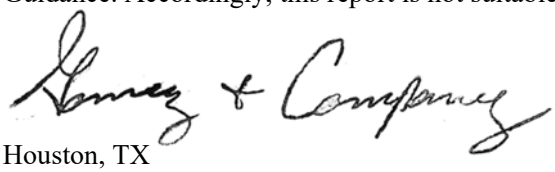
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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



Houston, TX
November 18, 2022

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses on internal control over financial statements.

3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weaknesses on internal control over major federal award programs.

5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.

6. The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR section 200.516(a).

7. Major programs:

U.S. Department of Education	
Passed – Through Texas Education Agency	
Title I, Part A	CFDA 84.010
Elementary and Secondary School	CFDA 84.425D
Emergency Relief Fund *	CFDA 84.425U

8. The threshold used for distinguishing between Type A and Type B programs was $750,000.

9. RWEF, Inc. qualifies as a low-risk auditee.

Current Year Findings	Questioned Costs
No audit findings were noted as per governmental auditing standards and 2 CFR section 200.516 (a).	$-0-

* Denotes cluster

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

No findings were noted as per governmental auditing standards and 2 CFR section 200.516(a) for the year ended June 30, 2021.

RIVERWALK EDUCATION FOUNDATION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Assistance Listing	Pass - Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed - Through Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	21610101015827	$ 119,350
Title I, Part A-Improving Basic Programs	84.010A	21610101015831	156,317
Title I, Part A-Improving Basic Programs	84.010A	21610141015827	3,980
Title I, Part A-Improving Basic Programs	84.010A	22610101015827	592,144
Title I, Part A-Improving Basic Programs	84.010A	22610101015831	670,973
IDEA, Part B-Formula	84.027A	226600010158276000	438,663
IDEA, Part B-Formula	84.027A	226600010158316000	682,695
IDEA, Part B-Formula	84.027A	66002106	26,131
IDEA, Part B-Formula	84.027A	225350010158275000	94,529
IDEA, Part B-Formula	84.027A	225350010158315000	103,888
Charter Schools	84.282	215901027110007	432,263
Title II, Part A-Teacher & Principal Training	84.367A	21694501015827	23,362
Title II, Part A-Teacher & Principal Training	84.367A	21694501015831	53,798
Title II, Part A-Teacher & Principal Training	84.367A	22694501015827	112,284
Title II, Part A-Teacher & Principal Training	84.367A	22694501015831	145,589
Title III, Part A-LEP	84.365A	21671003015831	12,755
Title III, Part A-LEP	84.365A	22671001015827	70,075
Title III, Part A-LEP	84.365A	22671001015831	89,351
Total U.S. Department of Education, non-COVID-19 Assistance			3,828,147
COVID-19 - Title IV, Part A, Subpart 1	84.424A	21680101015827	28,124
COVID-19 - Title IV, Part A, Subpart 1	84.424A	22680101015827	40,521
COVID-19 - Title IV, Part A, Subpart 1	84.424A	21680101015831	37,915
COVID-19 - Title IV, Part A, Subpart 1	84.424A	22680101015831	58,576
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425D	20521001015827	38,340
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425D	21521001015827	616,730
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425D	21521001015831	580,479
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425U	21528001015827	2,766,547
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act	84.425U	21528001015831	2,921,882
Total U.S. Department of Education, COVID-19 Assistance			7,089,114
Total U.S. Department of Education			10,917,261
U.S. Department of Agriculture			
Passed - Through Texas Education Agency			
Federal Food Service Reimbursement			
Breakfast	10.553	71402101	184,685
Breakfast	10.553	71402201	565,158
Lunch	10.555	71302101	651,241
Lunch	10.555	71302201	2,337,716
			3,738,800
Passed - Through Texas Department of Agriculture			
USDA Commodity Food Distribution	10.555		43,449
NSLP Commodity Storage	10.555		1,635
Total U.S. Department of Agriculture, non-COVID-19 Assistance			3,783,884
Passed - Through Texas Department of Agriculture			
Pandemic Electronic Benefit Transfer (P-EBT)	10.649		6,126
Total U.S. Department of Agriculture, COVID-19 Assistance			6,126
Total U.S. Department of Agriculture			3,790,010
U.S. Department of Health and Human Services			
Passed - Through Texas Education Agency			
COVID-19 - ELC Reopening Schools	93.323	39352201	19,234
Total U.S. Department of Health and Human Services, COVID-19 Assistance			19,234
Total U.S. Department of Health and Human Services			19,234
Total Federal Financial Assistance			$ 14,726,505

RIVERWALK EDUCATION FOUNDATION, INC.

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of Riverwalk Education Foundation, Inc. (RWEF, Inc.) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of RWEF, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of RWEF, Inc.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

RWEF, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

The Organization did not provide federal awards to subrecipients.

Reconciliation of Functional Expenses to Expenditures per Schedule of Expenditures of Federal Awards (SEFA) and Federal Grant Revenue:

Total Expenditure of Federal Awards per SEFA	$	14,726,505
Federal Funds Not Expended		1,135,597
Total Federal Awards per the Statement of Activities	$	15,862,102

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY -MAIN

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30,2022

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
NCB 11833 BLK 33 LOT E IRRG 275 FT OF 32	1450 NE Loop 410 San Antonio, TX 78209	$ 3,395,440	$ -	$ 2,994,610	$ -
NCB 11833 BLK 33 LOT W 100 FT OF 32	1450 NE Loop 410 San Antonio, TX 78209	1,687,430	-	1,565,150	-
NCB 15911 (CROSSWINDS DRAINAGE DETENTION), BLOCK 1 LOT 45	11214 N Weidner Rd. San Antonio, TX 78233	14,319,180	-	12,463,650	-
14945 P-1N (0.24 AC) & TR-1K (11.763 AC)	Wurzbach Pkwy TX 78233	468,570	-	433,970	-
RES B BLK 1 LOUETTA GLEN SEC 1	0 Louetta Rd. Spring, TX 77388	478,783	-	478,783	-
RES A BLK 1 RESERVE ON TC JESTER SEC 1	15015 T C Jester Blvd. Houston, TX 77068	20,151,433	-	20,151,433	-
RES A BLK 1 LOUETTA NORTH BUSINESS PARK	2105 Louetta Rd. Spring, TX 77388	18,543,332	-	18,543,332	-
TR 10D ABST 229 G H DELESDERNIER	0 T C Jester Blvd. Houston, TX 77068	33,212	-	33,212	-
RES F5-A GREENBRIAR NORTH SEC 1	330 N Sam Houston Pky E. Houston, TX 77060	5,113,515	-	5,113,515	-
A-175 SUR-98 R GARZA, ACRES 4.7355	S IH 35 Schertz, TX 78154	606,460	-	606,460	-
A-175 SUR- 98 R GARZA, ACRES 5.375	S IH 35 SCHERTZ, TX 78154	1,273,690	-	1,273,690	-
BUILDING HOPE CHARTER SCHOOL, BLOCK 1, LOT 1	IH35 Schertz	4,213,220.00	-	4,213,220.00	-

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30,2022

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest- State	Ownership Interest- Federal
NCB 16007 BLK 2 LOT 2 "BOWEN'S CROSSING COMMERCIAL UT-4"	Bowen's Crossing San Antonio, TX 78250	$ 201,710	$ -	$ 201,710	$ -
NCB 16007 BLK 2 LOT 3 (BUILDING HOPE CHARTER SCHOOL)	9202 W Loop 1604 N, San Antonio, TX 78250	19,415,370	-	19,415,370	-
CB 4411C (REGAL VILLAGE), BLOCK 51 LOT 3	Culebra Rd San Antonio, TX 78253	15,233,760	-	15,233,760	-
RES A BLK 1 SCHOOL OF SCIENCE AND TECHNOLOGY	12000 Brant Rock Dr. Houston, TX 77082	1,323,735	-	1,323,735	-
0361 I AND GN, ACRES 9.8807	10007 Clodine Rd. Richmond, TX 77407	15,237,994	-	15,237,994	-
AIRLINE ROAD SCHOOL OF SCIENCE AND TECHNOLOGY BLK 1 LOT 1	2626 Airline Rd. Corpus Christi, TX 78414	11,032,786	-	11,032,786	-

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY - CENTRAL OFFICE

SCHEDULE OF REAL PROPERTY OWNERSHIP INTEREST

FOR THE YEAR ENDED JUNE 30, 2022

Description (List each parcel separately)	Property Address	Total Assessed Value	Ownership Interest- Local	Ownership Interest-State	Ownership Interest-Federal
None					

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- MAIN

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- DISCOVERY

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

See accompanying notes to financial statements.

RIVERWALK EDUCATION FOUNDATION, INC.
SCHOOL OF SCIENCE & TECHNOLOGY- CENTRAL OFFICE

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2022

Related Party Name	Name of Relation to the Related Party	Relationship	Type of Transaction	Description of Terms and Conditions	Source of Funds Used	Payment Frequency	Total Paid During FY	Principal Balance Due
None								

RIVERWALK EDUCATION FOUNDATION, INC.

SPECIAL PROGRAM COMPLIANCE SCHEDULE - MAIN

FOR THE YEAR ENDED JUNE 30, 2022

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 3,645,240
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 4,770,845
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 420,789
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 319,982

RIVERWALK EDUCATION FOUNDATION, INC.

SPECIAL PROGRAM COMPLIANCE SCHEDULE - DISCOVERY

FOR THE YEAR ENDED JUNE 30, 2022

Data Codes		Responses
	Section A: Compensatory Education Program	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 5,157,898
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 4,243,102
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 448,544
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 376,157

APPENDIX D

FORM OF BOND COUNSEL OPINION

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March 31, 2025

$141,135,000
ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
EDUCATION REVENUE BONDS (RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

Arlington Higher Education Finance Corporation
4381 W. Green Oaks Blvd., Suite 200
Arlington, Texas 76016

Regions Bank
3773 Richmond Avenue, Suite 1100
Houston, Texas 77046

Ladies and Gentlemen:

We have been engaged by Riverwalk Education Foundation, Inc., a Texas nonprofit corporation (the "Company"), to serve as bond counsel in connection with the issuance by the Arlington Higher Education Finance Corporation (the "Issuer") of its Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the "Bonds"). The Bonds are issued pursuant to a Trust Indenture and Security Agreement, dated as of March 1, 2025 (the "Trust Indenture"), by and between the Issuer and Regions Bank, as trustee (the "Trustee") and are secured by a promissory note entitled to the benefit of a Master Trust Indenture and Security Agreement, dated as of April 15, 2014 (the "Original Master Indenture"), by and between the Company and Regions Bank, as master trustee (the "Master Trustee"), as supplemented through Supplemental Master Trust Indenture No. 11, dated as of March 1, 2025 (the "Supplemental Indenture") (the Original Master Indenture, as supplemented, is referred to herein as the "Master Indenture"). The proceeds of the Bonds will be loaned by the Issuer to the Company pursuant to a Loan Agreement, dated as of March 1, 2025 (the "Loan Agreement"), by and between the Issuer and the Company. Under the Loan Agreement, the Company has agreed to make payments to or for the account of the Issuer in amounts necessary to pay when due the principal of, premium, if any, and interest on the Bonds. Such payments and the rights of the Issuer under the Loan Agreement (except certain rights to indemnification, rebate payments and administrative fees) and the Note (as defined below) are pledged and assigned by the Issuer under the Trust Indenture to the Trustee as security for the Bonds. A capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Trust Indenture and the Loan Agreement. The Bonds are payable solely from the Trust Estate created under the Trust Indenture.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to (i) the legality and validity of the Bonds under the Constitution and laws of the State of Texas and (ii) the exclusion of interest on the Bonds from gross income for federal income tax purposes.

We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the Company or the disclosure thereof in connection with the offer and sale of the Bonds.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization and issuance of the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Board of Directors of the Company and the Board of Directors of the Issuer, and certain certificates and other documents of representatives of the Issuer, the Trustee, the Company, and of others. We have also examined such portions of the Constitution and statutes of the State of Texas, and such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, regulations and published rulings of the Internal Revenue Service (the "Service"), as we have deemed necessary for the purposes of this opinion.

As to questions of fact material to our opinion, we have relied, with your permission, upon representations of the Issuer and the Company contained in the Trust Indenture and the Loan Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications, documents, and other information furnished to us by or on behalf of the Company, the Issuer, Robert W. Baird & Co., on behalf of itself, Texas Capital Securities, and RBC Capital Markets LLC (the "Underwriters"), and others, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of even date herewith of Schulman, Lopez, Hoffer & Adelstein LLP, as counsel to the Company, addressed to you, as to among other things, (i) the due authorization, execution and delivery of the Master Indenture, the Note, the Loan Agreement and other related documents by the Company and the enforceability of such documents against the Company, and (ii) the status of the Company as an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Code, upon which you are relying as to matters therein. We express no opinion herein, directly or by implication, as to the status of the Company as an organization exempt from income taxation pursuant to Section 501(c)(3) of the Code and, to the extent the opinions expressed in paragraph 3 below are dependent upon such status, we have with your permission relied on the referenced opinion.

We have assumed, with your permission, and without independent verification (i) the genuineness of certificates, records and other documents and the accuracy and completeness of the statements contained therein; (ii) the due authorization, execution and delivery of the Trust Indenture by the Trustee and the validity and binding effect of the Trust Indenture on the Trustee; (iii) that all documents and certificates submitted to us as originals are accurate and complete; (iv) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted to us was accurate and complete. No information has come to our attention that is inconsistent with the material facts that have been certified by the Issuer, the Company and others, and upon which we have relied in our opinions.

Based on the foregoing, and subject to the matters set forth herein, we are of the opinion that under existing law:

1. The Trust Indenture has been duly authorized, executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms. The Issuer has assigned its rights, title, and interest in and to the Tax-Exempt Master Indenture Note (Riverwalk Education Foundation, Inc.) Series 2025 (the "Note") and the Loan Agreement (except for certain rights of the Issuer to indemnification and payment of its fees and expenses) and amounts on deposit or held for the credit of the funds and accounts held by the Trustee pursuant to the terms of the Trust Indenture and all amounts held therein (other than the Rebate Fund) and has granted a valid security interest therein, to the Trustee pursuant to the Trust Indenture as security for the Bonds. The Trust Indenture validly and effectively creates the security interest that it purports to create and no additional instrument of conveyance, assignment, or transfer is necessary to create such security interest. No filing or recording of any document not filed or recorded is required as of this date to perfect or maintain the security interest created by the Trust Indenture.

2. The Bonds have been duly authorized, executed, issued and delivered by the Issuer, and are legal, valid and binding special obligations of the Issuer entitled to the benefits and security of the Trust Indenture and that all conditions precedent provided in the Trust Indenture relating to the authentication and delivery of the Bonds have occurred. The Bonds are limited obligations of the Issuer payable solely from the Trust Estate under the Trust Indenture and the revenues derived therefrom. The Bonds are not obligations of the City of Arlington, Texas, nor of any political corporation, subdivision or agency of the State of Texas.

3. Interest on the Bonds is excludable from gross income of the holders of the Bonds for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum income tax.

4. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

The opinions expressed herein are limited to the extent that (i) the performance and enforceability of the Trust Indenture, the Bonds and the Loan Agreement may be subject to applicable bankruptcy, reorganization, moratorium or other similar laws affecting generally the enforcement of creditors' rights; (ii) general equitable principles may limit the availability of equitable remedies, including, but not limited to, the remedy of specific performance; and (iii) the enforceability of provisions relating to indemnification may be limited by public policy or applicable securities law.

In rendering these opinions, we have relied, with your permission, on, among other things, certificates signed by officers of the Issuer, the Company and the Underwriters with respect to certain material facts, estimates and expectations which are solely within the knowledge of the Issuer, the Company and the Underwriters, respectively, and which we have not independently verified. In addition, in rendering the opinions set forth in **paragraph 3**, we have assumed continuing compliance with the covenants in the Loan Agreement and the Trust Indenture pertaining to those sections of the Code that affect the status of the Company as an organization

described in Section 501(c)(3) of the Code and the exclusion from gross income of interest on the Bonds for federal income tax purposes. If the certificates upon which we have relied are determined to be inaccurate or incomplete, or the Issuer or the Company fails to comply with such covenants, interest on the Bonds could become includable in gross income from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States of America, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and individuals otherwise qualifying for the earned income tax credit.

The opinions expressed herein are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Issuer as the taxpayer. We observe that the Company has covenanted in the Loan Agreement not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

The foregoing opinions speak only as of the date hereof and only in connection with the Bonds and may not be applied to any other transaction. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof that may affect our legal opinion and conclusions expressed herein. Further, the foregoing opinions are specifically limited to the laws of the State of Texas and, to the extent applicable, the federal laws of the United States of America.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
$141,135,000 Education Revenue Bonds (Riverwalk Education Foundation, Inc.)
Series 2025

This Continuing Disclosure Agreement, dated as of March 31, 2025 (the *"Continuing Disclosure Agreement"),* is executed and delivered by and among Riverwalk Education Foundation, Inc. (the *"SST"*), a Texas non-profit corporation and Digital Assurance Certification, L.L.C., as dissemination agent (the *"Dissemination Agent"),* in connection with the issuance by Arlington Higher Education Finance Corporation (the *"Issuer"),* of its $141,135,000 Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the *"Bonds").* The Bonds are being issued pursuant to a Trust Indenture and Security Agreement, dated as of March 1, 2025 (the *"Bond Indenture")* between the Issuer and Regions Bank, as trustee (the *"Trustee").* The proceeds of the sale of the Bonds will be loaned to SST pursuant to the terms of a Loan Agreement, dated as of March 1, 2025 (the *"Agreement").* Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Bond Indenture and the Agreement.

Section 1. Purpose of Agreement

Inasmuch as the Bonds are limited obligations of the Issuer, no financial or operating data concerning it is material to any decision to purchase, hold or sell the Bonds, and the Issuer has not covenanted to provide such information. SST has undertaken all responsibilities for any continuing disclosure to holders of the Bonds as described herein.

This Continuing Disclosure Agreement is being executed and delivered by SST 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 Robert W. Baird & Co. Incorporated (the *"Underwriter")* in complying with paragraph (b)(5) of Securities and Exchange Commission (the *"SEC"*) Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the *"Rule").* This Continuing Disclosure Agreement constitutes the written undertaking required by the Rule. Each and every filing made hereunder shall be disseminated by transmission to the Municipal Securities Rulemaking Board (the *"MSRB")* through the Electronic Municipal Market Access *("EMMA")* System at www.emma.msrb.org or any successor system that the MSRB may prescribe. Such filings will be in the format and will be accompanied by the identifying information prescribed by the MSRB.

Section 2. Defined Terms

"Annual Report" means the reports required to be provided pursuant to **Section** 3 hereof.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final Official Statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Official Statement" means the Official Statement dated March 18, 2025, pertaining to the Bonds.

Section 3. Annual Reports

Each year, SST shall provide to the Dissemination Agent and cause the Dissemination Agent to provide for dissemination in the manner required under this Continuing Disclosure Agreement, within six months after the end of the immediately preceding fiscal year, commencing with the fiscal year ending June 30, 2025, an Annual Report for the immediately preceding fiscal year which shall include all annual information pertinent to such fiscal year as provided below:

(i) *Audited Financials:* Each Annual Report shall include a copy of SST's annual audited financial statements for the immediately preceding fiscal year, together with a copy of any accompanying management letter and a copy of the accompanying audit report; *provided, however,* that such annual audited financial statements may be submitted separately from the balance of the Annual Report and that, if such audited financial statements are not available within six months of the end of the immediately preceding fiscal year, then SST shall provide unaudited financial statements by that date and shall subsequently provide the pertinent audited financial statements as soon as they become available. Such financial statements shall be prepared in accordance with the accounting principles prescribed by the Texas State Board of Education or such other accounting principles as SST may be required to employ from time to time pursuant to State law or regulation. In addition, the Annual Report shall include a calculation of (a) SST's Debt Service Coverage Ratio, (b) the operating reserves and (c) the amount of unrestricted cash and cash equivalents held at the end of each fiscal year.

(ii) *Updated Table Data from **APPENDIX B** to the Official Statement.* Each Annual Report shall include updated financial information and operating data with respect to SST of the general type included

in **APPENDIX B** to the Official Statement including in the following tables, but subject to adjustments as may be noted below:

(A) TABLE 1: CHARTER SCHOOLS;

(B) TABLE 4: PROFESSIONAL STAFF AND FACULTY;

(C) TABLE 5: HISTORICAL AND FUTURE PROJECTED ENROLLMENT; provided, however, that only historical data will be provided;

(D) TABLE 6: WAITING LIST DATA;

(E) TABLE 7: STUDENT RETENTION DATA; and

(F) TABLE 8: CHARTER SCHOOLS' ACCOUNTABILITY RATINGS.

Each Annual Report may be submitted as a single document or as separate documents comprising a package and may include by specific reference other information provided pursuant to this Continuing Disclosure Agreement. If SST fails to provide any Annual Report within the time periods required hereby, then SST shall promptly send a notice of such failure to the Dissemination Agent and the Dissemination Agent shall promptly send notice of such failure in the manner required under this Continuing Disclosure Agreement and the Rule. If SST changes its fiscal year, it shall provide notice of such an event prior to the next date by which SST otherwise would be required to provide financial information and operating data pursuant to this section.

Section 4. Reserved

Section 5. Material Events

SST agrees to provide or cause to be provided, in a timely manner (but not in excess of ten business days after the occurrence of the event), notice of the occurrence of any of the following events with respect to the Bonds *("Reportable Events"):*

(a) principal and interest payment delinquencies;

(b) nonpayment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions or the issuance by the Internal Revenue Service of

proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

(g) modifications to rights of the Registered Owners, if material;

(h) Bond calls, if material (other than mandatory sinking fund redemptions), and tender offers;

(i) defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of SST;

(m) the consummation of a merger, consolidation, or acquisition involving SST or the sale of all or substantially all of the assets of SST, other than in the ordinary course of business, the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of the name of a trustee, if material;

(o) incurrence of a Financial Obligation of SST or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of SST or obligated person, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of SST or obligated person, any of which reflect financial difficulties.

Each material event notice shall be so captioned and shall prominently state the date, title and (to the extent less than all of the Bonds are affected by the related material event) CUSIP numbers of the Bonds.

SST may, from time to time, choose to provide notice of the occurrence of certain other events, in addition to those listed above, but SST does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Dissemination Agent

SST has engaged the Dissemination Agent to assist it in disseminating information hereunder whose only role is to receive such information and disseminate it according to the terms hereof. SST shall send all annual financial information, operating data and event notices required by this Continuing Disclosure Agreement to the Dissemination Agent together with written instructions to file such notice with the MSRB. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than three (3) days of receipt of such information and instruction of SST forward the same to (i) the MSRB, as described herein and (ii) any Registered or Beneficial Owner of the Bonds who requests such information in writing to the Dissemination Agent or SST; provided SST has forwarded such request to the Dissemination Agent. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials nor will it be responsible for the substance or form of such information. The Dissemination Agent shall have no duty to file a notice of failure to file unless such notice is provided by SST to the Dissemination Agent

The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. SST may discharge the Dissemination Agent or any successor Dissemination Agent and the Dissemination Agent may resign with written notice of such resignation to SST, but in such event SST shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of Dissemination hereunder. In the event no Dissemination Agent has been appointed, SST will serve as Dissemination Agent.

Section 7. Termination of Obligations

Pursuant to paragraph (b)(5)(iii) of the Rule, the obligation of SST to provide financial and operating information of SST and notices of material events, as set forth herein, shall terminate if and when SST no longer remains an obligated person with respect to the Bonds, which shall occur upon either payment of the Bonds in full or the legal defeasance of the Bonds in accordance with the Bond Indenture *(provided that* SST has no further obligations with respect to the Bonds).

Section 8. Enforceability and Remedies

This Continuing Disclosure Agreement is intended to be for the sole benefit of the Trustee, the Underwriter and the registered owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered registered owners of the Bonds) and shall create no rights in any other person or entity.

This Continuing Disclosure Agreement shall be enforceable by or on behalf of any registered owner of the Bonds. This Continuing Disclosure Agreement is also enforceable on behalf of the registered owners of the Bonds by the Trustee, and the Trustee may, and upon the written direction of the registered owners of not less than 25% of the aggregate outstanding principal amount of the Bonds shall, proceed to protect and enforce the rights of the registered owners of the Bonds pursuant to this Continuing Disclosure Agreement; *provided that* in all cases the Trustee shall be entitled to the indemnification and other

provisions of the Bond Indenture with regard to any actions.

Any failure by SST to comply with the provisions of this Continuing Disclosure Agreement shall not be an Event of Default under the Agreement or the Bond Indenture. The registered owners' and the Trustee's rights to enforce the provisions of this Continuing Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel SST to perform under this Continuing Disclosure Agreement, and their directors, officers and employees shall incur no liability under this Continuing Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this section shall entitle the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 9. Amendment

Notwithstanding any other provision of this Continuing Disclosure Agreement, SST and the Dissemination Agent may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, without the consent of the registered owners but with the consent of the Trustee, under the following conditions:

(a) The amendment or waiver 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 SST, or type of business conducted;

(b) This Continuing Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of registered owners of the Bonds, as determined either by parties unaffiliated with SST (which shall include nationally recognized bond counsel, or any other party determined by such counsel to be unaffiliated), or by approving vote of registered owners of the Bonds.

SST shall provide notice of each amendment or waiver for dissemination in the manner specified herein. The initial annual financial or operating information provided by SST after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the SST has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the SST and shall not be deemed to be acting in any fiduciary capacity for the SST, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the SST's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the SST has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the SST at all times.

The obligations of the SST under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the SST.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 11. Counterparts

This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

[Signature Pages Follow]

Dated: March 31, 2025.

BORROWER:

RIVERWALK EDUCATION FOUNDATION, INC.

By:_____
Name:_____
Title_____

DISSEMINATION AGENT:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

By:_____
Name:_____
Title:_____

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APPENDIX F

FINAL FORM OF THE MASTER INDENTURE AND SUBSTANTIALLY FINAL FORMS OF THE SUPPLEMENTAL MASTER INDENTURE, THE BOND INDENTURE AND THE LOAN AGREEMENT

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MASTER TRUST INDENTURE AND SECURITY AGREEMENT

between

RIVERWALK EDUCATION FOUNDATION, INC.

and

REGIONS BANK,
as Master Trustee

Dated as of

April 15, 2014

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MASTER TRUST INDENTURE AND SECURITY AGREEMENT

THIS MASTER TRUST INDENTURE AND SECURITY AGREEMENT (this "***Master Indenture***"), dated as of April 15, 2014, is between RIVERWALK EDUCATION FOUNDATION, INC., a Texas nonprofit corporation (the "***Company***"), and REGIONS BANK, an Alabama state banking corporation with a corporate trust office in Houston, Texas, not in its individual capacity but solely as the Master Trustee (the "***Master Trustee***").

WITNESSETH:

WHEREAS, the Company is authorized by law and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the incurrence of Debt and the issuance of Notes hereunder to evidence and secure such Debt.

WHEREAS, all acts and things necessary to constitute these presents a valid indenture and agreement according to its terms have been done and performed and the execution of this Master Indenture has in all respects been duly authorized, and the Company, in the exercise of the legal right and power vested in it, has executed this Master Indenture and may incur Debt and make, execute, issue and deliver Notes hereunder.

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH:

GRANTING CLAUSES

In order to declare the terms and conditions upon which Notes are to be authenticated, issued and delivered, and to secure the payment of Notes and the performance and observance of all of the covenants and conditions herein or therein contained, and in consideration of the premises, of the purchase and acceptance of Notes by the holders thereof and of the sum of One Dollar to them duly paid by the Master Trustee at the execution of these presents, the receipt and sufficiency of which is hereby acknowledged, the Company has executed and delivered this Master Indenture and by these presents does hereby convey, grant, assign, transfer, pledge, set over, confirm and grant a security interest in and to the Master Trustee, its successor or successors and its or their assigns forever, all and singular the property, real and personal, hereinafter described (said property being herein sometimes referred to as the "***Trust Estate***") to wit:

(a) all Adjusted Revenues of the Company except and excluding all such items, whether now owned or hereafter acquired by the Company, which by their terms or by reason of applicable law would become void or voidable if granted, assigned, or pledged hereunder by the Company, or which cannot be granted, pledged, or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged, and assigned by the Company, provided that the Company may subject to the lien hereof any such excepted property, whereupon the same shall cease to be excepted property;

(b) all moneys and securities, if any, at any time held by the Master Trustee in the Revenue Fund or any reserve fund established pursuant to and subject to any restrictions provided within any supplement hereto and any other fund or account established under the terms of this Master Indenture, or held by other banks or fiduciary institutions which are collaterally assigned to the Master Trustee as security for the Notes including the depository account specified in a Deposit Account Control Agreement and all securities, financial assets (as defined in Section 8-102(a)(9) of the UCC) and securities entitlements (within the meaning of Section 8-102(a)(17) of the UCC) and, with respect to Book-Entry Securities, in the applicable Federal Book-Entry Regulations, carried in or credited to such fund or account;

(c) all accounts established by or under this Master Indenture, general intangibles and related rights of the Company (each as defined in the UCC), whether now owned or hereafter acquired or arising and wherever located;

(d) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as additional security hereunder by the Company or by anyone on its behalf to the Master Trustee, subject to the terms thereof, including without limitation, funds of the Company held by the Master Trustee as security for the Notes;

(e) the real and personal property subject to the lien of any Deed of Trust (as hereinafter defined); and

(f) proceeds of the foregoing, including cash proceeds and cash equivalents, products, accessions and replacements.

In addition to the foregoing, the "Trust Estate" includes all goods, documents, instruments, tangible and electronic chattel paper, letter of credit rights, investment property, accounts, deposit accounts, general intangibles (including payment intangibles and software), money and other items of personal property, including proceeds (as each such term is defined in the UCC) which constitute any of the property described in the foregoing Granting Clauses.

TO HAVE AND TO HOLD IN TRUST, upon the terms herein set forth, subject to Section 210 hereof, for the equal and proportionate benefit, security, and protection of all Note Holders issued under and secured by this Master Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Notes over any other; provided, however, that if the Company shall pay, or cause to be paid, the principal of the Notes or the obligations secured thereby and the redemption or prepayment premium, if any, and the interest and any other amounts due or to become due thereon in full at the times and in the manner mentioned in the Notes according to the true intent and meaning thereof, and the Company shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Master Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Master Indenture and the rights hereby granted and the restrictions hereby incurred shall cease, determine and be void; otherwise this Master Indenture shall be and remain in full force and effect. Notwithstanding anything in this Master Indenture to

the contrary, when all of the Notes are no longer Outstanding, the Master Trustee may execute a release of the lien of this Master Indenture on the Deed of Trust and any property of the Company encumbered thereby.

NOW, THEREFORE, in consideration of the premises, the Company covenants and agrees with the Master Trustee, for the equal and proportionate benefit of the respective Note Holders from time to time, as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Construction of Terms; Definitions.

(a) For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) The term "***Master Indenture***" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article throughout this Master Indenture, and include the plural as well as the singular. Reference to any Person means that Person and its successors and assigns.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(5) The terms used in this Master Indenture and not defined herein have the meanings assigned to them in the Related Bond Documents.

(b) The following terms have the meanings assigned to them below whenever they are used in this Master Indenture:

"***Accountant***" means a Person engaged in the practice of accounting who is a certified public accountant and who (except as otherwise expressly provided herein) may be employed by or affiliated with the Company.

"***Adjusted Revenues***" means, for any period of calculation, the total of all operating and nonoperating revenues of the Company directly related to the Charter, including but not limited to State Revenues, federal and local funds for school lunches and other food programs, special education, and transportation, including accounts receivable and rights to receive the same plus investment and other income or loss of the Company for such period;

provided, however, that no determination thereof shall take into account (a) income derived from the operation of any adult education, restaurant facilities, affordable housing or other activities of the Company that do not directly relate to the operation of their open-enrollment charter schools, (b) income derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on Debt or Related Bonds, (c) any gains or losses resulting from the early extinguishment of Debt, 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, (d) gifts, grants (excluding grants from the State), bequests or donations and income thereon restricted as to use by the donor or grantor for a purpose inconsistent with the payment of debt service on Debt or Related Bonds or Notes (i.e., unrelated to the purposes for which such obligations were issued), (e) net unrealized gain (losses) on investments and Financial Products Agreements, (f) proceeds of borrowing and (g) prior year ending fund balances. Notwithstanding any provision herein to the contrary, State Revenues received by each of the Company's campuses will be used in accordance with Section 12.107(a) of the Texas Education Code.

"***Annual Debt Service Requirements***" of any specified Person means, for any Fiscal Year, the principal of (and premium, if any) and interest and other debt service charges (which include for purposes hereof, any fees or premiums for any letter of credit, surety bond, policy of insurance, bond purchase agreement, or any similar credit or liquidity support secured in connection therewith) on all Long-Term Debt of such Person coming due at Maturity or Stated Maturity, and, for such purposes, any one or more of the following rules shall apply:

(a) Committed Take Out - if such Person has received a binding commitment, within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to refund or purchase any of its Long-Term Debt at its Stated Maturity (or, if due on demand, or payable in respect of any required purchase of such Debt by such Person, at any date on which demand may be made), then the portion of the Long-Term Debt committed to be refunded or purchased shall be excluded from such calculation and the principal of (and premium, if any) and interest on the Long-Term Debt incurred for such refunding or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Maturity or purchase date of the Long-Term Debt to be refunded or purchased, shall be added;

(b) Pro Forma Refunding - in the case of Balloon Debt, if the Company shall deliver to the Master Trustee a certificate of a nationally recognized firm of investment bankers or financial consultants dated within ninety (90) days prior to the date of delivery of such certificate to the Master Trustee stating that financing at a stated interest rate (which shall not be less than the Bond Buyer Revenue Bond Index or, if the Bond Buyer Revenue Bond Index is unavailable, a comparable index on the date of such certificate to refund any of such Balloon Debt), then for the purpose of calculating what future Annual Debt Service Requirements will be, any installment of principal of (and premium, if any) and interest and other debt service charges on such Balloon Debt that could so be refunded shall be excluded from such calculation and the principal plus interest of the refunding debt shall be evenly allocated over the life of the refunding debt with equal principal payments plus interest deemed due each year but solely for the purpose of spreading the principal requirements for calculation of coverage;

(c) Prefunded Payments - principal of (and premium, if any) and interest and other debt service charges on Debt, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, interest, or other debt service charges are payable from funds irrevocably deposited or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust or escrowed with the Master Trustee or another Independent Person approved by the Master Trustee);

(d) Variable Rate Debt - as to any Debt that bears interest at a variable interest rate which cannot be ascertained at the time of calculation, an interest rate equal to the greater of an annual interest rate equal to the Bond Buyer Revenue Bond Index (or, if the Bond Buyer Revenue Bond Index is unavailable, a comparable index chosen by the Company's financial advisor) and the weighted average rate of interest borne by such Debt (or other indebtedness of comparable credit quality, maturity and purchase terms in the event that such Debt was not outstanding) during the preceding Fiscal Year (or any period of comparable length ending within 180 days) prior to the date of calculation shall be presumed to apply for all future dates and the principal shall be evenly allocated over the life of the Debt issue with an equal amount of principal deemed due each year but solely for the purpose of spreading the principal requirements for calculation of coverage;

(e) Contingent Obligations - in the case of any guarantees or other Debt described in clause (iii) of the definition of Debt, the principal of (and premium, if any) and interest and other debt service charges on such Debt for any Fiscal Year shall be deemed to be 25% of the principal of (and premium, if any) and interest and other debt service charges on the indebtedness guaranteed due in such Fiscal Year; provided, however, that if the Person that guarantees or is otherwise obligated in respect of such Debt is actually required to make any payment in respect of such Debt, the total amount payable by such Person in respect of such guarantee or other obligation in such Fiscal Year shall be included in any computation of the Annual Debt Service Requirements of such Person for such year and the amount payable by such Person in respect of such guarantee or other obligation in any future Fiscal Year shall be included in any computation of the estimated Annual Debt Service Requirements for such Fiscal Year; and

(f) Financial Products - in the event there shall have been issued or entered into in respect of all or a portion of any Debt a Financial Products Agreement with respect to Long-Term Debt, interest on such Long-Term Debt shall be included in the calculation of Annual Debt Service Requirements by including for such period an amount equal to the amount payable on such Long-Term Debt in such period at the rate or rates stated in such Long-Term Debt plus any payments payable by such Person in respect of such Financial Products Agreement minus any payments receivable by such Person in respect of such Financial Products Agreement, as calculated by the financial advisor to the Company.

"***Authorized Denominations***" means the amounts, if any, set forth therefor in the Supplemental Master Indenture authorizing any series of Notes.

"***Authorized Representative***" means the Superintendent of the Company, or any other person duly appointed by the Governing Body of the Company to act on behalf of the Company, each as evidenced by a written certificate furnished to the Master Trustee containing the specimen signature of such person or persons and signed on behalf of the Company by an authorized officer of the Company. The Master Trustee may rely on such written certificate until it is given written notice to the contrary.

"***Available Revenues***" means, for any period of determination thereof, the amount of excess (deficit) of Adjusted Revenues over Expenses for such period, plus any gifts, grants, requests or donations and income thereon restricted as to use by the donor or grantor for the sole purpose of paying Expenses of the Company, but less: (a) unrealized pledges for such period to make a donation, gift, or other charitable contribution to the extent encumbered, as permitted herein to secure the payment of Debt that is not Long-Term Debt, and (b) insurance (other than business interruption) and condemnation proceeds.

"***Balloon Debt***" means Debt where the principal of (and premium, if any) and interest and other debt service charges on such Debt due (or payable in respect of any required purchase of such Debt by such Person on demand) in any Fiscal Year either are equal to or exceed 25% of the total principal of (any premium, if any) and interest and other debt service charges on such Debt or exceed by more than 50% the greatest amount of principal of (and premium, if any) and interest and other debt service charges on such Debt due in any preceding or succeeding Fiscal Year.

"***Board Resolution***" means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

"***Charter***" means the charter or charters issued to the Company by the Texas Education Agency pursuant to Chapter 12, Texas Education Code, authorizing the Company to open one or more open-enrollment charter schools and receive State Revenues for the operation thereof.

"***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

"***Company***" means, Riverwalk Education Foundation, Inc., a Texas nonprofit corporation, its permitted successors and assigns, and any resulting, surviving or transferee Person permitted hereunder.

"***Consent,***" "***Order,***" and "***Request***" means a written consent, order or request signed in the name of the Company and delivered to the Master Trustee by an Authorized Representative, the President, or the Vice President of the Governing Body or any other Person designated by the Company to execute any such instrument on behalf of the Company as evidenced by an Officer's Certificate.

"***Corporate Trust Office***" means the address or addresses of the Master Trustee designated from time to time in accordance with Section 104.

"***Debt***" means all:

(i) indebtedness incurred or assumed by the Company for borrowed money or for the acquisition, construction or improvement of property other than goods that are acquired in the ordinary course of business of the Company;

(ii) lease obligations of the Company that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(iii) all indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money for the acquisition, construction or improvement of property or capitalized lease obligations guaranteed, directly or indirectly, in any manner by the Company, or in effect guaranteed, directly or indirectly, by the Company through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(iv) all indebtedness (other than items described under Section 201(b)) secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Company whether or not the Company has assumed or become liable for the payment thereof.

For the purpose of computing "***Debt***", there shall be excluded any particular Debt if upon or prior to the Maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Debt or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption or satisfaction of such Debt; and thereafter such funds, evidences of Debt and investments so deposited shall not be included in any computation of the assets of the Company, and the income from any such deposits shall not be included in the calculation of Adjusted Revenues or Available Revenues.

"***Deed of Trust***" means any Deed of Trust and Security Agreement from the Company to the Master Trustee entered into in connection with the issuance of any Note requiring such security, as such Deed of Trust may be amended, supplemented or restated, and/or any security instrument executed in substitution therefor or in addition thereto, as such substitute or additional security instrument may be amended, supplemented or restated from time to time, as it is subject, to the extent applicable, to Section 12.128 of the Texas Education Code.

"***Defeasance Obligations***" means any obligations authorized under Texas law and the related financing documents to be deposited in escrow for the defeasance of any Debt.

"***Deposit Account Control Agreement***" means any Deposit Account Control Agreement entered into among the Company, the Master Trustee and the Depository Bank, and any other deposit account control agreement entered into by the Company, the Master Trustee and a Depository Bank from time to time in connection with any Related Bond Indenture.

"***Depository Bank***" means any bank designated by the Company as its depository bank pursuant to the Texas Education Code, as amended, Section 45.202.

"***Event of Default***" is defined in Section 601 of this Master Indenture.

"***Expenses***" means, for any period of time for which calculated, the total of all operating and non-operating expenses incurred during such period by the Company for which such calculation is made, determined in accordance with generally accepted accounting principles, other than (a) interest expense, (b) depreciation and amortization, (c) extraordinary losses resulting from the early extinguishment of debt, the sale or other disposition of assets not in the ordinary course of business or any reappraisal, revaluation or write-down of assets, and any other extraordinary losses or expenses and (d) expenditures that are customarily capitalized pursuant to under Generally Accepted Accounting Principles (GAAP).

"***Financial Products Agreement***" means any type of financial management instrument or contract, which shall include, but not be limited to, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or a series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk forward supply agreements; and (v) any other type of contract or arrangement that the Governing Body of the Company determines is to be used, or is intended to be used, to manage or reduce the cost of debt (including but not limited to a bond insurance policy), to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

"***Fiscal Year***" means any twelve-month period beginning on July 1 of any calendar year and ending on June 30 of the following year or such other twelve-month period selected by the Company as the fiscal year for the Company.

"***Governing Body***" means the board of directors of the Company or any duly authorized committee of the board of directors of the Company.

"***Independent,***" when used with respect to any specified Person, means such a Person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company, and (iii) is not connected with the Company as an officer, employee, promoter, trustee, partner, director or person performing similar functions. Whenever it is provided that any Independent Person's opinion or certificate shall be furnished to the Master Trustee, such Person shall be appointed by Order and such opinion or

certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"***Interest Payment Date***" means the Stated Maturity of an installment of interest on any Note.

"***Long Term Debt***" means all Debt created, assumed or guaranteed by the Company that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of the Company to a date, more than one year after the original creation, assumption, or guarantee of such Long Term Debt by the Company.

"***Management Consultant***" means a firm of Independent professional management consultants, or an Independent school management organization, knowledgeable in the operation of public or private schools and having a favorable reputation for skill and experience in the field of public or private school management consultation.

"***Master Indenture***" means this Master Trust Indenture and Security Agreement, as amended and supplemented from time to time in accordance with its terms.

"***Master Trustee***" means Regions Bank, an Alabama state banking corporation with a corporate trust office in Houston, Texas, serving as trustee pursuant to this Master Indenture, and its successors and assigns.

"***Maturity***," when used with respect to any Debt (or any Note), means the date on which the principal of such Debt (or Note) becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

"***Maximum Annual Debt Service***" means, as of any date of calculation, the highest Annual Debt Service Requirements with respect to all Outstanding Debt for any succeeding Fiscal Year.

"***Note***" means any obligation of the Company issued pursuant to Section 201 of this Master Indenture and executed, authenticated, and delivered pursuant to Section 203 hereof.

"***Note Holder***" means a Person in whose name a Note is registered in the Note Register; or in the case of additional Debt in the process of issuance, the underwriter or bank who has executed the related purchase contract.

"***Note Register***" and "***Note Registrar***" have the respective meanings specified in Section 205 hereof.

"***Notice of Exclusive Control***" means the Notice of Exclusive Control specified in a Deposit Account Control Agreement.

"***Officer's Certificate***" means a certificate of the Company signed by an Authorized Representative or any other Person designated by any of such Persons to execute an

Officer's Certificate as evidenced by a certificate of the Company delivered to the Master Trustee.

"***Opinion of Counsel***" means a written opinion of counsel selected by the Company, who may (except as otherwise expressly provided) be counsel to any party to any transaction involving the issuance of Notes pursuant to Section 201 hereof.

"***Outstanding,***" when used with respect to the Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Master Indenture, except:

(i) Notes theretofore cancelled by the Master Trustee or the Paying Agent;

(ii) Notes for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 902 of this Master Indenture) in the necessary amount has been theretofore deposited with the Master Trustee or any Paying Agent for such Notes in trust for such Note Holders pursuant to this Master Indenture or any Supplemental Master Indenture authorizing such Notes; provided, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Master Indenture or irrevocable provision therefor satisfactory to the Master Trustee has been made; and

(iii) Notes upon transfer of or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Master Indenture or any Supplemental Master Indenture authorizing such Notes; provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Master Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Master Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any other Person obligated thereon. If there is any conflict between the aforementioned provisions of this subsection (iii) and Section 103 of this Master Indenture, Section 103 shall control.

"***Participating Campuses***" means the authorized charter schools benefitting from this Master Indenture and operated by the Company that are (i) financed or refinanced, acquired, constructed, renovated, improved or equipped with the proceeds of Related Bonds and (ii) made part of the Trust Estate pursuant to any Supplemental Master Indenture.

"***Paying Agent***" means the Master Trustee or any other Person authorized by the Company to pay the principal of (and premium, if any) or interest on any series of Notes.

"***Person***" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"***Place of Payment***" for any series of Notes means a city or any political subdivision thereof designated as such in the Notes of such series.

"***Principal Payment Date***" means the Stated Maturity of any installment of principal on any Note.

"***Qualified Provider***" means any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary guarantees the performance of such financial institution or insurance company under such Financial Products Agreement), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the two highest rating categories of a Rating Service at the time of the execution and delivery of the Financial Products Agreement.

"***Rating Service***" means each nationally recognized securities rating service which at the time has a credit rating assigned to any series of Notes or Related Bonds (or any other indebtedness secured by Notes) at the request of the Company.

"***Record Date***" means the regular record date specified for each series of Notes.

"***Related Bond Documents***" means the Related Bonds, the Related Bond Indenture, the Related Loan Documents, and the Related Deed of Trust.

"***Related Bond Indenture***" means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued.

"***Related Bonds***" means bonds, promissory notes or other obligations with respect to which any Notes are issued and any other revenue bonds or similar obligations issued by any state of the United States or any municipal corporation or other political subdivision formed under the laws thereof or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, the proceeds of which are loaned or otherwise made available to the Company in consideration, whether in whole or in part, of the execution, authentication and delivery of a Note or Notes to such governmental issuer.

"***Related Bonds Outstanding***" means all Related Bonds which have been duly authenticated and delivered by a Related Bond Trustee under a Related Bond Indenture that remain Outstanding thereunder and under the laws of the State.

"***Related Bond Trustee***" means any trustee under any Related Bond Indenture and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Indenture, the Related Issuer.

"***Related Deed of Trust***" means any Deed of Trust or other mortgage instrument delivered by the Company to the Master Trustee in connection with Related Bonds or any Debt.

"***Related Issuer***" means any issuer of a series of Related Bonds.

"***Related Loan Documents***" means any loan agreement, credit agreement or other document pursuant to which a Related Issuer loans the proceeds of a series of Related Bonds to the Company.

"***Related Project***" means any project financed or refinanced by Debt issued under this Master Indenture and for which Debt remains outstanding.

"***Responsible Officer***," when used with respect to the Master Trustee, means the officer in the Corporate Trust Office of the Master Trustee having direct responsibility for administration of this Master Indenture.

"***Revenue Fund***" has the meaning specified in Section 406 hereof.

"***Series 2014 Bonds***" means the Danbury Higher Education Authority, Inc. Education Revenue and Refunding Bonds (Riverwalk Education Foundation, Inc.) Series 2014A and the Danbury Higher Education Authority, Inc. Taxable Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2014B.

"***Series 2014 Notes***" means any of the Notes issued pursuant to a Supplemental Master Indenture and secured by this Master Indenture to evidence payment obligations of the Company with respect to the Series 2014 Bonds.

"***Short-term Debt***" means indebtedness that is subordinate to any Debt under this Master Indenture; shall be utilized for the acquisition, construction, renovation or equipping of educational facilities; and shall be payable within seven (7) years of the incurrence of said indebtedness. Short Term Debt shall not be considered "***Debt***" under this Master Indenture.

"***State***" means the State of Texas.

"***State Revenues***" means, for any period of time for which calculated, the total of all moneys received by the Company from the State during such period directly attributable to Participating Campuses; subject to the limitations of Chapter 12, Texas Education Code, including particularly, Section 12.107.

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

"***Supplemental Master Indenture***" means an indenture amending or supplementing this Master Indenture entered into pursuant to Article VIII hereof.

"*Trust Estate*" means the property described as the Trust Estate in the Granting Clauses of this Master Indenture or any Supplemental Master Indenture that is subject to the lien and security interest of this Master Indenture.

"*UCC*" means the Uniform Commercial Code as in effect in the State.

Section 102. Form of Documents Delivered to Master Trustee. Every certificate and every Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Master Indenture shall include a statement that the person making such certification or opinion has read such covenant or condition and the definitions relating thereto, has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether such covenant or condition has been complied with, and a statement whether such condition or covenant has been complied with. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

Section 103. Acts of Note Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Indenture to be given or taken by Note Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Note Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee or Paying Agent, and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Note Holders signing such instrument or instruments. Proof of execution of any such instrument, or of a writing appointing any such agent, shall be sufficient for any purpose of this Master Indenture and (subject to

Section 701) conclusive in favor of the Master Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Master Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any Note Holder shall bind every holder of any Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Master Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(e) The ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(f) In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, or for any other purpose of this Master Indenture, Notes or Related Bonds that are owned by the Company shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Notes or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be so disregarded and deemed not to be Outstanding Notes or Related Bonds. Outstanding Notes or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Notes or Related Bonds. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee. In the event that a Note secures the obligation of a Person under an agreement or instrument that provides for the making of advances to or on behalf of such Person, such Note shall only be counted to be Outstanding in a principal amount equal to the amount so advanced or otherwise due and owing under the terms of such agreement (and only if such amount remains outstanding or unpaid) to or on behalf of such Person. In the event that a Note secures a Financial Products Agreement, such Note shall only be deemed to be Outstanding in a principal amount equal to any amount with which the Company is in default with respect to the payment thereof. In no event, however, shall the amount owed to a Note Holder be counted twice because there are the same amounts due and owing under two Notes relating to the same obligations (e.g., the principal amount reimbursable

to the provider of a liquidity facility as the holder of bonds purchased by such liquidity provider as well as the principal amount of such purchased bonds by such liquidity provider as holder of the purchased bonds).

(g) At any time prior to (but not after) the time the Master Trustee takes action in reliance upon evidence, as provided in this Section 103, of the taking of any action by the holders of the percentage in aggregate principal amount of Notes specified herein in connection with such action, any holder of such Note or Related Bond that is shown by such evidence to be included in Notes the holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in this Section 103, revoke such action so far as it concerns such Note or Related Bond. Except upon such revocation or such action taken by the holder of a Note or Related Bond in any direction, demand, request, waiver, consent, vote or other action of the holder of such Note or Related Bond which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Note Holder and upon all future Note Holders and owners of such Note or Related Bond, and of any Note or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Note or Related Bond. Any action taken by the holders of the percentage in aggregate principal amount of Notes specified herein in connection with such action shall be conclusively binding upon the Company, the Master Trustee and the holders of all of such Notes or Related Bonds.

Section 104. Notices, etc., to Master Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Note Holders or other document provided or permitted by this Master Indenture to be made upon, given or furnished to, or filed with:

(1) the Master Trustee by any Note Holder or by any specified Person shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and actually received by a Responsible Officer of the Master Trustee at Regions Bank, 1717 St. James Place, 5th Floor, Houston, Texas 77056, Attention: Corporate Trust Services, or at any other address subsequently furnished in writing to the Company and the Note Holders by the Master Trustee;

(2) the Company by any Note Holder or by any Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Company at 1450 NE Loop 410, San Antonio, Texas 78209, Attention: Superintendent, or at any other address subsequently furnished in writing to the Master Trustee by the Company.

Section 105. Notices to Note Holders; Waiver. Where this Master Indenture provides for notice to Note Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Note Holder affected by such event, at his address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. In any case where notice to Note Holders is given by mail, neither the failure to mail such notice, nor any default in any notice so mailed to any particular Note Holder shall affect the sufficiency of such notice with respect to other Note Holders. Where this Master Indenture provides for

notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Note Holders shall be filed with the Master Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 106. Successors and Assigns. All covenants and agreements in this Master Indenture by the Company and the Master Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 107. Severability Clause. If any provision of this Master Indenture shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reasons, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy.

Section 108. Benefits of Master Indenture. Nothing in this Master Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, and their successors hereunder and the Note Holders, any benefit or any legal or equitable right, remedy or claim under this Master Indenture.

Section 109. Governing Law. This Master Indenture shall be governed in all respects, including validity, interpretation and effect by, and shall be enforceable in accordance with, the law of the State.

Section 110. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

ARTICLE II
ISSUANCE AND FORM OF NOTES

Section 201. Series, Amount and Denomination of Notes.

(a) At any time and from time to time after the execution and delivery of this Master Indenture, Notes shall be issued under this Master Indenture in series issued pursuant to a Supplemental Master Indenture. Each series shall be designated to differentiate the Notes of such series from the Notes of any other series. Notes shall be issued as fully registered notes with the Notes of each series to be lettered and numbered R-1 upwards (with such prefix as may be designated in the Supplemental Master Indenture authorizing any series). The aggregate principal amount of Notes of each series that may be created under this Master Indenture is not limited, except by the additional Long-Term Debt limitations provided in this Master Indenture. A series of Notes may consist of a single Note or more than one Note.

(b) Notes may be issued hereunder to evidence (i) any type of Debt, including without limitation any Debt in a form other than a promissory note (such as commercial paper, bonds, or similar debt instruments), (ii) any obligation to make payments pursuant to a Financial Products Agreement, or (iii) debt consisting of an obligation to reimburse payments made under a letter of credit, surety bond, bond insurance policy, standby bond purchase agreement or similar credit or liquidity support obtained to secure payment of other Debt. The Supplemental Master Indenture pursuant to which any Notes are issued may provide for such supplements or amendments to the provisions hereof, including without limitation Article II hereof, as are necessary to permit the issuance of such Notes hereunder. Any Note evidencing obligations under a Financial Products Agreement shall be equally and ratably secured hereunder with all other Notes issued hereunder, except as otherwise expressly provided herein; provided, however, that (i) to be secured hereunder, the Master Trustee must receive, at the time of execution and delivery of such Financial Products Agreement, an Officer's Certificate stating that such Financial Products Agreement was entered into by the Company with a Qualified Provider, as provided hereunder, and is entitled to the benefits of the Master Indenture and (ii) such Note, with respect to such Financial Products Agreement, shall be deemed to be Outstanding hereunder solely for the purpose of receiving payment hereunder and the Qualified Provider shall not be entitled to exercise any rights of a Note Holder hereunder unless amounts payable by the Company are due and unpaid.

Section 202. Conditions to Issuance of Notes. Any Note or series of Notes shall be authenticated by the Master Trustee and delivered to the lender or purchaser only upon its receipt of the following:

(a) An Officer's Certificate stating (1) that no Event of Default under this Master Indenture has occurred or will result from the issuance of such Note or series of Notes; (2) that the Governing Body has authorized or approved the issuance of such Note or series of Notes; and (3) that the Supplemental Master Indenture relating thereto authorizes such Debt and that such Supplemental Master Indenture complies with the provisions of Article VIII hereof;

(b) An original executed counterpart of a Supplemental Master Indenture providing for the issuance of such Note or series of Notes; such Supplemental Master Indenture shall set forth the purpose for which the Debt evidenced thereby is being incurred, the principal amount, maturity date or dates, interest rate or rates and the other pertinent terms of the Note or series of Notes and the name of the Company; and

(c) An Opinion of Counsel to the effect that (1) the conditions to issuance of any particular Note or series of Notes set forth in this Section 202 and in Section 212 (except in connection with the Series 2014 Notes) of this Master Indenture have been satisfied, (2) upon the execution of such Note or series of Notes by the Company and the authentication thereof by the Master Trustee, such Note or series of Notes will be the valid and binding obligations of the Company enforceable in accordance with its (their) terms, subject to the customary bankruptcy, insolvency and equitable principles exceptions and such other exceptions as may be acceptable to the initial payee thereof, (3) registration of such Note or series of Notes under the Securities Act of 1933, as amended, is not required, or, if such registration is required, that the Company has complied with all applicable provisions of said Act, (4) qualification of the Master Indenture and any Supplemental Master Trust Indenture providing for the issuance of such Note or series

of Notes under the Trust Indenture Act of 1939, is not required, or if such qualification is required, that the Company has complied with all applicable provisions of such Act, and (5) the issuance of the proposed additional Debt will not adversely affect the exclusion from gross income of interest on the Related Bonds Outstanding for federal income tax purposes.

(d) The title insurance policy, or endorsement thereof, required by Section 212, if necessary and if permitted by the laws of the State.

(e) If in connection with the issuance of additional Debt, any other certificate, report or other item required under Section 212.

Section 203. Execution, Authentication and Delivery.

(a) Notes shall be executed by the Company through the chairman of its Governing Body or its president or any officer authorized by the Governing Body and attested to by the secretary or an assistant secretary of the Company, as appropriate, and Notes may have the corporate seal impressed or reproduced thereon. The signature of any officer on the Notes may be manual or facsimile.

(b) Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

(c) At any time, and from time to time, after the execution and delivery of this Master Indenture, the Company may deliver executed Notes to the Master Trustee together with the Supplemental Master Indenture creating such series; and upon the receipt of the Supplemental Master Indenture, the Master Trustee shall authenticate and deliver such Notes as in this Master Indenture and the relevant Supplemental Master Indenture provided.

(d) No Note shall be entitled to any benefit under this Master Indenture or be valid or obligatory for any purpose, unless there appears on or attached to such Note a certificate of authentication substantially in the form set forth below executed by the Master Trustee by its manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder. The form of certificate of authentication shall be as follows:

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Master Indenture.

Date of Authentication:

_____

Regions Bank, as Master Trustee, or its agent

By:_____
Authorized Signature

Section 204. Form and Terms of Notes. The Notes of each series of Notes shall contain such terms, and be in substantially the form set forth in the Supplemental Master Indenture creating such series, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Master Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any regulatory body, or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their signing of the Notes. The Notes of any series or the relevant Supplemental Master Indenture may contain additional (or different) representations, warranties, covenants, defaults and remedies and other provisions which do not contradict the terms of this Master Indenture, to the extent provided in the related Supplemental Master Indenture, and such additional terms shall supplement and be in addition to the terms of this Master Indenture. Unless the Notes of a series have been registered under the Securities Act of 1933, each Note of such series shall be endorsed with a legend which shall read substantially as follows: "This Note has not been registered under the Securities Act of 1933."

Section 205. Registration, Transfer and Exchange.

(a) The Company shall cause to be kept at the Corporate Trust Office of the Master Trustee in Houston, Texas, a register (sometimes herein referred to as the "***Note Register***") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Master Trustee is hereby appointed Note Registrar (the "***Note Registrar***") for the purpose of registering Notes and transfers of Notes as herein provided. The Master Trustee may delegate any of its duties hereunder pursuant to the terms of a Supplemental Master Indenture. In such case, the Note Register may consist of one or more records of ownership of the various series of Notes and any part of such register may be maintained by the agent of the Master Trustee relating to such series.

(b) Upon surrender for transfer of any Note at the office or agency of the Company in a Place of Payment, the Company shall execute, and the Master Trustee or its designated agent shall authenticate and deliver, in the name of the designated transferee, one or more new Notes

of any Authorized Denominations, of a like aggregate principal amount, series, Stated Maturity and interest rate.

(c) At the option of the Note Holder, Notes may be exchanged for Notes of any Authorized Denomination, of a like aggregate principal amount, series, Stated Maturity and interest rate, upon the surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Master Trustee or its designated agent shall authenticate and deliver the Notes which the Note Holder making the exchange is entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Master Indenture as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange shall (if so required by the Company or the Master Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Master Trustee or its designated agent duly executed by the holder thereof or his attorney duly authorized in writing.

(f) No charge shall be made for any transfer or exchange of Notes, and any transfer or exchange of Notes shall be made without expense or without charge to Note Holders.

Section 206. Mutilated, Destroyed, Lost and Stolen Notes.

(a) If (i) any mutilated Note is surrendered to the Master Trustee or the Paying Agent, and the Master Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Master Trustee such security or indemnity as may be required by the Master Trustee to save each of the Master Trustee and the Company harmless, then, in the absence of notice to the Company or the Master Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and, upon its request, the Master Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company may, in its discretion, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section, the Master Trustee or its designated agent under any Supplemental Master Indenture may require the payment by the Company of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Master Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and

shall be entitled to all the benefits and security of this Master Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 207. Method of Payment of Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and such principal, premium, if any, and interest shall be payable at the principal payment office of the Master Trustee in Houston, Texas, or at the office of any alternate Paying Agent or agents named in any such Notes. Unless contrary provision is made in the Supplemental Master Indenture pursuant to which such Note is issued or the election referred to in the next sentence is made, payment of the interest on the Notes and payment of any redemption or prepayment price on any Note pursuant to Section 303 hereof shall be made to the Person appearing on the Note Register as the Note Holder and shall be paid by check or draft mailed to the Note Holder at his address as it appears on such registration books or at such other address as is furnished to the Master Trustee in writing by the Note Holder; provided, however, that any Supplemental Master Indenture creating any Note may provide that interest on such Note may be paid, upon the request of the Note Holder, by wire transfer. Anything to the contrary in this Master Indenture notwithstanding, if an Event of Default has not occurred and is not continuing hereunder and the Company so elects or is required, payments on a Note shall be made directly by the Company, by check or draft hand delivered to the Note Holder or its designee or shall be made by the Company by wire transfer to the Note Holder, in either case delivered on or prior to the date on which such payment is due. The Company may give notice (on which the Master Trustee may conclusively rely) of any such payment to the Master Trustee concurrently with the making thereof, specifying the amount paid and identifying the Note or Notes with respect to which such payment was made by series designation, number and the Note Holder. Except with respect to Notes directly paid, the Company agrees to deposit with the Master Trustee on or prior to each due date, as specified in the Related Bond Documents, a sum sufficient to pay the principal of, premium, if any, and interest on any of the Notes due on such date. Any such moneys shall, upon direction of the Company set forth in an Officer's Certificate, be invested as set forth therein. The foregoing notwithstanding, amounts deposited with the Master Trustee to provide for the payment of Notes pledged to the payment of Related Bonds shall be invested in accordance with the provisions of the Related Bond Indenture and Related Loan Document. The Master Trustee shall not be liable or responsible for any loss resulting from any such investments, and shall not be responsible for determining whether any such investment is permitted hereunder or in accordance with any such Related Bond Indenture or Related Loan Agreement.

(b) Subject to the foregoing provisions of this Section 207, each Note delivered under this Master Indenture upon transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Notes.

Section 208. Persons Deemed Owners. The Company, the Master Trustee and any agent thereof shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and interest on such Note and for all other purposes whatsoever whether or not such payment is past due, and neither the Company, the Master Trustee, nor any agent of the Company or the Master Trustee shall be affected by notice to the contrary.

Section 209. Cancellation. All Notes surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Master Trustee, be delivered to the Master Trustee and, if not already cancelled or required to be otherwise delivered by the terms of the Supplemental Master Indenture authorizing the series of Notes of which such Note is a part, shall be promptly cancelled by the Master Trustee. The Company may at any time deliver to the Master Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Master Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Master Indenture. All cancelled Notes held by the Master Trustee shall be disposed of according to the retention policies of the Master Trustee.

Section 210. Security for Notes.

(a) All Notes issued and Outstanding under this Master Indenture are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses of this Master Indenture. Any one or more series of Notes or obligations issued hereunder may be secured by additional and separate security (including without limitation letters or lines of credit, property or security interests in debt service reserve funds or debt service, purchase, construction or similar funds or guarantees of payment by third parties). Such security need not extend to any other Debt (including any other Notes or series of Notes) unless so specified and may contain provisions not inconsistent with this Master Indenture which provide for separate realization upon such security. Except as otherwise expressly provided herein or in any Supplemental Master Indenture pursuant to which such Note or obligation is issued, all Notes issued hereunder shall be equally and ratably secured by any lien created pursuant to or constituting a part of the Trust Estate under this Master Indenture.

(b) To the extent that any Debt which is permitted to be issued pursuant to this Master Indenture is not issued directly in the form of a Note, a Note may be issued hereunder and pledged as security for the payment of such Debt in lieu of directly issuing such Debt as a Note hereunder.

Section 211. Mortgage, Pledge and Assignment; Further Assurances.

(a) Subject only to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in order to secure the payment of the Notes and the performance of the duties and obligations of the Company under the Notes and this Master Indenture, the Company has pledged and assigned unto the Master Trustee and its successors and assigns forever, and granted a security interest thereunto in, among other things, all of the Adjusted Revenues and any other amounts (including proceeds

of the sale of Bonds) held in the Revenue Fund to secure the payment of the principal of and interest on the Notes in accordance with their terms and the provisions of this Master Indenture and the Deed of Trust. Said pledge shall constitute a lien on and security interest in such assets, and shall attach, be perfected and be valid and binding from and after delivery of the Notes and the execution of a Deposit Account Control Agreement, without any physical delivery thereof or further act.

In order to perfect the Master Trustee's security interest in the Adjusted Revenues as security for the payment of the Notes, the Master Trustee is authorized and directed to enter into, and shall be indemnified for (pursuant to Article VII hereof), a Deposit Account Control Agreement; provided, that the Master Trustee shall have no duty or responsibility to determine the existence of, or the necessity of perfecting any security interest of the Master Trustee in, any fund or account in which the Master Trustee has been granted a security interest, including without limitation, as described in Granting Clause (b) of this Master Indenture.

Upon the occurrence and continuance of an Event of Default, the Master Trustee shall be entitled to, subject to its rights to be indemnified pursuant to Article VII, (i) at the written direction of the holders of not less than 25% in principal amount of the Notes Outstanding, issue a Notice of Exclusive Control under a Deposit Account Control Agreement and (ii) collect and receive Adjusted Revenues in an amount equal to amounts covered under the Master Indenture to which the Event of Default has occurred; provided, however, when such Event of Default has been terminated or cured, as provided in Section 617, the Trustee shall provide written notice to the parties of a Deposit Account Control Agreement, that exclusive control of the account(s) described therein has been restored to the Company. The Master Trustee also shall be entitled to and shall (1) enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under this Master Indenture and the Deed of Trust and (2) assure compliance with all covenants, agreements and conditions of the Company contained in this Master Indenture with respect to the Adjusted Revenues; provided that, without limiting the generality of any of the provisions of this Master Indenture or the Deed of Trust, the Master Trustee need not foreclose the Deed of Trust (or accept a deed in lieu of foreclosure or otherwise exercise remedies with respect to the Mortgaged Property, as such term is defined in the Deed of Trust) if the effect of any such foreclosure (or acceptance of a deed in lieu of foreclosure, or other exercise of remedies with respect to the Mortgaged Property) would be to cause the Master Trustee to: (i) incur financial liability for any then existing environmental contamination at or from the Mortgaged Property or (ii) risk its own funds for the remediation of any such existing environmental contamination.

(b) The Company shall, at its own expense, take all necessary action to maintain and preserve the security interest in the property granted by this Master Indenture and the Deed of Trust so long as any Notes are Outstanding. In addition, the Company shall, immediately after the execution and delivery of this Agreement and thereafter from time to time, cause the Deed of Trust and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to fully perfect and protect such security interest and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed and filed as provided herein any and all continuation statements as required for such perfection and protection. Copies of all filings and recordings hereunder shall be promptly filed with the Master Trustee. Except to the extent it is

exempt therefrom, the Company shall pay or cause to be paid all filing, registration and recording fees and all expenses incident to the preparation, execution and acknowledgment of such instruments of perfection, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Deed of Trust and such instruments of perfection. The Master Trustee shall not be responsible for the sufficiency of or the recording of this instrument, any supplemental indenture, any mortgage, Deed of Trust, other security or other instruments of further assurance.

The Master Trustee shall confirm, on an annual basis, the filing of continuation statements by the Company required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents and, if necessary, make such filings as may be required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents.

(c) The Company covenants not to take any action that would create or allow any liens to exist, except any Permitted Encumbrances (as defined in a Deed of Trust), on any real property included in the Deed of Trust other than a lien arising in connection with the issuance of Debt as permitted by Section 212. The Company has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the collateral granted hereunder that ranks on a parity with or prior to the lien granted hereunder that will remain outstanding on the Closing Date. The Company has not described the collateral described hereunder in a UCC financing statement that will remain effective on the Closing Date except as expressly permitted by the Bond Documents. The Company will not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the collateral described hereunder that ranks prior to or on parity with the lien granted hereunder, or file any financing statement describing any such pledge, assignment, lien or security interest, except as expressly permitted by the Bond Documents. The security interest granted hereunder is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Company on a simple contract.

(d) The Company covenants and agrees to deposit all Adjusted Revenues into the account (or accounts) that is subject to a Deposit Account Control Agreement hereunder.

Section 212. Additional Debt.

(a) Upon satisfaction of the applicable requirements of Section 202 and any additional requirements set forth in Related Bond Documents, the Company reserves the right to issue and incur one or more series of Debt payable from the Adjusted Revenues of the Company that may be delivered pursuant to this Master Indenture if the following conditions are met:

(1) No Default. Delivery of an Officer's Certificate stating that this Master Indenture is in effect and no Event of Default is then existing under this Master Indenture or any Debt Outstanding or any agreement entered into in conjunction with such Debt;

(2) Parity Pledge. Such Debt shall be secured on parity with respect to the Trust Estate; provided that the terms of any Supplemental Master Indenture may expressly relinquish any right to any of the collateral provided in the Trust Estate (in

which case it shall only be entitled to its pro rata share of the collateral which has not been relinquished), and shall be payable by the Company solely from the Adjusted Revenues and other amounts paid out of moneys attributable to the proceeds derived from the sale of the additional parity Debt or to income from the temporary investment thereof;

(3) Additional Debt Coverage. Sufficient funds must be evidenced as follows:

(A) Historical Coverage on Outstanding Debt. Delivery of an Officer's Certificate stating that, for either the Company's most recently completed Fiscal Year or for any consecutive 12 months out of the most recent 18 months immediately preceding the issuance of the additional Debt, the Available Revenues equal at least 1.10 times the Maximum Annual Debt Service on all parity Debt then Outstanding prior the issuance of the additional Debt; and

(B) Projected Coverage for Additional Debt. A Management Consultant selected by the Company provides a written report setting forth projections which indicate that the estimated Available Revenues are equal to at least 1.20 times the Maximum Annual Debt Service for all Debt then Outstanding, plus the proposed Debt to be incurred, in the Fiscal Year immediately following the completion of the Project being financed. The report of the Management Consultant shall take into account (i) the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and (ii) the projected enrollment for the Fiscal Year immediately following the completion of the new Project, and shall assume that the proposed additional Debt shall have been outstanding for the entire year; or

(4) Alternate Coverage for Additional Debt. In lieu of the requirements described in Section 212(a)(3) above, the Company may deliver an Officer's Certificate stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Available Revenues equal at least 1.10 times Maximum Annual Debt Service on all parity Debt then Outstanding as well as the additional Debt;

(5) Title Insurance. So long as the Debt is secured by the lien of the Deed of Trust upon any real property of the Company, the Company shall obtain and provide to the Master Trustee an endorsement of the title insurance policy, if permitted by the laws of the State, issued in connection with the Debt increasing the coverage thereunder by an amount equal to the aggregate principal amount of the additional Debt which is secured by the Deed of Trust; and

The satisfaction of the conditions set forth in paragraphs (1) through (5) above shall be evidenced to the Master Trustee. The Master Trustee may rely, and (subject to Section 701) shall be fully protected in relying upon, a closing certificate executed by an Authorized Representative evidencing compliance with items (1) through (5).

(b) Refunding. If additional Debt is being issued for the purpose of refunding any Outstanding Debt, the reports required to be delivered under Section 212(a)(3) or Section 212(a)(4)shall not be required so long as both the total and Maximum Annual Debt Service Requirements on all Outstanding Debt after issuance of the additional Debt will not exceed both the total and the Maximum Annual Debt Service Requirements on all Outstanding Debt prior to the issuance of such additional Debt.

(c) Completion Debt. In the event such additional Debt is being issued or incurred for the purpose of completing any Project (as that term is defined from time to time in connection with the issuance of additional Debt) for which additional Debt is issued or incurred, such series of completion bonds may be issued in amounts not to exceed 10% of the principal amount of the Debt last issued for such Project upon delivery of an Officer's Certificate that such additional Debt is required to fund the costs of completion and such completion Debt shall not be required to comply with Section 212(a)(3) or Section 212(a)(4) herein; provided that, such additional Debt must comply with any applicable requirements imposed by the Related Bond Indenture and Related Loan Documents.

(d) Interim Construction Financing. The Company reserves the right to issue and incur Short Term Debt.

(e) Exemption. The Series 2014 Notes shall not be subject to the provisions of this Section 212.

Section 213. Insurance. (a) The Company shall at all times following completion of any Related Project, keep and maintain such Related Project insured against such risks and in such amounts, with such deductible provisions, as are customary in connection with the operation of facilities of the type and size comparable to the Related Project and consistent with the requirements of State law. Subject to subsection (c) hereof, the Company shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for, at least the following insurance with respect to the Related Project and the Company:

(1) insurance coverage for buildings and contents, including steam boilers, fired pressure vessels and certain other machinery for fire, lightning, windstorm and hail, explosion, aircraft and vehicles, sprinkler leakage, elevator, and all other risks of direct physical loss, at all times in an amount not less than the replacement cost of the Related Project on the Closing Date of the Series 2014 Bonds and subsequently determined after construction is completed on any properties covered under the Deed of Trust;

(2) during the course of any construction, reconstruction, remodeling or repair of the Related Project, builders' all risk extended coverage insurance (non-reporting Completed Value with Special Cause of Loss form) in amounts based upon the completed replacement value of the Related Project and insurance coverage for lost gross revenues due to damage or destruction of the Related Project prior to construction in an amount sufficient to provide temporary or interim facilities and equipment during the period of replacement or repair of the damaged or destroyed facility, and endorsed to provide that occupancy by any Person shall not void such coverage;

(3) general liability (other than as set forth in subsection (4) of this subsection (a));

(4) comprehensive professional liability insurance (other than as set forth in subparagraph (3) of this subsection (a)); and

(5) worker's compensation insurance as required by the laws of the State.

if it is ever determined that any structure within the Related Project is located in a flood plain (as defined by federal regulations), the Company shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for flood insurance for the Related Project. Such flood insurance shall constitute the type of such insurance that is available at the time and as is customary in connection with the operation of facilities of the type and size comparable to the Related Project.

(b) Insurers and Policies. Each insurance policy required by subparagraph (a) above (i) shall be issued or written by such insurer (or insurers) as mutually acceptable to the Company, or by an insurance fund established by the United States or State or an agency or instrumentality thereof unless such insurance is not otherwise available on commercially reasonable terms from an insurer rated at least "A" by S&P or "Excellent (A or A-)" by Fitch/Moody's, (ii) shall be in such form and with such provisions (including, without limitation and where applicable, loss payable clauses payable to the Master Trustee, waiver of subrogation clauses, provisions relieving the insurer of liability to the extent of minor claims and the designation of the named insurers) as are generally considered standard provisions for the type of insurance involved, (iii) shall prohibit cancellation or substantial modification by the insurer without at least thirty (30) days' prior written notice to the Master Trustee and the Company and (iv) shall name the Master Trustee as additional insured. The Company shall deliver to the Master Trustee, no later than the date on which it is required to obtain an insurance policy pursuant to Section 213(a), proof of each such insurance policy.

(c) Certifications. The Company shall, on the closing date for any Debt and thereafter within 120 days after the end of each of its Fiscal Years submit to the Master Trustee an Officer's Certificate verifying that (i) all insurance required by this Master Indenture is in full force and effect as of the date of such Officer's Certificate and (ii) all impositions (as set forth in any Deed of Trust) have been paid. The Master Trustee shall have no responsibility for monitoring the existence of or maintaining any insurance policies other than to receive the certificate required by this Section 213(c).

ARTICLE III
REDEMPTION OR PREPAYMENT OF NOTES

Section 301. Redemption or Prepayment. Notes of each series shall be subject to optional and mandatory redemption or prepayment (subject to Section 602) in whole or in part and may be redeemed prior to Stated Maturity only as provided in the Supplemental Master Indenture creating such series. Unless otherwise provided by the Supplemental Master Indenture creating a series of Notes, the provisions of Section 302 through Section 305 of this Master Indenture shall also apply to the redemption of Notes.

Section 302. Election to Redeem or Prepay; Notice to Master Trustee. The Company shall notify the Master Trustee in writing of the election by the Company to redeem or prepay all or any portion of the Notes of any series, together with the redemption or prepayment date and the principal amount of Notes of each Stated Maturity and series to be redeemed or prepaid, at least forty-five (45) days prior to the redemption or prepayment date fixed by the Company, unless a shorter notice shall be satisfactory to the Master Trustee.

Section 303. Deposit of Redemption or Prepayment Price. Prior to any redemption or prepayment date, the Company shall deposit with the Master Trustee or its designated agent an amount of money sufficient to pay the redemption or prepayment price of all the Notes which are to be redeemed or prepaid on such date.

Section 304. Notes Payable on Redemption or Prepayment Date.

(a) Notice of redemption or prepayment having been given as aforesaid, and the monies for redemption or prepayment having been deposited as described in Section 303, the Notes to be redeemed or prepaid shall become due and payable on the redemption or prepayment date at the redemption or prepayment price therein specified, and from and after such date such Notes shall cease to bear interest. Upon surrender of any such Note for redemption or prepayment in accordance with said notice, such Note shall be paid by the Company at the redemption or prepayment price. Installments of interest whose Stated Maturity is on or prior to the redemption date shall be payable to the registered Note Holders on the relevant Record Dates according to their terms.

(b) If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption or prepayment date at the rate borne by the Note.

Section 305. Notes Redeemed or Prepaid in Part. Any Note which is to be redeemed or prepaid only in part shall be surrendered at a Place of Payment (with, if the Company or the Master Trustee so requires, due endorsement by, or a written instrument of transfer satisfactory in form to, the Company and the Master Trustee, and duly executed by the Note Holder or by his attorney who has been duly authorized in writing) and the Company shall execute and the Master Trustee shall authenticate and deliver without service charge a new Note or Notes of the same series, interest rate and maturity, and of any Authorized Denomination, to the Note Holder as requested by such Note Holder in aggregate principal amount equal to and in exchange for the unredeemed or unpaid portion of the principal of the Note so surrendered.

ARTICLE IV
COVENANTS OF THE COMPANY

Section 401. Payment of Debt Service. The Company unconditionally and irrevocably covenants that it will promptly pay the principal of, premium, if any, and interest and any other amount due on every Note issued under this Master Indenture at any time at the place, on the dates and in the manner provided in said Notes according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the Notes set forth in the Notes, the Company unconditionally and irrevocably covenants and agrees to make payments upon each Note and be

liable therefor at the times and in the amounts (including principal, interest and premium, if any) equal to the amounts to be paid as interest, principal at maturity or by mandatory sinking fund redemption, or premium, or purchase price, if any, upon any Notes or Related Bonds from time to time Outstanding.

Section 402. Ratings. The Company covenants that it will at all times maintain a municipal rating on the Bonds secured by the Notes and that it will not knowingly take any action that would likely result in the reduction of the municipal ratings of the Bonds (or any other indebtedness secured by the Notes) by any Rating Service below investment grade.

Section 403. Money for Note Payments to be Held in Trust; Appointment of Paying Agents.

(a) The Company may appoint a Paying Agent for each series of the Notes.

(b) Each such Paying Agent appointed by the Company shall be (i) a corporation organized and doing business under the laws of the United States of America or of any state, (ii) authorized under such laws to exercise corporate trust powers, (iii) have a combined capital and surplus of at least $50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

(c) Subject to Section 207 hereof, the Company will, on or prior to each due date of the principal of (and premium, if any) or interest or any other amounts on any Notes, deposit with the Master Trustee which shall thereupon deposit such with the Paying Agent, a sum sufficient to pay the principal (and premium, if any) or interest or purchase price so becoming due and any other amounts due in accordance with the terms of the Notes and this Master Indenture, such sum to be held in trust for the benefit of the Note Holders, and the Company will promptly notify the Master Trustee of its action or failure so to act unless such Paying Agent is the Master Trustee.

(d) The Company will cause each Paying Agent other than the Master Trustee to execute and deliver to the Master Trustee an instrument in which such Paying Agent shall agree with the Master Trustee, subject to the provisions of this subsection, that such Paying Agent will

(1) hold all sums held by it for the payment of principal of (and premium, if any) or interest or any other amounts on the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Master Trustee notice of any default by the Company or any other obligor upon the Notes in the making of any such payment of principal (and premium, if any) or interest or any other amounts; and

(3) upon request by the Master Trustee, pay to the Master Trustee all sums so held in trust by such Paying Agent forthwith at any time during the continuance of such default.

(e) For the purpose of obtaining the satisfaction and discharge of this Master Indenture or for any other purpose, the Company may at any time by Order direct any Paying Agent to pay to the Master Trustee all sums held in trust by such Paying Agent, such sums to be held by the Master Trustee upon the same trusts as those upon which such sums were held by such Paying Agent. Upon such payment by any Paying Agent to the Master Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(f) Subject to applicable escheat laws of the State, any money deposited in trust with the Master Trustee or any Paying Agent for the payment of the principal of (and premium, if any) or interest on any Notes and remaining unclaimed for the later of (i) the first anniversary of the Stated Maturity of the Notes or the installment of interest for the payment of which such money is held or (ii) two years after such principal (and premium, if any) or interest has become due and payable shall to the extent permitted by law be paid to the Company on its Request (which Request shall include the Company's representation that it is entitled to such funds under applicable escheatment laws and its agreement to comply with such laws) and the Note Holder shall thereafter, to the extent of any legal right or claim, be deemed to be an unsecured general creditor, and shall look only to the Company for payment thereof, and all liability of the Master Trustee or such Paying Agent with respect to such trust money, and all liability of the Company, shall thereupon cease; provided, however, that the Master Trustee or such Paying Agent, before being required to make any such repayment, shall, at the written direction of the Company, publish notice in an Authorized Newspaper at the expense of the Company that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company; provided further, notwithstanding the foregoing, the Master Trustee shall be entitled to deliver any such funds to any escheatment authority in accordance with the Master Trustee's customary procedures. The Master Trustee shall hold any such funds in trust uninvested (without liability for interest accrued after the date of deposit or other compensation) for the benefit of Note Holders entitled thereto.

Section 404. Notice of Non-Compliance. Promptly upon the discovery of any default, the Company will deliver to the Master Trustee a written statement describing each default and status thereof which has not been cured or waived under any Note. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 405. Corporate Existence. Subject to Section 501 and Section 502, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; provided, however, that the Company shall not be required to preserve any right or franchise if the Governing Body shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Note Holders.

Section 406. Revenue Fund.

(a) There is hereby created by the Company and established with the Master Trustee the special fund of the Company designated the "Riverwalk Education Foundation, Inc. Revenue Fund" (herein referred to as the "***Revenue Fund***"). The Revenue Fund shall contain a principal

account (the "*Principal Account*") and an interest account (the "*Interest Account*") and such other accounts as the Master Trustee finds necessary or desirable, provided, the Master Trustee shall have no duty to establish and maintain the Revenue Fund prior to the occurrence and continuance of an Event of Default. The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and in Section 606.

(b) If, and only if, an Event of Default under this Master Indenture shall occur, the Company shall deposit, within five (5) business days from the date of receipt, with the Master Trustee, for credit to the Revenue Fund all of its Adjusted Revenues, including without limitation amounts subject to a Deposit Account Control Agreement for which a Notice of Exclusive Control has been delivered (except to the extent otherwise provided by or inconsistent with any permitted instrument creating any mortgage, lien, charge, encumbrance, pledge or other security interest granted, created, assumed, incurred or existing), as well as any insurance and condemnation proceeds, beginning on the first day of such Event of Default thereof and on each day thereafter, until no default under this Master Indenture then exists.

(c) Immediately upon receipt of any payments to the Master Trustee for deposit into the Revenue Fund, the Master Trustee shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

(1) to the Master Trustee any fees or expenses which are then payable;

(2) equally and ratably to the holder of each instrument evidencing a Note on which there has been a default pursuant to Section 601(a), to the extent funds are available, an amount not to exceed all defaulted principal of (or premium, if any), interest and obligations on such Note;

(3) a transfer to the Interest Account of an amount necessary to accumulate in equal monthly installments the interest on the Notes due and payable on the next Interest Payment Date; provided, however, that to the extent available, each transfer made on the fifth business day before the end of each month immediately preceding each Interest Payment Date shall be in an amount to provide, together with amounts then on deposit in the Interest Account, the balance of the interest due on the Notes on the next succeeding Interest Payment Date. There shall be paid from the Interest Account equally and ratably to the holder of each Note the amount of interest on each Note as such interest becomes due;

(4) a transfer to the Principal Account of the amount necessary to accumulate in equal monthly installments the principal of the Notes maturing or subject to mandatory sinking fund redemption on the next Principal Payment Date taking into account with respect to each such payment (i) any other money actually available in the Principal Account for such purpose and (ii) any credit against amounts due on each Principal Payment Date granted pursuant to other provisions of this Master Indenture; provided, however, that to the extent available, the transfer made on the fifth business day before the end of each month immediately preceding such Principal Payment Date shall be in an amount to provide, together with amounts then on deposit in the Principal Account, the

balance of the principal maturing or subject to mandatory sinking fund redemption on such Principal Payment Date. There shall be paid from the Principal Account equally and ratably to the holder of each Note the amount of principal payments due on each Note, whether at maturity or earlier mandatory redemption (other than by reason of acceleration of maturity or other demand for payment), as such principal becomes due;

(5) to the holder of any Note entitled to maintain a reserve fund for the payment of such Note, an amount sufficient to cause the balance on deposit in such reserve fund to equal the required balance in twelve (12) equal monthly installments or as otherwise in such amounts required by the applicable Related Bond Documents; and

(6) to the Company, the amount specified in a Request as the amount of ordinary and necessary expenses of the Company for its operations for the following month.

(d) Any amounts remaining on deposit in the Revenue Fund on the day following the end of the month in which all Events of Default under Section 601(a) of this Master Indenture have been cured or waived, shall be paid to the Company upon Request for deposit in a deposit account of the Company subject to a Deposit Account Control Agreement, which may be used for any lawful purpose.

(e) Pending disbursements of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts in the Defeasance Obligations specified in any Order. All such investments shall have a maturity not greater than ninety-one (91) days from date of purchase.

Section 407. Insurance and Condemnation Proceeds Fund.

(a) There is hereby created by the Company and established with the Master Trustee the special fund of the Company designated the "Riverwalk Education Foundation, Inc. Insurance and Condemnation Proceeds Fund" (herein referred to as the "***Insurance and Condemnation Fund***"). The Master Trustee is hereby authorized to create any accounts within such Insurance and Condemnation Fund as the Master Trustee finds necessary or desirable, provided, the Master Trustee shall have no duty to establish the Insurance and Condemnation Fund prior to the first occurring receipt of proceeds under an insurance policy or a condemnation of all or a portion of any Related Project. The money deposited to the Insurance and Condemnation Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section.

(b) Immediately upon receipt of any payments to the Master Trustee for deposit into the Insurance and Condemnation Fund, the Master Trustee shall transfer such amounts to the Related Bond Trustee in accordance with the Related Indenture to which such insurance or condemnation proceeds relate for use pursuant to such Related Indenture and the Related Loan Documents for such Related Project.

Section 408. Waiver of Certain Covenants. The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 402 through Section 407 hereof if before or after the time for such compliance the holders of the same percentage in

principal amount of all Notes then Outstanding the consent of which would be required to amend the provisions hereof to permit such noncompliance shall either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of the Company and the duties of the Master Trustee in respect of any such covenant or condition shall remain in full force and effect.

Section 409. Debt Service Coverage Ratio. Available Revenues for each Fiscal Year must be equal to at least 1.10x the Annual Debt Service Requirements of the Company as of the end of each Fiscal Year. If the Company does not maintain Available Revenues for any Fiscal Year ending on or after June 30, 2014, of at 1.10x the Annual Debt Service Requirements during such Fiscal Year, then the Company will, at its sole expense, promptly employ a Management Consultant to review and analyze the operations and administration of the Company, inspect the facilities, and submit to the Company and Master Trustee written reports, and make such recommendations as to the operation and administration of the Company as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Company agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. Notwithstanding the preceding sentence, if the debt service coverage ratio falls below 1.0x the Annual Debt Service Requirements of the Company, it shall constitute a default hereunder.

Section 410. Working Capital Balance.

(a) For so long as the Related Bonds are outstanding, the Company covenants and agrees to budget and maintain operating reserves in an amount equal to forty-five (45) days of Expenses (***"Working Capital Balance"***). Such amounts will not be funded with Bond proceeds. The Company's Working Capital Balance shall be tested as of the end of each Fiscal Year of each year based upon the audited Financial Statements of the Company, commencing with the Fiscal Year ending June 30, 2014.

(b) The Company will deliver to the Master Trustee, within 180 days after the end of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2014), a certificate executed by the Authorized Representative of the Company stating the Working Capital Balance for such Fiscal Year just ended. If the Company fails to maintain balances equal to the Working Capital Balance, then, the Company shall retain, at its expense, a Management Consultant to submit a written report and make recommendations (a copy of such report and recommendations shall be filed with the Master Trustee) with respect to revenues or other financial matters of the Company which are relevant to increasing the Working Capital Balance to equal or exceed forty-five (45) days of Expenses. So long as the Company is implementing these recommendations to the extent practical, the Company will be deemed to have complied with its covenants hereunder.

Section 411. Financial Reports; No Default Certificates; Notice of Default.

(a) The Company shall cause an annual audit of its books and accounts to be made by Independent certified public accountants and delivered to it within 180 days after the end of each Fiscal Year of the Company. At the same time said audit report is delivered to the Company, the Company shall deliver to the Master Trustee a certificate signed by an Authorized

Representative stating that such person has reviewed the obligations of the Company under the Related Loan Documents, any Deed of Trust, the Notes, and this Master Indenture and the Related Bond Indentures and the performance of the Company hereunder and thereunder, and has consulted with such officers and employees of the Company as he deemed appropriate and necessary for the purpose of delivering such certificate, and based on such review and consultation, no Event of Default and no event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing under the aforementioned documents. Such certificate shall also set forth for such period the calculation of debt service coverage ratio required by Section 409 and the Working Capital Balance required by Section 410. The Master Trustee shall have no duty to examine or independently verify any such audit reports or the matters described in any such certificate other than to examine the certificate for compliance with the required statements therein, and shall have no duty to furnish such audits to any third party.

(b) The Company shall also, promptly upon receiving notice thereof, notify the Related Issuer and the Master Trustee in writing upon the occurrence of an Event of Default or any event which with the giving of notice or the passage of time or both would constitute an Event of Default hereunder or under the Notes, or the Related Loan Documents or Related Bond Documents.

Section 412. Negative Pledge. The Company shall not create or allow any liens to exist on any of its property or equipment included in any Deed of Trust, except as permitted by any such Deed of Trust.

Section 413. Disposition of Assets.

(a) Property and Equipment ("***P&E***"). No P&E of the Company may be sold or otherwise disposed of unless (i) the P&E is obsolete or worn out or (ii) fair market value is received in return or (iii) the market value of all P&E disposed of in any Fiscal Year does not exceed five percent (5%) of the total market value of all P&E of the Company.

(b) Cash, Investments and Other Current Assets ("***Liquid Assets***"). No Liquid Assets of the Company may be sold or otherwise disposed of unless (i) fair market value is received in return or (ii) the total market value of Liquid Assets disposed of in any Fiscal Year does not exceed one percent (1%) of all Liquid Assets of the Company.

ARTICLE V
CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER

Section 501. Consolidation, Merger, Conveyance, or Transfer Only on Certain Terms. In addition to any other requirements set forth in the Related Bond Documents, the Company covenants and agrees that it will not consolidate with or merge into any corporation or convey or transfer its properties substantially as an entirety to any Person, unless:

(a) all of the following conditions exist:

(1) the Person formed by such consolidation or into which the Company merges or the Person which acquires substantially all of the properties of the Company as

an entirety shall be a Person organized and existing under the laws of the United States of America or any state or the District of Columbia and shall expressly assume by instrument supplemental hereto executed and delivered to the Master Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on the Notes and any other amounts due thereunder or in accordance with this Master Indenture and the performance and observance of every covenant and condition hereof on the part of the Company to be performed or observed;

(2) an Officer's Certificate shall be delivered to the Master Trustee to the effect that such consolidation, merger or transfer shall not, immediately after giving effect to such transaction, cause a default hereunder to occur and be continuing; and

(3) the Company shall have delivered to the Master Trustee and Related Bond Trustee an Officer's Certificate and Opinion of Counsel, each stating that such consolidation, merger, conveyance, or transfer and such supplemental instrument comply with this Article and that all conditions precedent relating to such transaction provided for herein have been complied with, and a Favorable Opinion of Bond Counsel.

Section 502. Successor Corporation Substituted. Upon any consolidation or merger or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 501, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company hereunder with the same effect as if such successor Person had been named as the Company herein.

ARTICLE VI
REMEDIES OF THE MASTER TRUSTEE AND NOTE HOLDERS IN EVENT OF DEFAULT

Section 601. Events of Default. "Event of Default," whenever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of (premium, if any) or interest or any other amount due on any Note when due (giving effect to any applicable period of grace, if any); or

(b) default in the performance, or breach, of any covenant or agreement on the part of the Company contained in this Master Indenture (other than a covenant or agreement the default in the performance or observance of which is elsewhere in this Section specifically addressed) and continuance of such default or breach for a period of thirty (30) days after a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder and has been given by registered or certified mail by (i) the holders of at least 25% in principal amount of Notes then Outstanding, or (ii) the Master Trustee

to the Company (with a copy to the Master Trustee in the case of notice by the Note Holders); provided that if such default under this Section 601(b) can be cured by the Company but cannot be cured within the 30-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by the Company within such 30-day period and diligently pursued until the default is corrected; or

(c) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Company under the Bankruptcy Code, Title 11 of the United States Code, as amended (the "***Bankruptcy Code***"), or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Company or the Company's property, or for the winding up or liquidation of the Company or the Company's affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days; or

(d) the Company shall institute proceedings to be adjudicated a voluntary bankruptcy, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Company in furtherance of any of the aforesaid purposes;

(e) an event of default, as therein defined, under any instrument or agreement under which any Note may be incurred or secured, or under any Related Bond Documents, occurs and is continuing beyond any applicable period of grace, if any;

(f) a Qualified Provider under a Financial Products Agreement which is secured by a Note notifies the Master Trustee in writing that an event of default under such Financial Products Agreement, as therein defined, has occurred and is continuing beyond the applicable grace period, if any.

Section 602. Acceleration of Maturity in Certain Cases; Rescission and Annulment.

(a) If an Event of Default occurs and is continuing, then and in every such case the Master Trustee may, and upon the request of: (i) the holders of not less than 25% in principal amount of the Notes Outstanding (or, in the case of any Event of Default described in clause (e) above resulting in the loss of any exclusion from gross income of interest on, or the invalidity of, any Debt secured by a pledge of Notes, the holders of not less than 25% in principal amount of the Notes Outstanding of the affected series) shall, by a notice in writing to the Company, accelerate the Maturity of the Notes, and upon any such declaration such principal of (premium, if any) and interest and any other amount due on any Note shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Master Trustee as hereinafter in this Article provided, the holders of a majority in principal amount of the Notes Outstanding, by written notice to the Company and the Master Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has caused to be paid or deposited with the Master Trustee a sum sufficient to pay:

(A) all overdue installments of interest on all Notes;

(B) the principal of (and premium, if any, on) any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes as well as any other amounts due and owing as provided in such Notes; and

(C) all sums paid or advanced by the Master Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel; and

(2) all Events of Default, other than the non-payment of the principal of Notes which have become due solely by such acceleration, have been cured or waived as provided in Section 613.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

(c) Acceleration of Notes pursuant to this Section 602 may be declared separately and independently with or without an acceleration of the Related Bonds.

Section 603. Collection of Indebtedness and Suits for Enforcement by Master Trustee.

(a) The Company covenants that if:

(1) default is made in the payment of any installment of interest on any Note when such interest becomes due and payable;

(2) default is made in the payment of the principal of (or premium, if any), on any Note when such principal (or premium, if any) becomes due and payable; or

(3) default is made in the payment of any other amount when such amount is due and payable;

the Company will, subject to Section 401 hereof, upon demand of the Master Trustee, pay to it, for the benefit of the holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any) and interest, with interest upon the overdue principal (and premium, if any) and any other amount due; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable

compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel.

(b) If the Company fails to pay any of the foregoing amounts forthwith upon demand, the Master Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company and collect the moneys adjudged or decreed to be payable in the manner provided by law.

(c) If an Event of Default occurs and is continuing, the Master Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of Notes and other obligations secured hereunder by such appropriate judicial proceedings as the Master Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy, including without limitation proceeding under the UCC as to all or any part of the Trust Estate, and the Company hereby covenants and agrees with the Master Trustee that the Master Trustee shall have and may exercise with respect to the Trust Estate all the rights, remedies and powers of a secured party under the UCC as in effect in the State.

(d) If an Event of Default occurs and is continuing, the Master Trustee may provide a Notice of Exclusive Control to the Company's Depository Bank.

(e) If an Event of Default occurs and is continuing, the Mortgage Trustee named in the Deed of Trust may foreclose on any property subject to the Deed of Trust subject, to the extent applicable, to Section 12.128 of the Texas Education Code.

Section 604. Master Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or property of the Company or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest and any other amounts owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel) and of the Note Holders allowed in such judicial proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Note Holder to make such payments to the Master Trustee, and in the event that the Master Trustee shall consent to the making of such payments directly to the Note Holders, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under this Master Indenture.

(b) Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Note Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Note Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Note Holder in any such proceeding.

Section 605. Master Trustee May Enforce Claims Without Possession of Notes. All rights of action and claims under this Master Indenture or the Notes may be prosecuted and enforced by the Master Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, be for the ratable benefit of the Note Holders in respect of which such judgment has been recovered.

Section 606. Application of Money Collected. Any money collected by the Master Trustee pursuant to this Article and any proceeds of any sale (after deducting the costs and expenses of such sale, including a reasonable compensation to the Master Trustee, its agents and counsel, and any taxes, assessments, or liens prior to the lien of this Master Indenture, except any thereof subject to which such sale shall have been made), whether made under any power of sale herein granted or pursuant to judicial proceedings, together with, in the case of an entry or sale as otherwise provided herein, any other sums then held by the Master Trustee as part of the Trust Estate, shall be deposited in the Revenue Fund created by this Master Indenture, shall be applied in the order specified in Section 406, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal (or premium, if any), upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid.

Section 607. Limitation on Suits. No Note Holder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Note Holder has previously given written notice to the Master Trustee of a continuing Event of Default;

(2) the holders of not less than 25% in principal amount of the Outstanding Notes shall have made written request to the Master Trustee to institute proceedings in respect of such Event of Default in its own name as Master Trustee hereunder;

(3) such Note Holder or Note Holders have provided to the Master Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Master Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Master Trustee during such 60-day period by the holders of a majority in principal amount of the Outstanding Notes;

it being understood and intended that no one or more Note Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Note Holders, or to obtain or to seek to obtain priority or preference over any other Note Holders, or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Note Holders.

Section 608. Unconditional Right of Note Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Master Indenture, the Note Holder shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Note, but (without waiving or impairing any rights such Note Holder may have under any other instrument or agreement) solely from the sources provided in this Master Indenture, on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Note Holder.

Section 609. Restoration of Rights and Remedies. If the Master Trustee or any Note Holder has instituted any proceeding to enforce any right or remedy under this Master Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Note Holder, then and in every such case the Company, the Master Trustee and the Note Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Master Trustee and the Note Holders shall continue as though no such proceeding had been instituted.

Section 610. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Master Trustee or to the Note Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 611. Delay or Omission Not Waiver. No delay or omission of the Master Trustee or of any Note Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default

or an acquiescence therein. Every right and remedy given by this Article or by law to the Master Trustee or to the Note Holders may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Note Holders, as the case may be.

Section 612. Control by Note Holders. The holders of a majority in principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred on the Master Trustee, provided that such direction shall not be in conflict with any rule of law or with this Master Indenture, and provided further that the Master Trustee shall have the right to decline to comply with any such request in accordance with Section 703(e) hereof or if the Master Trustee shall be advised by counsel (who may be its own counsel) that the action so directed may not lawfully be taken or the Master Trustee in good faith shall determine that such action would be unjustly prejudicial to the Note Holders not parties to such direction. The Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction.

Section 613. Waiver of Past Defaults.

(a) The holders of not less than a majority in principal amount of the Outstanding Notes may on behalf of the holders of all the Notes waive any past default hereunder and its consequences, except:

(1) a default in the payment of the principal of (or premium, if any) or interest or any other amount on any Note; or

(2) a default in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the holder of each Outstanding Note affected.

(b) Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 614. Undertaking for Costs. All parties to this Master Indenture agree, and each Note Holder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Indenture, or in any suit against the Master Trustee for any action taken or omitted by it as Master Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Master Trustee, to any suit instituted by any Note Holder, or group of Note Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Notes, or to any suit instituted by any Note Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Note on or after the respective

Stated Maturities expressed in such Note (or, in the case of redemption, on or after the redemption date).

Section 615. Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Master Indenture; and the Company (to the extent that it may lawfully do so), hereby expressly waives all benefit or advantage of any such law, and covenants (to the extent that it may lawfully do so) that it will not hinder, delay or impede the execution of any power herein granted to the Master Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 616. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Master Indenture or any indenture supplemental hereto, or in any Note, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, officer or employee, as such, of the Master Trustee or the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Master Indenture and the Notes are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers or employees, as such, of the Master Trustee or the Company or any successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture or in any of the Notes or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer or employee, as such, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Indenture and the issue of such Notes.

Section 617. Termination of Default. Once an Event of Default has been cured in accordance with the provisions of this Master Indenture or the instrument under which any Note is incurred or secured, such Event of Default will be deemed to no longer exist and the Trustee shall notify the Company in writing that such Event of Default has been cured and all corrective actions under this Master Indenture shall immediately cease unless or until another Event of Default shall occur; provided however, that once the Notes are accelerated pursuant to Section 602, the provisions of Section 602 shall govern rescission and the cessation of remedies.

ARTICLE VII
CONCERNING THE MASTER TRUSTEE

Section 701. Duties and Liabilities of Master Trustee.

(a) The Master Trustee accepts and agrees to execute the trusts imposed upon it by this Master Indenture, but only upon the terms and conditions set forth herein, and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee.

(b) In case any Event of Default has occurred and is continuing (of which a Responsible Officer of the Master Trustee has actual knowledge or is deemed to have actual knowledge under Section 703(h) hereof), the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section or Section 703 hereof;

(2) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(3) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with Section 602(a) hereof or otherwise with the direction of the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture; and

(4) no provision of this Master Indenture shall require the Master Trustee to expend or risk its 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, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability or the payment of its fees and expenses is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section and Section 703.

Section 702. Notice of Defaults. Within sixty (60) days after the occurrence of any default of which the Master Trustee is deemed to have knowledge hereunder, the Master Trustee shall transmit by mail to all Note Holders notice of such default, unless such default shall have been cured or waived or unless corrective action to cure such default has been instituted and is being pursued such that such default does not constitute an Event of Default; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Notes or in the payment of any sinking or purchase fund installment, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Master Trustee in good faith determine that the withholding of such notice from the Note Holders is in the interest of the Note Holders; and provided, further, that in the case of any default of the

character specified in Section 601(b), no such notice to Note Holders shall be given until at least thirty (30) days after the notice described in Section 601(b) is given and a cure is not forthcoming. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 703. Certain Rights of Master Trustee.

(a) The Master Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto.

(b) Any request or direction of the Company shall be sufficiently evidenced by a Request; and any resolution of the Governing Body may be evidenced to the Master Trustee by a Board Resolution.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel 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.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Note Holders pursuant to the provisions of this Master Indenture, unless such Note Holders shall have provided to the Master Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction and for the payment of the Master Trustee's fees in connection therewith.

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney and to take such memoranda from and in regard thereto as may be reasonably desired. The Master Trustee shall have no obligation to perform any of the duties of the Company under this Master Indenture.

(g) The Master Trustee may execute any of the trusts or powers hereunder either directly or by or through agents or attorneys or may act or refrain from acting in reliance upon the opinion or advice of such agents or attorney, but the Master Trustee shall not be held liable

for any negligence or misconduct of any such agent or attorney appointed by it with due care. The Master Trustee may act upon the opinion or advice of an attorney or agent selected by it in the exercise of reasonable care and upon the opinion or advice of an attorney or agent retained by the Company. The Master Trustee shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice. The Master Trustee may in all cases pay reasonable compensation to any attorney or agent retained or employed by it in connection herewith.

(h) The Master Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder unless the Master Trustee shall be specifically notified of such Event of Default in writing by the Company or by the holder of an Outstanding Note, and in the absence of such notice the Master Trustee may conclusively assume that no Event of Default exists; provided, however, that the Master Trustee shall be required to take and be deemed to have notice of its failure to receive the moneys necessary to make payments when due of principal of (premium, if any) or interest on any Note.

(i) The Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the holders of the Outstanding Notes permitted to be given by them under this Master Indenture.

(j) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its negligence or willful misconduct in accordance with the terms of this Master Indenture.

(k) The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) The Master Trustee shall not be responsible for monitoring the existence of or determining whether any lien or encumbrance or other charge including without limitation any Permitted Encumbrance (as defined in the Deed of Trust) exists against the Project or the Trust Estate.

(m) The Master Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Company herein or in the Deed of Trust hereunder except as may be expressly provided for herein or therein. The Master Trustee may require of the Company full information and advice as to the performance of the aforesaid covenants, conditions and agreements.

Section 704. Not Responsible For Recitals or Issuance of Notes. The recitals contained herein and in the Notes (other than the certificate of authentication on such Notes) shall be taken as the statements of the Company and the Master Trustee assumes no responsibility for their correctness. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Notes. The Master Trustee shall not be accountable for the use or application by the Company of any of the Notes or of the proceeds of such Notes, for the use or application of any money paid over by the Master Trustee in accordance with the provisions of this Master Indenture or for the use and application of money received by any Paying Agent.

Section 705. Master Trustee May Own Notes. The Master Trustee or other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company with the same rights it would have if it were not Master Trustee or such other agent.

Section 706. Moneys to Be Held in Trust. All moneys received by the Master Trustee shall, until used or applied as herein provided be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Master Trustee shall be under no liability for interest on any moneys received by it hereunder other than such interest as it expressly agrees in writing to pay.

Section 707. Compensation and Expenses of Master Trustee.

(a) The Company hereby agrees:

(1) to pay to the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any law limiting the compensation of the trustee of an express trust), whether as Master Trustee or as Paying Agent;

(2) except as otherwise expressly provided in this Section 707(a), to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel); and

(3) to indemnify the Master Trustee, its officers, directors, employees, agents and affiliates (including without limitation, the Master Trustee as Paying Agent hereunder) (collectively, the "***Indemnitees***") for, and to defend and hold them harmless against, loss, liability, claims, proceedings, suits, demands, penalties, costs and expenses, including without limitation, the costs and expenses of outside and in house counsel and experts and their staffs and all expenses of document location, duplication and shipment and of preparation to defend and defending any of the foregoing ("***Losses***"), that may be imposed on, incurred by or asserted against any Indemnitee in respect of (i) any loss, or damage to any property, or injury to or death of any person, asserted by or on behalf of any Person arising out of, resulting from, or in any way connected with the Project, or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about the Project or from the planning, design, acquisition or construction of any Project facilities or any part thereof, (ii) the issuance of any Notes or Related Bonds, or the Company's or the Related Issuer's, as the case may be, authority therefore, (iii) this Master Indenture and any instrument related thereto, (iv) the Master Trustee's execution, delivery and performance of the Master Indenture, except in respect of any Indemnitee to the extent such Indemnitee's negligence or bad faith is found by a court of competent jurisdiction in a non-appealable judgment to have caused such Loss, and (v) compliance with or attempted compliance with or reliance on any instruction or other direction upon which the Master Trustee may rely under this Master Indenture or any instrument related thereto. The Company further agrees to indemnify the Indemnitees against any Losses as

a result of (1) any untrue statement or alleged untrue statement of any material fact or the omission or alleged omission to state a material fact necessary to make the statements made not misleading in any statement, information or material furnished by the Company to the Master Trustee or the Note Holder, including, but not limited to, any disclosure document utilized in connection with the sale of any Related Bonds; or (2) the inaccuracy of the statements contained in any section of any Related Bond Indenture relating to environmental representations and warranties. The foregoing indemnification shall include, without limitation, indemnification for any statement or information concerning the Company or its officers and board members or its property contained in any official statement or other offering document furnished to the Master Trustee or the purchaser of any Notes or Related Bonds that is untrue or incorrect in any material respect, and any omission from such official statement or other offering document of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Company, its officers and board members and its property not misleading in any material respect. The foregoing is in addition to any other rights, including rights to indemnification, to which the Master Trustee may otherwise be entitled, including without limitation, pursuant to the Deed of Trust. The provisions of this Section 707(a)(3) will survive the satisfaction and discharge of this Master Indenture and the payment of all Notes hereunder.

(b) As such security for the performance of the obligations of the Company under this Section the Master Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Master Trustee as such. The payment obligations set forth above shall include all such fees and expenses of the Master Trustee and its agents under any Supplemental Master Indenture.

Section 708. Corporate Master Trustee Required; Eligibility. There shall at all times be a Master Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 709. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Section shall become effective until the acceptance of appointment by the successor Master Trustee under Section 710.

(b) The Master Trustee may resign at any time by giving sixty (60) days written notice thereof to the Company. If an instrument of acceptance by a successor Master Trustee

shall not have been delivered to the Master Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(c) The Master Trustee may be removed at any time by (i) the holders of a majority in principal amount of the Outstanding Notes, or (ii) so long as there is no Event of Default and no circumstance has occurred that, with the passage of time, will constitute an Event of Default, the Company acting through an Authorized Representative.

(d) If at any time:

(1) the Master Trustee shall cease to be eligible under Section 708 and shall fail to resign after written request therefor by the Company or by any Note Holder; or

(2) the Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a conservator or a receiver of the Master Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; then, in any such case, (i) the Company by a Request may remove the Master Trustee, or (ii) subject to Section 614, any Note Holder who has been a bona fide Note Holder for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of a successor Master Trustee.

(e) If the Master Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Master Trustee for any cause, the Company shall promptly appoint a successor Master Trustee. If, within six (6) months after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Master Trustee shall be appointed by Act of the holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Master Trustee, the successor Master Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by the Company. If no successor Master Trustee shall have been so appointed by the Company or the Note Holders and accepted appointment in the manner hereinafter provided, the Master Trustee or any Note Holder who has been a bona fide Note Holder for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(f) The Company shall give notice of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Note Holders at their addresses as shown in the Note Register. Each notice shall include the name and address of the designated corporate trust office of the successor Master Trustee.

Section 710. Acceptance of Appointment by Successor.

(a) Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Master Trustee an instrument accepting such

appointment, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and such successor Master Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Master Trustee; but, on Request of the Company or the successor Master Trustee, such retiring Master Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of the retiring Master Trustee, and shall duly assign, transfer and deliver to the successor Master Trustee all property and money held by such retiring Master Trustee hereunder. Upon request of any such successor Master Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such rights, powers and trusts.

(b) No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article.

Section 711. Merger or Consolidation. Any corporation into which the Master Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Master Trustee shall be a party, or any corporation acquiring and succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor Master Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Notes.

Section 712. Release of Property. At the request of a majority of the holders of the aggregate principal amount of the Outstanding Notes, if any, the Master Trustee shall execute and deliver in recordable form any releases of property encumbered hereby or by the Deed of Trust.

Section 713. Subordination Authority. Notwithstanding anything to the contrary herein or in the Related Bond Documents, without the consent of the Master Trustee, and without such actions constituting a breach or violation of the Deed of Trust, a mortgagor may impose upon real property such reasonable easements and similar encumbrances to title as are customarily created or imposed in connection with the development of real property ("***Customary Development Encumbrances***"), e.g., utility easements and similar rights of way, and easements, building setback lines, and the like created by the platting or re-platting of the real property. In addition, the liens and security interests covering or encumbering the real property created by the Deed of Trust shall at all times be subordinate and inferior to the easements and other similar encumbrances against title to the real property created in connection with any future Customary Development Encumbrances, including by not limited to plats; provided, however, such liens and security interests of the Deed of Trust shall not be inferior or subordinate to any monetary liens created pursuant to any such future Customary Development Encumbrances, and all liens and security interest created by the said Deed of Trust shall be superior and prior to any and all such monetary liens created by any such future Customary Development Encumbrances. The Master Trustee, to the extent deemed necessary or desirable by the Company, is hereby granted

the authority to sign any and all documents subordinating the lien of the Deed of Trust to any Customary Development Encumbrances confirming such subordination in accordance with the terms of this Section.

ARTICLE VIII
SUPPLEMENTS

Section 801. Supplemental Master Indentures Without Consent of Note Holders. Without the consent of the Note Holders, the Company, when authorized by a Board Resolution, and the Master Trustee at any time may enter into or consent to one or more indentures supplemental hereto, subject to Section 803 hereof, for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision herein or therein which may be inconsistent with any other provision herein or therein, or to make any other provisions with respect to matters or questions arising under this Master Indenture which shall not be inconsistent with this Master Indenture, provided such action shall not adversely affect the interests of the Note Holder;

(b) to grant to or confer upon the Master Trustee for the benefit of the Note Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Note Holders and the Master Trustee, or either of them, to add to the covenants of the Company for the benefit of the Note Holders or to surrender any right or power conferred hereunder upon the Company;

(c) to assign and pledge under this Master Indenture additional revenues, properties or collateral;

(d) to evidence the succession of another corporation to the agreements of the Master Trustee, or a successor thereof hereunder;

(e) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company as permitted by this Master Indenture;

(f) to modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or State statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Company undertakes such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Indenture or in any indenture supplemental hereto, provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(g) to provide for the refunding or advance refunding of any Note, in whole or in part as permitted hereunder;

(h) to permit a Note to be secured by new security which may or may not be extended to all Note Holders or to establish special funds or accounts under this Master Indenture;

(i) to allow for the issuance of any series of Notes in certificated or uncertificated form;

(j) to make any other change which does not materially adversely affect any Note Holder and, in the opinion of each Related Bond Trustee, does not materially adversely affect the owners of the Related Bonds with respect to which it acts as trustee, including without limitation any modification, amendment or supplement to this Master Indenture or any indenture supplemental hereto or any amendment thereto in such a manner as to establish or maintain exemption of interest on any Related Bonds under a Related Bond Indenture from federal income taxation under applicable provisions of the Code;

(k) so long as no Event of Default has occurred and is continuing under this Master Indenture and so long as no event which with notice or the passage of time or both would become an Event of Default under this Master Indenture has occurred and is continuing, to make any other change herein or therein which, in the judgment of a Management Consultant, if any, a copy of whose report shall be filed with the Master Trustee:

(1) is in the best interest of the Company;

(2) does not materially adversely affect any Note Holder;

(3) provided that, with respect to each applicable series of Related Bonds, an Opinion of Counsel acceptable to the Master Trustee, and on which the Master Trustee may conclusively rely, to the effect that the amendment proposed to be adopted by such Supplemental Master Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Related Bonds otherwise entitled to such exclusion; and

(4) provided that, no such amendment, directly or indirectly, shall (A) change the provisions of this subsection (k), (B) make any modification of the type prohibited in Section 802 hereof, or (C) make a modification intended to subordinate the right to payment of a Note Holder to the right of Payment of any Note Holder or any other Debt;

(l) to make any amendment to any provision of this Master Indenture or to any supplemental indenture which is only applicable to Notes issued thereafter or which will not apply so long as any Notes then Outstanding remain Outstanding;

(m) to modify, eliminate or add to the provisions of this Master Indenture if the Master Trustee shall have received (1) written confirmation from each Rating Service that such change will not result in a withdrawal or reduction of its credit rating assigned to any series of Notes or Related Bonds, as the case may be, and (2) a Board Resolution to the effect that, in the judgment of the Company, such change is necessary to permit the Company to affiliate or merge with one or more other charter schools on acceptable terms and such change and affirmation are in the best interests of the Note Holders of the Outstanding Notes.

Section 802. Supplemental Indentures With Consent of Note Holders.

(a) With the consent of the holders of not less than a majority in principal amount of the Outstanding Notes, by Act of said Note Holders delivered to the Company and the Master Trustee, the Company, when authorized by a Board Resolution, and the Master Trustee may enter into or consent to an indenture or indentures supplemental hereto (subject to Section 803 hereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of modifying in any manner the rights of the Note Holders under this Master Indenture; provided, however, that no such Supplemental Master Indenture shall, without the consent of the Note Holder of each Outstanding Note affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Notes or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Notes or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date); or

(2) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences) provided for in this Master Indenture; or

(3) modify any of the provisions of this Section or Section 613, except to increase any such percentage or to provide that certain other provisions of this Master Indenture cannot be modified or waived without the consent of each Note Holder affected thereby.

(b) It shall not be necessary for any Act of Note Holders under this Section to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such Act of Note Holders shall approve the substance thereof, as presented in written form to the Note Holders by the Company.

Section 803. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Master Indenture permitted by this Article or the modifications thereby of the trusts created by this Master Indenture, the Master Trustee shall receive, and (subject to Section 701) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Master Indenture or consent is authorized or permitted by this Master Indenture. The Master Trustee may, but shall not (except to the extent required in the case of a Supplemental Master Indenture entered into under Section 801(d)) be obligated to, enter into any such Supplemental Master Indenture or consent which affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

Section 804. Effect of Supplemental Master Indentures. Upon the execution of any Supplemental Master Indenture under this Article, this Master Indenture shall, with respect to each series of Notes to which such Supplemental Master Indenture applies, be modified in accordance therewith, and such Supplemental Master Indenture shall form a part of this Master Indenture for all purposes, and every Note Holder thereafter or theretofore authenticated and delivered hereunder shall be bound thereby.

Section 805. Notes May Bear Notation of Changes. Notes authenticated and delivered after the execution of any Supplemental Master Indenture pursuant to this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplemental Master Indenture. If the Company or the Master Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Master Trustee and the Company, to any such Supplemental Master Indenture may be prepared and executed by the Company and authenticated and delivered by the Master Trustee in exchange for Notes then Outstanding.

ARTICLE IX
SATISFACTION AND DISCHARGE OF MASTER INDENTURE

Section 901. Satisfaction and Discharge of Master Indenture.

(a) If at any time the Company shall have paid or caused to be paid the principal of (and premium, if any) and interest and all other amounts due and owing on all the Notes Outstanding hereunder, as and when the same shall have become due and payable, and if the Company shall also pay or provide for the payment of all other sums payable hereunder by the Company and shall have paid all of the Master Trustee's fees and expenses pursuant to Section 707 hereof, then this Master Indenture shall cease to be of further effect except as to (i) rights of registration of transfer and exchange, (ii) substitution of mutilated, defaced, or apparently destroyed, lost or stolen Notes, (iii) rights of Note Holders to receive payments of principal thereof (and premium, if any) and interest thereon and remaining obligations of the Company to make mandatory sinking fund payments, (iv) the rights, remaining obligations, if any, and immunities of the Master Trustee hereunder and (v) the rights of the Note Holders as beneficiaries hereof with respect to the property so deposited with the Master Trustee payable to all or any of them and the Master Trustee, on the Request accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent to the satisfaction and discharge of this Master Indenture have been fulfilled and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture.

(b) Notwithstanding the satisfaction and discharge of this Master Indenture, the obligations of the Company to the Master Trustee under Section 707 and, if funds shall have been deposited with the Master Trustee pursuant to Section 902, the obligations of the Master Trustee under Section 903 and Section 403(f) shall survive.

Section 902. Notes Deemed Paid. Unless otherwise provided in the Supplemental Master Indenture establishing any such series of Notes, Notes of any series shall be deemed to have been paid if:

(a) in case said Notes are to be redeemed on any date prior to their Stated Maturity, the Company by Request shall have given to the Master Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Notes on said redemption date;

(b) there shall have been deposited with the Master Trustee either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Master Trustee accompanied by a report of an Independent Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of (and premium, if any) and interest due and to become due on said Notes on and prior to the Maturity thereof;

(c) in the event said Notes are not by their terms subject to redemption within the next forty-five (45) days, the Company by Request shall have given the Master Trustee in form satisfactory to it irrevocable instructions to give a notice to the Note Holders that the deposit required by clause (b) of this Section 902 above has been made with the Master Trustee and that said Notes are deemed to have been paid in accordance with this Section and stating such redemption date upon which moneys are to be available for the payment of the principal of (and premium, if any) and interest on said Notes.

Section 903. Application of Trust Money. The Defeasance Obligations and money deposited with the Master Trustee pursuant to Section 902 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Notes and this Master Indenture, to the payment, either directly or through any Paying Agent as the Master Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Master Trustee of an Officer's Certificate (accompanied by the report of an Independent Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in subsection (b) of Section 902, any money received from principal or interest payments on Defeasance Obligations deposited with the Master Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Request be reinvested in other Defeasance Obligations or disposed of as requested by the Company. For purposes of any calculation required by this Section, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer thereof and the principal of such obligation shall be assumed to be received at its Stated Maturity.

This Master Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of this Master Indenture by facsimile or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Master Indenture.

IN WITNESS WHEREOF, the Company and the Master Trustee have caused this Master Indenture to be signed on their behalf by their duly authorized representatives as of the date first written above.

RIVERWALK EDUCATION FOUNDATION, INC.

By:_____
President, Board of Directors

Regions Bank, as Master Trustee

By: _____

Name: R. Douglas Milner

Title: Vice President

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 11

Dated as of March 1, 2025

Between

RIVERWALK EDUCATION FOUNDATION, INC.

and

REGIONS BANK,
as Master Trustee

Supplemental to:

Master Trust Indenture
Dated as of April 15, 2014

In connection with the issuance of
Series 2025 Note

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Exhibit A - Form of Tax-Exempt Series 2025 Master Indenture Note and Assignment; Certificate of Authentication and Registration

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 11

THIS SUPPLEMENTAL MASTER TRUST INDENTURE NO. 11, dated as of March 1, 2025 (this "***Supplemental Master Indenture***"), is between REGIONS BANK, an Alabama state banking corporation with a corporate trust office in Houston, Texas, as master trustee (the "***Master Trustee***"), and RIVERWALK EDUCATION FOUNDATION, INC., a nonprofit corporation organized and existing under the laws of the State of Texas (the "***Company***"), amending and supplementing the hereinafter referenced Original Master Indenture.

RECITALS:

WHEREAS, the Company entered into a Master Trust Indenture and Security Agreement, dated as of April 15, 2014 (being referred to herein as the "***Original Master Indenture***"), with Regions Bank, National Association, as Master Trustee, for the purpose of providing for the issuance of Notes thereunder to secure Debt of the Company (as such terms are defined in the Original Master Indenture); and

WHEREAS, the Company and the Master Trustee are authorized under Sections 201 and 801 of the Original Master Indenture, to amend or supplement the Original Master Indenture, subject to the terms and provisions contained therein, and to provide for the issuance of a series of Notes; and

WHEREAS, the Company desires to enter into this Supplemental Master Indenture in order to provide for the issuance of certain Notes, as hereinafter described, to be secured under the Original Master Indenture as amended and supplemented hereby (as so amended and supplemented, the "***Master Indenture***"); and

WHEREAS, the Company deems it desirable to issue its (i) Tax-Exempt Master Indenture Note (Riverwalk Education Foundation, Inc.) Series 2025 (the "***Series 2025 Note***" entitled to the security of the Master Indenture in the original principal amount of $141,135,000 and to deliver such Series 2025 Note to Arlington Higher Education Finance Corporation (the "***Issuer***") in order to evidence and secure the obligations of the Company under the Loan Agreement (the "***Agreement***") between the Company and the Issuer, dated as of March 1, 2025, relating to the Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.), Series 2025 (the "***Bonds***"), issued pursuant to a Trust Indenture and Security Agreement (the "***Bond Indenture***"), dated as of March 1, 2025, between the Issuer and Regions Bank, as trustee (in such capacity, the "***Bond Trustee***"); and

WHEREAS, all acts and things necessary to make the Series 2025 Note authorized by this Supplemental Master Indenture, when executed by the Company and authenticated and delivered by the Master Trustee as provided in the Original Master Indenture and this Supplemental Master Indenture, the valid, binding and legal obligations of the Company and to constitute these presents, together with the Original Master Indenture, a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Supplemental Master Indenture and the issuance of the Series 2025 Note authorized by this Supplemental Master Indenture have in all respects been duly authorized; and

NOW, THEREFORE, in order to declare the terms and conditions upon which the Series 2025 Note authorized hereby is authenticated, issued and delivered, and in consideration of the premises and the acquisition and acceptance of the Series 2025 Note by the Holders thereof, and in consideration of the mutual covenants, conditions and agreements which follow, the Company covenants and agrees with the Master Trustee as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. Words and terms used in this Supplemental Master Indenture and not otherwise defined herein shall, except as otherwise stated, have the meanings assigned to them in the Original Master Indenture.

Section 102. Designation of Participating Campuses. The Company hereby designates the following schools as "Participating Campuses" and the revenues and assets of these Participating Campuses shall, so long as any Debt outstanding, be subject to all terms, covenants and restrictions contained in the Master Indenture and shall comprise all of part of the Trust Estate created therein:

i. SST Sonterra located at 1819 E. Sonterra Blvd., San Antonio, TX 78259;

ii. SST Corpus Christi Elementary located at 6633 Evans Road, Corpus Christi, TX 78413;

iii. SST Corpus Christi College Prep HS located at 6609 Evans Road, Corpus Christi, TX 78413; and

iv. SST Willow Creek 1 & 2 located at located at 22719 Kuykendahl Rd., Spring, TX 77389.

ARTICLE II

THE SERIES 2025 NOTE

Section 201. Authorization of Series 2025 Note. There is hereby created and authorized to be issued hereunder a Note, described as follows: "Tax-Exempt Master Indenture Note (Riverwalk Education Foundation, Inc.) Series 2025" in the aggregate original principal amount of $141,135,000 dated March 1, 2025, issued on behalf of the Company and for the primary benefit of the Issuer. The Series 2025 Note shall initially be issued and registered in the name of the Issuer, and then endorsed by the Issuer to the order of and registered in the name of the Bond Trustee, or its successors or assigns, and shall be executed, authenticated and delivered in accordance with Article II of the Original Master Indenture.

Section 202. Form of Series 2025 Note. The Series 2025 Note shall be issued as a single, fully-registered promissory note in substantially the form set forth in Exhibit A hereto.

Section 203. Payments on Series 2025 Note. The principal of the Series 2025 Note shall be payable in the amounts and on the dates, and each of the unpaid installments of principal shall bear interest from the date of each such Series 2025 Note at the rates, and such Series 2025 Note shall have such other terms and provisions as are set forth in or incorporated by reference from the Agreement.

Section 204. Credits on Series 2025 Note.

(a) The Company shall receive a credit against amounts due on the Series 2025 Note on any payment date equal to the amounts paid as principal of (and premium, if any) or interest on, the Bonds on such payment date, including a credit against any mandatory sinking fund redemption payments.

(b) Notwithstanding the provisions of subsection (a) above or any other provision herein or in the Original Master Indenture, in the event that any payment on or with respect to the Bonds shall have been made by or on behalf of the Company and, by reason of bankruptcy or other act of insolvency, such payment shall be deemed to be a preferential payment, and the Bond Trustee shall be required by a court of competent jurisdiction to surrender such payment, any credit on the Series 2025 Note that may have been given as a result of such payment shall be rescinded, and the amount owing on the Series 2025 Note shall be calculated as if such payment shall not have been made.

Section 205. Interest on Overdue Installments. The Series 2025 Note shall bear interest on overdue installments of principal (premium, if any), and interest, to the extent permitted by law, at a rate equal to the applicable interest rate or rates borne by the Bonds.

Section 206. Registration, Transfer and Exchange. The Series 2025 Note shall be transferred or exchanged pursuant to Section 205 of the Original Master Indenture.

Section 207. Related Deed of Trust. That Sixteenth Supplement to Deed of Trust and Security Agreement (with Assignment of Rents and Leases), dated as of March __, 2025, to be filed (i) in the Official Public Records of Bexar County, Texas, (ii) in the Official Public Records of Fort Bend County, Texas, (iii) in the Official Public Records of Harris County, Texas, (iv) in the Official Public Records of Comal County, Texas (v) in the Official Public Records of Guadalupe County, Texas and (vi) in the Official Public Records of Nueces County, Texas as amended, restated, supplemented and/or otherwise modified, is made subject to the Trust Estate of the Master Indenture, and the foregoing Deed of Trust is deemed a Deed of Trust and a Related Deed of Trust under the Master Indenture with respect to the Series 2025 Note.

ARTICLE III

REDEMPTION OR REDUCTION OF SERIES 2025 NOTE; SATISFACTION AND RELEASE

Section 301. Redemption. The Series 2025 Note shall be subject to redemption prior to Stated Maturity, to the extent and with respect to the corresponding redemption of the Bonds, in accordance with the terms of the Bond Indenture. Notice of redemption of the Bonds shall, without

further notice or action by the Master Trustee or the Company, constitute notice of redemption of the corresponding amounts of principal due on the Series 2025 Note, and the same shall, thereby, become due and payable on the redemption date of the Bonds or at such earlier time as payment is required with respect thereto pursuant to the terms of the Bond Indenture.

Section 302. Partial Redemption or Reduction. In the event of a partial redemption of the Series 2025 Note pursuant to Section 301 hereof, the amount of the principal and interest on such Series 2025 Note becoming due after such redemption shall, to the extent appropriate, be adjusted so that the installments of principal and interest thereafter due on such Series 2025 Note correspond to the payments of the principal of and interest on the Outstanding Bonds.

Section 303. Effect of Call for Prepayment or Redemption. On the date designated for prepayment or redemption by notice as herein provided, the Series 2025 Note or the portion thereof so called for prepayment or redemption shall become and be due and payable at the prepayment or redemption price provided for prepayments or redemption of such Series 2025 Note or portion thereof on such date. If on the date fixed for prepayment or redemption, moneys for payment of the prepayment or redemption price and accrued interest on the Series 2025 Note are held by the Master Trustee or the Bond Trustee, (i) interest on the Series 2025 Note or portion thereof so called for prepayment or redemption shall cease to accrue, (ii) such Series 2025 Note or portion thereof shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Master Trustee or the Bond Trustee, and (iii) the amount of such Series 2025 Note or portion thereof so called for prepayment or redemption shall be deemed paid and no longer outstanding.

Section 304. Satisfaction and Release. The Company's obligations with respect to the Series 2025 Note shall be considered satisfied, and the Master Trustee shall release this Supplemental Master Indenture with respect thereto, when all amounts due and owing on the Bonds have been paid or deemed paid under the Bond Indenture.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 401. Representations and Warranties. The Company represents and warrants that (a) it is duly authorized under the laws of the State of Texas and all other applicable provisions of law to execute this Supplemental Master Indenture and to issue the Series 2025 Note, (b) all corporate action on the part of the Company required by its organizational documents and the Original Master Indenture to establish this Supplemental Master Indenture as the binding obligation of the Company has been duly and effectively taken, and (c) all such action so required for the authorization and issuance of the Series 2025 Note has been duly and effectively taken.

Section 402. Covenants under the Original Master Indenture and Related Bond Documents. The Company covenants and agrees that so long as any portion of the Series 2025 Note remains outstanding, it will deliver to the Bond Trustee all reports, opinions and other documents required by the Original Master Indenture to be submitted to the Master Trustee at the time said reports, opinions or other documents are required to be submitted to the Master Trustee, and that it will faithfully perform or cause to be performed at all times any and all covenants,

agreements and undertakings required on the part of the Company contained in the Master Indenture and the Series 2025 Note, and the Company hereby confirms its covenants and agrees with its undertakings in the Master Indenture.

ARTICLE V

AMENDMENTS

Section 501. Amendments. Pursuant to Section 801 of the Original Master Indenture, the Original Master Indenture is hereby amended as follows:

(a) Section 101 of the Original Master Indenture is hereby amended to include the below definition:

"***Permitted Sale***" shall mean the sale of all or any portion of the Collateral (as defined in the Deed of Trust) and as further described in Section 413 herein.

(b) Section 413 of the Original Master Indenture is hereby amended in its entirety as follows:

Disposition of All or a Portion of the Collateral.

(a) Sale of Collateral. Subject to the provisions of the Deed of Trust, the sale, disposition, non-use, condemnation (voluntarily or involuntarily), exchange or conveyance by Company, in one or a series of such transactions, of all or any portion of the Collateral (as defined in the Deed of Trust) which is a Permitted Sale shall be expressly permitted and not constitute a default or Event of Default hereunder or thereunder; provided, however, that the Company shall receive in any such Permitted Sale or series of Permitted Sales consideration solely in the form of (i) cash, (ii) cash equivalents or (iii) other reasonable value or consideration related to the non-use, exchange or conveyance of the Collateral and further provided, that the Company shall not be in default under this Master Indenture or any of the Related Bond Documents at the time of such sale. Notwithstanding anything in the foregoing to the contrary, the imposition upon such Collateral of easements, rights-of-way, licenses and similar encumbrances to title that could be considered to render the property partially or totally unusable for the Company shall be permitted provided that the requirements in subsection (b) below is adhered to.

(b) Release of Liens. In connection with the closing of any Permitted Sale, the Master Trustee shall execute, acknowledge and deliver a partial release of the liens and security interests created by the Deed of Trust concerning any part of the Collateral conveyed in such sale, with such partial release to be prepared solely at Company's expense. In connection with such Permitted Sale or Permitted Sales, the Company shall certify to the Master Trustee in a certificate signed by an Authorized Representative of the Company that the Company is not in default under this Master Indenture or any of the Related Bond Documents and that the consideration received in connection with such Permitted Sale or Permitted Sales was in the form of (i) cash, (ii) cash equivalents or (iii) other reasonable value or consideration related to the non-use, exchange or conveyance of the Collateral and stating the consideration or value so received.

(c) Deposit of Proceeds of Permitted Sale. The proceeds, if any, of any Permitted Sale (such proceeds, the "Sale Proceeds") shall be applied in accordance with applicable law and the provisions of the Code.

(1) If the Sale Proceeds are deposited into the construction fund, project fund, or equivalent fund established by the Related Bond Indenture or Related Loan Documents relating to the Collateral, then the Sale Proceeds and, together with any interest earned upon such proceeds, shall be applied by the Related Bond Trustee as provided in the Related Bond Indenture or Related Loan Documents, as applicable, for payments from such fund.

(2) If the Sale Proceeds are deposited into the debt service fund or equivalent fund established by the Related Bond Indenture or Related Loan Documents relating to the Collateral, then the Sale Proceeds, together with any interest earned upon such proceeds, shall be applied by the Related Bond Trustee as provided in the Related Bond Indenture or Related Loan Documents, as applicable, for payments from such fund.

(d) Development Encumbrances. Notwithstanding anything in the Deed of Trust to the contrary, in connection with the development of the "Real Property" as described and defined in the Deed of Trust and any Related Bond Documents, without the consent of the Master Trustee, and without such actions constituting a breach or violation of the Deed of Trust, the Company may impose upon the Real Property such reasonable easements and similar encumbrances to title as are customarily created or imposed in connection with the development of real property that is similar or comparable to the Real Property, including filing plats with regard to the Real Property ("Customary Development Encumbrances"), e.g., utility easements and similar rights of way, and easements, building setback lines, and the like created by the platting or re-platting of the Real Property or otherwise. In addition, the liens and security interests covering or encumbering the Real Property created by the Deed of Trust shall at all times be subordinate and inferior to the easements and other similar encumbrances against title to the Real Property created in connection with any future Customary Development Encumbrances; provided, however, such liens and security interests of the Deed of Trust shall not be inferior or subordinate to any monetary liens created pursuant to any such future Customary Development Encumbrances, and all liens and security interest created by the Deed of Trust shall be superior and prior to any and all such monetary liens created by any such future Customary Development Encumbrances. The Master Trustee is hereby authorized to sign any and all documents and agreements confirming the subordination set forth in this Section.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 601. Notices. Except as otherwise provided in the Original Master Indenture, it shall be sufficient service of any notice, request, complaint, demand or other paper required by the Original Master Indenture to be given to or filed with the parties if the same shall be delivered in person or duly mailed by certified, registered or first class mail addressed to the addresses provided in the Original Master Indenture. The Master Trustee will be deemed to have received notice upon receipt of such notice by the Responsible Officer of the Master Trustee.

Section 602. Ratification of Original Master Indenture. The Original Master Indenture, as supplemented by this Supplemental Master Indenture, is in all respects ratified and confirmed and the Original Master Indenture as so supplemented shall be read, taken and construed as one and the same instrument. Except as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Original Master Indenture, as supplemented by this Supplemental Master Indenture, shall be deemed to be incorporated in, and made a part of, this Supplemental Master Indenture.

Section 603. Limitation of Rights. Nothing in this Supplemental Master Indenture or in the Series 2025 Note, express or implied, shall give or be construed to give any Person other than the Company, the Master Trustee and the respective registered Holders of the Series 2025 Note or their assigns, any legal or equitable right, remedy or claim under or in respect of this Supplemental Master Indenture, or under any covenant, condition and provision herein contained, all its covenants, conditions and provisions being for the sole benefit of the Company, the Master Trustee and of the respective Holders of the Series 2025 Note.

Section 604. Provisions of the Original Master Indenture to Control. The provisions of Section 701 through 714 of the Original Master Indenture shall control the terms under which the Master Trustee shall serve under this Supplemental Master Indenture.

Section 605. Binding Effect. All the covenants, stipulations, promises and agreements in this Supplemental Master Indenture by or on behalf of the Company or the Master Trustee shall inure to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

Section 606. Severability Clause. If any provision of this Supplemental Master Indenture shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reasons, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy.

Section 607. Execution in Counterparts. This Supplemental Master Indenture may be executed in any number of counterparts, each of which shall be an original; and all of which shall together constitute but one and the same instrument.

Section 608. Governing Law. This Supplemental Master Indenture shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the law of the State of Texas.

Section 609. Texas Education Code Section 12.128. Property purchased or leased by the Company with State Revenues is subject to Section 12.128, Texas Education Code.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Master Indenture to be duly executed by the persons thereunto duly authorized, as of the date and year first written above.

RIVERWALK EDUCATION FOUNDATION, INC.

By:_____
Fawzy Shemshack
Chief Executive Officer/Superintendent

REGIONS BANK,
as Master Trustee

By:_____
Name:_____
Title:_____

EXHIBIT A-1

FORM OF TAX-EXEMPT MASTER INDENTURE NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER
THE SECURITIES ACT OF 1933, AS AMENDED

Registered No. MRA-1	UNITED STATES OF AMERICA STATE OF TEXAS	Registered $141,135,000

Interest Rate: AS SET FORTH HEREIN

Maturity Date: August 15, 2060

Issue Date: March 31, 2025

Registered Note Holder: ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

Principal Amount: ONE HUNDRED FORTY ONE MILLLION ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS

Riverwalk Education Foundation, Inc., a Texas nonprofit corporation (the "***Company***"), for value received, herein promises to pay to the Holder named above, or registered assigns (collectively, the "***Holder***"), the Principal Amount set forth above. The Company also promises to pay interest hereon from the Issue Date set forth above, or from the Interest Payment Date (as defined in the Indenture) to which interest has been paid or duly provided for, and on such other dates as may be required by the Loan Agreement referenced below until the principal hereof is paid or made available for payment. Principal of (and premium, if any) and interest on this Note are payable at the times and in the amounts described in Article IV of the Loan Agreement referred to below. The Company also promises to pay to the Holder hereof the obligations of the Company described in Section 4.1 of the Loan Agreement, hereinafter defined, at the times and the amounts specified therein.

1. Authorization of Note. This Note represents the duly authorized Note of the Company, in the principal amount stated above, designated as "Tax-Exempt Master Indenture Note (Riverwalk Education Foundation, Inc.) Series 2025" (this Note, together with all other Notes issued and secured under the Master Indenture, referred to collectively as the "***Notes***") issued under and pursuant to the Master Trust Indenture and Security Agreement dated as of April 15, 2014, between the Company, acting in its own behalf, and Regions Bank, as master trustee (the "***Master Trustee***"), as supplemented, including the Supplemental Master Trust Indenture No. 11, dated as of March 1, 2025, between the Company, acting on its own behalf and the Master Trustee (collectively, being herein called the "***Master Indenture***"). This Note is issued for the purpose of securing the obligations of the Company under a Loan Agreement dated as of March 1, 2025 (the "***Loan Agreement***"), entered into between the Company and Arlington Higher Education Finance Corporation (the "***Issuer***") in connection with the issuance and sale of revenue bonds of the Issuer in the principal amount of $141,135,000 designated Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.), Series 2025 (the "***Series 2025 Bonds***"), issued under and pursuant to the Constitution and laws of the State of Texas

and a Trust Indenture and Security Agreement, dated as of March 1, 2025 (the "***Indenture***"), between the Issuer and Regions Bank, as trustee (the "***Bond Trustee***").

It is provided in the Master Indenture that the Company has and may hereafter issue additional Notes from time to time, and if issued, such additional Notes will rank pari passu with this Note and all other Notes heretofore or hereafter issued under the Master Indenture, except as otherwise provided in the Supplemental Master Indenture authorizing such Note and Master Indenture.

Copies of the Master Indenture, the Indenture and the Loan Agreement are on file at the Corporate Trust Office of the Master Trustee and reference is hereby made to the Master Indenture, the Indenture and the Loan Agreement for the provisions, among others, with respect to the nature and extent of the security for and the rights of the registered Holders of this Note, the terms and conditions on which, and purposes for which, this Note is issued and the rights, duties and obligations of the Company and the Master Trustee under the Master Indenture, to all of which the Holder hereof, by acceptance of this Note assents. The Master Indenture may be modified, amended or supplemented only to the extent and under the circumstances permitted by, and subject to the terms and conditions of, the Master Indenture.

2. Payment. Interest on this Note which is payable, and is to be punctually paid or duly provided for, on each Interest Payment Date, will, as provided in the Master Indenture, be paid to the Person in whose name this Note is registered at the close of business on the regular Record Date for such interest, which shall be the Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder of this Note on such regular Record Date, and shall be paid to the Person in whose name this Note is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Master Trustee, notice whereof shall be given to Holder of this Note not less than 10 days prior to such special record date.

Interest on this Note shall be paid to the Holder of this Note at its address as it appears on the registration books of the Master Trustee by wire transfer of immediately available funds or in such other manner as may be mutually acceptable to the Bond Trustee and the registered Holder of this Note.

Principal and the redemption price of this Note shall be payable to the Holder of this Note at the designated payment office of the Master Trustee located in Houston, Texas (the "***Place of Payment***") upon the surrender for cancellation of this Note.

If the specified date for any such payment shall be a Saturday, a Sunday or a legal holiday or the equivalent for banking institutions generally (other than legal moratorium) at the place where payment thereof is to be made, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Redemption. This Note is subject to redemption only in connection with the redemption of a related amount of Series 2025 Bonds as described in the Indenture referenced above.

4. Defeasance of Note. This Note is subject to defeasance as provided in the Master Indenture.

5. Limitations of Rights. The Holder of this Note shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

6. Transfer of Note. This Note is transferable by the registered Holder hereof in person or by duly authorized attorney at the designated payment office of the Master Trustee, but only to a successor Bond Trustee for the Bondholders (as defined in the Indenture) in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Note. Upon such transfer a new registered Note or Notes without coupons of the same series and maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered Holder hereof as the absolute Holder hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and the Master Trustee shall not be affected by any notice to the contrary.

7. Certain Rights of Holders. If an Event of Default, as defined in the Master Indenture, shall occur, the principal of this Note and any additional Notes may be declared due and payable in the manner and with the effect provided in the Master Indenture. To the extent permitted by law, the indebtedness of the Company under the Loan Agreement and this Note may be separately and independently accelerated with or without an acceleration of the Series 2025 Bonds.

The Master Indenture permits, with certain exceptions as therein provided, the amendment of the Master Indenture and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Master Indenture at any time with the consent of the Holders of not less than a majority in principal amount of the Notes at the time Outstanding, as defined in the Master Indenture. The Master Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, as defined in the Master Indenture, on behalf of the Holders of all the Notes, to waive compliance by the Company or its affiliates with certain provisions of the Master Indenture and certain past defaults under the Master Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange therefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Master Indenture and no provision of this Note or of the Master Indenture shall alter or impair the obligation of the Company, which is absolute and

unconditional, to pay the principal of this Note at the times, place, and rate, and in the coin or currency, herein prescribed from the sources herein described.

8. Usury. In no event shall the amount of interest (as defined and calculated in accordance with applicable law) contracted for, charged, reserved, received or taken in connection with the loan exceed the amount of interest which could have been contracted for, charged, reserved, received or taken at the Highest Lawful Rate as defined in the Loan Agreement. If the applicable law is ever judicially interpreted so as to render usurious any amount contracted for, charged, reserved, received or taken in connection with the loan, or if the exercise of the option contained in the Master Indenture or otherwise to accelerate the maturity of the loan or if any prepayment of the loan by the Company results in there having been paid or received any interest in excess of that permitted by applicable law, then notwithstanding anything to the contrary contained in the Master Indenture, the Loan Agreement provides that all excess amounts theretofore paid or received shall be credited on the principal balance of the loan (or, if the loan has been or would thereby be paid in full, refunded), and the provisions of the Master Indenture shall immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder.

9. No Recourse. No recourse shall be had for the payment of the principal of or premium or interest on this Note or for any claim based thereon or upon any obligation, covenant or agreement in the Master Indenture contained, against any past, present or future officer, trustee, director, member, employee or agent of the Company, or any incorporator, officer, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such incorporators, officers, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Note.

10. Authentication of Note. This Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by execution by the Master Trustee of the Certificate of Authentication inscribed hereon.

11. Waiver of Presentment or Notice. The Company hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Company.

IT IS CERTIFIED that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Note have been duly authorized by resolutions of the Company.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

RIVERWALK EDUCATION FOUNDATION, INC.

By:_____

Fawzy Shemshack
Chief Executive Officer/Superintendent

ASSIGNMENT

For value received, the undersigned hereby assigns to Regions Bank, as Bond Trustee (the "***Bond Trustee***") under a Trust Indenture and Security Agreement dated as of March 1, 2025 between the Bond Trustee and the undersigned, the within Note and all its rights thereunder without recourse or warranty, except warranty of good title and warranty that the Issuer has not assigned this Note to a person other than the Bond Trustee and that the principal amount remains unpaid under this Note.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

By:_____
President, Board of Directors

(Form of Certificate of Authentication to
appear on each Note)

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Master Indenture.

Date of Authentication:

REGIONS BANK, as Master Trustee

By:_____
Authorized Signature

TRUST INDENTURE AND SECURITY AGREEMENT

between

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

and

REGIONS BANK,
as Trustee

relating to

$141,135,000
ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
EDUCATION REVENUE BONDS
(RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

Dated as of

March 1, 2025

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TRUST INDENTURE AND SECURITY AGREEMENT

THIS TRUST INDENTURE AND SECURITY AGREEMENT (this "***Indenture***"), dated as of March 1, 2025, is between **ARLINGTON HIGHER EDUCATION FINANCE CORPORATION**, a nonprofit corporation created and existing under the Act (the "***Issuer***"), and **REGIONS BANK**, an Alabama state banking corporation with a Corporate Trust Office in Houston, Texas, not in its individual capacity but solely as Trustee (the "***Trustee***").

W I T N E S S E T H:

WHEREAS, the City of Arlington, Texas (the "***Sponsoring Entity***"), has, pursuant to Chapter 53 of the Texas Education Code, as amended (the "***Act***"), and specifically Section 53.35(b) and Section 53.48 thereof, approved and provided for the creation of the Issuer as a nonstock, nonprofit corporation;

WHEREAS, the Issuer is a duly constituted authority and instrumentality of the Sponsoring Entity (within the meaning of those terms in the Regulations of the Department of the Treasury and the rulings of the Internal Revenue Service (the "***IRS***") prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "***Code***"));

WHEREAS, the Issuer, on behalf of the Sponsoring Entity, is empowered to issue its revenue bonds in order to enable an accredited or authorized charter school to finance or refinance the acquisition, construction, enlargement, extension, repair, renovation, or other improvements to an educational or housing facility or any facilities incidental, subordinate, or related thereto or appropriate in connection therewith, or for acquiring land to be used for those purposes;

WHEREAS, at the request of Riverwalk Education Foundation, Inc. (the "***Company***") and in furtherance of the purposes of the Act, the Issuer proposes to issue its revenue bonds pursuant to a Board Resolution of the Issuer authorizing the issuance of the Bonds and this Indenture, which will be designated, Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the "***Bonds***"), the proceeds of which will be loaned to the Company to be used to (i) finance and refinance the costs of acquiring, constructing, equipping and renovating certain "educational facilities" (as that term is defined in the Act) and facilities incidental, subordinate or related thereto or appropriate in connection therewith and (ii) pay the costs of issuing the Bonds;

WHEREAS, the Issuer and the Company have entered into a Loan Agreement, dated as of even date herewith (the "***Agreement***"), providing for (i) a loan from the Issuer to the Company of the proceeds of the sale of the Bonds, and (ii) the repayment of such loan by the Company;

WHEREAS, contemporaneously with the execution and delivery of this Indenture, the parties to the Bond Documents (as defined herein) have executed and delivered the other Bond Documents for the purposes of effecting the issuance of the Bonds, furthering the public purposes of the Act, and securing to the Bondholders the payment of the Bond Obligations (as defined herein);

WHEREAS, all things necessary to make the Bonds, when issued, executed and delivered by the Issuer and authenticated by the Trustee pursuant to this Indenture, the valid, legal and binding limited obligations of the Issuer, and to constitute this Indenture a valid pledge of certain income, revenues and assets derived from the proceeds of the Bonds and from the Agreement for the payment of the Bond Obligations have been performed, and the execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds subject to the terms hereof, have in all respects been duly authorized; and

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the parties agree as follows:

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of the Bond Obligations and the performance of the covenants herein contained and to declare the terms and conditions on which the Outstanding Bonds are secured, and in consideration of the premises, of the purchase of the Bonds by the Bondholders, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the Issuer by these presents does grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

All right, title, and interest of the Issuer in and to the Agreement, including all amounts payable thereunder, including but not limited to the Loan Payments, the Note, any and all security heretofore or hereafter granted or held for the payment thereof, and the present and continuing right to bring actions and proceedings under the Agreement or for the enforcement thereof and to do any and all things which the Issuer is or may become entitled to do thereunder, but excluding the amounts agreed to be paid by the Company pursuant to Sections 4.6, 5.1, 5.5 and 7.6 of the Agreement (the "***Issuer's Unassigned Rights***"); and

GRANTING CLAUSE SECOND

All right, title, and interest of the Issuer in and to all money and investments held for the credit of the funds and accounts established by or under this Indenture (except the Rebate Fund) as hereinafter described; and

GRANTING CLAUSE THIRD

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone on its behalf (and the Trustee is hereby authorized to receive the same at any time as additional security hereunder), which subjection to the lien and security interest hereof of any such property as additional security may be made subject to any reservations, limitations, or conditions that shall

be set forth in a written instrument executed by the Issuer or the Person so acting on its behalf or by the Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD all said property, rights, privileges, and franchises of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental instrument or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges, and franchises together with any cash and securities hereafter deposited or required to be deposited with the Trustee being herein collectively referred to as the "***Trust Estate***") unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Bondholders from time to time of the Outstanding Bonds without any priority of any such Bonds over any other such Bonds except as herein otherwise expressly provided;

UPON CONDITION that, if the Issuer, or its successors or assigns shall well and truly pay, or cause to be paid, the principal of (and premium, if any) and interest on the Bonds according to the true intent and meaning thereof, or there shall be deposited with the Trustee such amounts in such form in order that no Bonds shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Bond Documents, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, this Indenture and the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and this grant shall be released by the Trustee in due form at the expense of the Company, except only as herein provided; otherwise this grant to be and shall remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that all Bonds are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Bondholders, except as herein otherwise expressly provided, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Construction of Terms; Definitions.

(a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "***Indenture***" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular. Terms used herein but defined only in the Agreement have the meanings assigned to them in the Agreement. Reference to any Bond Document means that Bond Document as amended or supplemented from time to time. Reference to any party to a Bond Document means that party and its successors and assigns.

(b) The following terms have the meanings assigned to them below whenever they are used in this Indenture except to the extent otherwise defined in Exhibit A hereto:

"***Act***" has the meaning ascribed to such term in the first recital hereof.

"***Agreement***" has the meaning ascribed to such term in the fifth recital hereof.

"***Authenticating Agent***" means the Person designated pursuant to Section 812 hereof to perform the duties of such set forth in this Indenture, initially the Trustee.

"***Authorized Denominations***" means, with respect to the Bonds, $5,000 and any integral multiple thereof.

"***Authorized Newspaper***" means a newspaper of general circulation in the relevant area, printed in the English language and customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays. Whenever successive weekly publications in an Authorized Newspaper are required hereunder they may be made (unless otherwise expressly provided herein) on the same or different days of the week and in the same or in different Authorized Newspapers.

"***Authorized Representative***" means the President, Chief Executive Officer or Superintendent of the Company, or any other person duly appointed by a written consent of the Governing Body of the Company to act on behalf of the Company that is delivered to the Trustee.

"***Bankruptcy Code***" means Title 11 of the United States Code, as amended from time to time.

"***Board Resolution***" of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have been duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification and delivered to the Trustee.

"***Bond Counsel***" means Hunton Andrews Kurth LLP or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers appointed by the Company and satisfactory to the Trustee.

"***Bond Documents***" means this Indenture, the Agreement, the Note, the Bonds, the Master Indenture, the Supplemental Master Indenture, the Bond Purchase Agreement, the Deed of Trust, the Deposit Account Control Agreement (as defined in the Master Indenture) and all other agreements, documents and instruments ever delivered pursuant to any of the foregoing and any and all future renewals and extensions or restatements of any of the foregoing.

"***Bond Obligations***" means all principal of (and premium, if any) and interest on the Bonds and any other amounts which may be owed by the Company to, or on behalf of, the Issuer or the Trustee under the Bond Documents.

"***Bond Purchase Agreement***" means the Bond Purchase Agreement dated as of March 18, 2025 among the Company, the Issuer and Robert W. Baird & Co., as a representative of the Underwriters named therein.

"***Bond Register***" and "***Bond Registrar***" have the respective meanings specified in Section 204.

"***Bond Year***" has the meaning given to such term in the Agreement.

"***Bondholder***" means a Person in whose name a Bond is registered in the Bond Register; provided, however, that, so long as the Bonds are guaranteed by the Permanent School Fund, upon the occurrence and during the continuance of a default or Event of Default under the Bond Documents, TEA shall be deemed to be the sole holder of the Bonds for all purposes of exercising remedies and approving amendments.

"***Bonds***" means the Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.), Series 2025 and any bonds issued upon transfer thereof or in exchange therefor or in lieu thereof.

"***Book-Entry-Only Form***" or "***Book-Entry-Only System***" means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the 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 Bondholder, with the physical bond certificates held in the custody of the Depository.

"***Business Day***" means any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of New York, New York or in the cities where the Corporate Trust Office of the Trustee or its payment office are located or are authorized by law or executive order to close.

"***Closing Date***" means the date on which the Bonds are first authenticated and delivered to the initial purchasers thereof against payment therefor.

"***Commissioner***" means the Commissioner of Education of the State of Texas.

"***Company***" has the meaning ascribed to such term in the third recital hereof.

"***Company Order***" means an Order of the Company executed by an Authorized Representative and delivered in accordance with the terms hereof.

"***Comptroller***" means the Texas Comptroller of Public Accounts, or any successor thereto.

"***Computation Date***" has the meaning given to such term in the Agreement.

"***Consent***," "***Order***," and "***Request***" of any specified Person mean, respectively, a written consent, order, or request signed in the name of such Person and delivered to the Trustee by (i) an authorized officer of the Issuer, (ii) an Authorized Representative of the Company, or (iii) the Commissioner or designee, as the case may be.

"***Corporate Trust Office***" means the address or addresses of the Trustee designated from time to time pursuant to Section 105.

"***Costs of Issuance***" means the cost of financing, legal, printing and other costs attributable to the issuance of the Bonds within the meaning of Section 147(g) of the Code.

"***Debt Service***" means as of any particular date of computation, with respect to the Bonds and with respect to any period, the aggregate of the amounts to be paid or set aside by the Issuer as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on the Bonds; assuming in the case of Bonds required to be redeemed or prepaid as to principal prior to Maturity that the principal amounts thereof will be redeemed prior to Maturity in accordance with the mandatory redemption provisions applicable thereto.

"***Debt Service Fund***" means the special trust fund created pursuant to Section 403 of this Indenture.

"***Deed of Trust***" has the meaning assigned to such term in the Master Indenture and includes that certain Deed of Trust and Security Agreement (with Assignment of Rents and Leases), dated as of the Closing Date.

"***Defeasance Obligations***" means obligations now or hereafter authorized in Section 1207.062(b), Texas Government Code.

"***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, as amended, operating and maintaining, with its participants or otherwise, a Book-Entry-Only System to record ownership of beneficial interests in the Bonds, and to effect transfers of the Bonds, in Book-Entry-Only Form. The initial Depository for the Bonds shall be DTC.

"***DTC***" means The Depository Trust Company, New York, New York, the initial securities depository of the Book Entry Only System described in Section 211 hereof. DTC is a limited purpose trust company organized under the laws of the State of New York, 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, as amended.

"***Eligible Securities***" means, to the extent permitted by law (as determined by the Company but not the Trustee), obligations or securities now or hereafter authorized as investments under the Public Funds Investment Act, Chapter 2256, Texas Government Code, maturing or redeemable at the option of the Company, or marketable, prior to the maturities thereof, at such time or times as to enable disbursements to be made from the Debt Service Fund, the Project Fund and the Rebate Fund in accordance with the terms hereof.

"***Event of Default***" is defined in Article VII of this Indenture.

"***Exempt Person***" means a state or local governmental unit or an organization exempt from federal income taxation under Section 501(a) of the Code by reason of being described in Section 501(c)(3) of the Code.

"***Favorable Opinion of Bond Counsel***" means an unqualified opinion of Bond Counsel, delivered to and in form and substance satisfactory to the Issuer and the Trustee, to the effect that such action does not violate the laws of the State (including the Act), the Code and this Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

"***Governing Body***" of any specified Person means the board of directors or board of trustees of such Person or any duly authorized committee of that board, or if there be no board of trustees or board of directors, then the person or body which pursuant to law or the organizational documents of such Person is vested with powers similar to those vested in a board of trustees or a board of directors.

"***Guarantee***" means the PSF Certificate issued by TEA pursuant to Article 7 Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code, that guarantees the scheduled payment of principal of and interest on the Bonds when due.

"***Independent***" means, when used with respect to any specified Person, such a Person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company, and (iii) is not connected with the Company as an officer, employee, promoter, trustee, partner, director or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by Company Order and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"***Initial Bond***" means the Initial Bond authorized in Section 210 herein.

"***Interest Payment Date***" means each August 15 and February 15, commencing February 15, 2026.

"***Interest Rates***" means interest rates as set forth in Section 202(a) and Section 202(b) of this Indenture.

"***Issuer***" has the meaning ascribed to such term in the first paragraph hereof.

"***Loan***" means the loan made by the Issuer to the Company pursuant to the Agreement.

"***Management Consultant***" means a firm of Independent professional management consultants, or an Independent school management organization, knowledgeable in the operation of public or private schools and having a favorable reputation for skill and experience in the field of public or private school management consultation.

"***Master Indenture***" means that certain Master Trust Indenture and Security Agreement, dated as of April 15, 2014, between the Company and the Master Trustee, as heretofore or hereafter amended or supplemented from time to time in accordance with its terms.

"***Master Trustee***" means Regions Bank, an Alabama state banking corporation, with a Corporate Trust Office in Houston, Texas, serving as master trustee pursuant to the Master Indenture or any successor thereto pursuant to the provisions of the Master Indenture.

"***Maturity***" means, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof, or by call for redemption or otherwise.

"***Note***" means the promissory note in the forms attached to the Supplemental Master Indenture as Exhibit A, which is secured by the Master Indenture, executed by the Company and dated the Closing Date in the principal amount of the Bonds.

"***Officer's Certificate***" of any specified Person means a certificate signed by the chairman of the Governing Body or an Authorized Representative.

"***Outstanding***" means, when used with respect to any Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 1002 of this Indenture) in the necessary amount has been theretofore deposited with the Trustee or any paying agent for such Bonds in trust for the Bondholders pursuant to this Indenture; provided, that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or irrevocable provision therefor satisfactory to the Trustee has been made;

(iii) Bonds upon transfer of or in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture; and

(iv) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 205.

provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned of record or beneficially by the Company or any other obligor upon the Bonds or the Note or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Responsible Officer actually knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any other obligor upon the Bonds or the Note or such other obligor.

"***Paying Agent***" means initially the Trustee, and any other Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Bonds on behalf of the Issuer.

"***Person***" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"***Permanent School Fund***" means the Texas Permanent School Fund administered pursuant to Subchapter C, Chapter 45, Texas Education Code.

"***Place of Payment***" for the Bonds means a city or any political subdivision thereof designated as such in the Bonds.

"***Proceeds Fund***" means the special fund created pursuant to Section 402 of this Indenture.

"***Project***" means, collectively, the projects as more particularly described in Exhibit A to the Agreement.

"***Project Fund***" means the special trust fund created in Section 405 of this Indenture.

"***Rating Service***" means each nationally recognized securities rating service which at the time has a credit rating assigned to the Bonds.

"***Rebate Fund***" means the special trust fund created in Section 404 of this Indenture.

"***Record Date***" means the close of business for the Trustee on the first day of the calendar month in which any Interest Payment Date occurs regardless of whether such day is a Business Day.

"***Regulations***" means the applicable proposed, temporary or final Income Tax Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"***Requisition Certificate***" means any written requisition certificate in substantially the form attached as Exhibit B to this Indenture.

"***Responsible Officer***" when used with respect to the Trustee means the officer in the Corporate Trust Office of the Trustee having direct responsibility for administration of this Indenture.

"***Sponsoring Entity***" has the meaning ascribed to such term in the first recital hereof.

"***State***" means the State of Texas.

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

"***Supplemental Master Indenture***" means the Supplemental Master Trust Indenture No. 11, dated as of March 1, 2025, between the Company and the Master Trustee.

"***TEA***" means the Texas Education Agency, or any successor thereto.

"***TEA Default***" means (a) TEA has failed to make any payment under the Guarantee when due and owing in accordance with the Guarantee's terms and as provided by law; or (b) any state or federal agency or instrumentality shall order the suspension of payments on the Guarantee.

"***Trust Estate***" is defined in the Granting Clauses of this Indenture.

"***Trustee***" has the meaning ascribed to such term in the first paragraph hereof.

Section 102. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 103. Form of Documents Delivered to Trustee. Every certificate and every Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include a statement that the Person making such certification or opinion has read such covenant or condition and the definitions relating thereto, has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether such covenant or condition has been complied with, and a statement whether such condition or covenant has been complied with. In any case where several matters are required to be certified by or covered by an opinion of any specified Person, it is not necessary that all such matters be certified by or covered by the opinion of only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Bondholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by their agent or agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "***Act***" of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and (subject to Section 801) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act by any Bondholder shall bind every Bondholder issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 105. Notice Addresses. Any request, demand, authorization, direction, notice, consent, waiver or Act of Bondholders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and actually received by a Responsible Officer of the Trustee at its Corporate Trust Office located at 3773 Richmond Avenue, Suite 1100, Houston, Texas 77046, Attention: Corporate Trust, or at any other address subsequently furnished in writing to the Bondholders and the other parties to the Bond Documents by the Trustee;

(2) the Issuer by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at 4381 W. Green Oaks Blvd., Suite 200, Arlington, Texas 76016, Attention: Phillip Wambsganss, or at any other address subsequently furnished in writing to the Trustee and the Company by the Issuer;

(3) the Company by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Company addressed to it at Riverwalk Education Foundation, Inc., 530 Wurzbach Road, Suite 800, San Antonio, Texas 78238, Attention: Superintendent, or at any other address subsequently furnished in writing to the Trustee and the Issuer by the Company;

(4) the Rating Service shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to S&P Global Ratings, 11511 Luna Road, Suite 500, Farmers Branch, TX 75234, or at such other address subsequently furnished in writing to the Trustee by such Rating Service; and

(5) the Texas Education Agency shall be sufficient for every purpose hereunder if in writing and delivered mailed to 1701 N. Congress Avenue, Austin, Texas 78701, Attention: Commissioner of Education, Re: Guarantee 2021-12-Riverwalk Education Foundation, Inc.-1 or email at commissioner@tea.texas.gov. In each case in which notice or other communication refers to an Event of Default or a claim on the Permanent School Fund Guarantee, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at tealegal@tea.texas.gov and psfbgp@tea.texas.gov and shall be marked to indicate "URGENT MATERIAL ENCLOSED." All notices, waivers, consents and other information required to be provided to TEA shall be provided directly to the Commissioner or designee thereof.

Section 106. Notices to Bondholders; Waiver. Where this Indenture provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Bondholder affected by such event, at his address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. Any notice or communication to the Bondholders when the Bonds are in Book-Entry-Only Form shall be given in accordance with the applicable procedures of the Depository not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where

notice to Bondholders is given as provided herein, neither the failure to send such notice, nor any default in any notice so sent to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 107. Successors and Assigns. All covenants and agreements in this Indenture by the Issuer and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 108. Severability Clause. In case any provision in this Indenture or in the Bonds or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

Section 109. Benefits of Indenture. Nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, any separate trustee or co-trustee appointed hereunder, the Company, TEA and the Bondholders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 110. Governing Law. This Indenture shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the State.

Section 111. Directors, Officers, Employees, and Agents Exempt from Personal Liability. No recourse under or upon any obligation, covenant, or agreement contained in this Indenture, or in any Bond, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present, or future director, officer, council member, commissioner, or employee, as such, of the Issuer or the Trustee, or of any successor corporation, either directly or through the Issuer or the Trustee, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment, judgment, or penalty, or otherwise; it being expressly understood that this Indenture and the Bonds are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers, council members, commissioners or employees, as such, of the Issuer, the Trustee, or any other successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants, or agreements contained in this Indenture or the Bonds or implied therefrom, and that any and all such personal liability either at common law or equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer, council member, commissioner or employee, as such, are hereby expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of the Bonds.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS; ISSUANCE AND FORM OF BONDS

Section 201. Authorization and Form of Bonds.

(a) The Bonds shall be designated "Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.), Series 2025." The aggregate principal amount of the Bonds is $141,135,000. Each of the Bonds shall be issued only in fully registered form in Authorized Denominations and shall be numbered separately from RA-1 upwards.

(b) The Bonds and the Guarantee Endorsement of the Commissioner, respectively, shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions, and insertions as are permitted or required by this Indenture and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The Bonds may be typewritten, printed, lithographed, engraved or produced in similar manner. If any Bond is printed, any portion of the text of the Bond may be printed on the back of the Bond with an appropriate reference placed on the front of the Bond.

Section 202. Terms of Bonds. (a) The Bonds shall be dated as of March 1, 2025, shall mature in on August 15 in the years and in the amounts set forth below, and shall bear interest at the following interest rates from the later of: (i) the date of delivery, or (ii) the most recent Interest Payment Date to which interest has been paid or provided for:

Year of Maturity (8/15)	Principal Amount	Interest Rate
2026	$1,590,000	5.000%
2027	1,670,000	5.000%
2028	1,760,000	5.000%
2029	1,850,000	5.000%
2030	1,945,000	5.000%
2031	2,040,000	5.000%
2032	2,145,000	5.000%
2033	2,255,000	5.000%
2034	2,370,000	5.000%
2035	2,495,000	5.000%
2036	2,620,000	5.000%
2037	2,755,000	5.000%
2038	2,900,000	5.000%
2039	3,045,000	5.000%
2040	3,200,000	5.000%
***		
2045	18,410,000	4.500%
***		
2050	23,055,000	4.500%
***		
2055	28,875,000	4.500%
***		
2060	36,155,000	4.500%

(b) The Bonds shall be subject to optional and mandatory redemption prior to the Stated Maturity in the manner provided in the form of Bond set forth in Exhibit A attached hereto.

(c) Interest on the Bonds shall be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(d) Amounts due with respect to the Bonds shall be payable in lawful money of the United States. Payment of principal, premium, if any, and interest on the Bonds shall be paid by check mailed to the registered holder thereof at his or her address as it appears on the Bond Register on the Record Date. Upon written request of a registered Bondholder of at least $1,000,000 in principal amount of Bonds or all of any series of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be paid by wire transfer (at the risk and expense of such registered Bondholder) in immediately available funds to an account in the United States designated by such registered Bondholder upon fifteen (15) days' prior written notice before a Record Date to the Trustee. CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, premium, if any, and interest, whether by check or by wire transfer. Principal of, premium, if

any, and interest on the Bonds that are in Book-Entry-Only Form will be paid in immediately available funds to the Depository or its nominee, as the registered owner of such Bonds.

Section 203. Execution, Authentication and Delivery. The Bonds shall be executed on behalf of the Issuer by its President or its Vice President and attested to by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Bonds may be manual or facsimile.

Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

The Initial Bond issued hereunder shall be registered by the Comptroller or by one of the Comptroller's deputies.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Authenticating Agent; the Authenticating Agent shall authenticate such Bonds; and the Bond Registrar shall register and deliver such Bonds as in this Indenture provided and not otherwise.

Prior to the initial delivery by the Trustee (in its capacity as Bond Registrar) of the Bonds, there shall be delivered to the Trustee:

(a) a Board Resolution of the Issuer authorizing the issuance, execution and delivery of the Bonds;

(b) a Company Order (i) to register each series of Bonds with the Stated Maturity, principal amount and other terms provided in the Company Order, and (ii) to authenticate and deliver the Bonds to the original purchasers upon payment to the Trustee for deposit or payment in accordance with the provisions of this Indenture of the sum specified in such Company Order;

(c) the Note of the Company, duly executed by the Company on behalf of itself and duly authenticated by the Master Trustee, payable to the Trustee or properly endorsed or assigned to the Trustee;

(d) executed counterparts of each of the Bond Documents;

(e) an Opinion of Counsel to each party to this Indenture, the Loan Agreement, the Supplemental Master Indenture and the Deed of Trust to the effect that each such document has been duly authorized, executed and delivered by that party and that each such document constitutes a valid, binding and enforceable obligation of that party subject to customary exceptions;

(f) the Opinion of Counsel specified in Section 202(c) of the Master Indenture;

(g) an Officer's Certificate of the Company certifying that there then exists no event of default under the Bond Documents or any outstanding documents by which the Company is bound;

(h) an opinion of Bond Counsel to the effect that (i) this Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms, and that all conditions precedent provided in this Indenture relating to the authentication and delivery of the Bonds have occurred, (ii) the Bonds have been duly authorized, executed, issued and delivered by the Issuer, are the legal and valid limited obligations of the Issuer, and are entitled to the benefits and security of this Indenture, (iii) the Bonds and the offering or sale of the Bonds are not required to be registered under the Securities Act of 1933, and this Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, and (iv) interest on the Bonds is excludable from gross income of the holders of the Bonds for federal income tax purposes; and

(i) the Initial Bond, together with the approval of the Bonds by the Attorney General of Texas as evidenced by his approving opinion related thereto and initial registration of the Bonds by the Comptroller.

Section 204. Registration, Transfer and Exchange. The Trustee is hereby appointed as Bond Registrar (the "***Bond Registrar***") for the purpose of registering Bonds and transfers of Bonds as herein provided. The Issuer shall cause to be kept at a corporate trust office or the principal payment office of the Bond Registrar or Bond Registrars for the Bonds, a register or registers (sometimes herein referred to as the "***Bond Register***") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Bonds and of transfers of Bonds. The Bond Registrar shall keep the Bond Register with respect to the Bonds at its principal payment office in Houston, Texas.

Upon surrender for transfer of any Bond at the office or agency of the Trustee in a Place of Payment, the Issuer shall execute, the Authenticating Agent shall authenticate, and the Bond Registrar shall register and deliver, in the name of the designated transferee, one or more new Bonds of any Authorized Denomination, of a like aggregate principal amount, maturity and interest rate.

At the option of the Bondholder, Bonds may be exchanged for Bonds of any Authorized Denomination, of a like aggregate principal amount, series, Stated Maturity and interest rate, upon the surrender of the Bonds to be exchanged at such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Bond Registrar shall authenticate and deliver, the Bonds that the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of

transfer in form satisfactory to the Issuer and the Bond Registrar duly executed by the holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Bondholders.

The Issuer and the Bond Registrar shall not be required (1) to issue, transfer or exchange any Bonds during a period beginning at the opening of business fifteen (15) days before the day a notice of redemption of Bonds selected for redemption under Section 303 is sent and ending at the close of business on the day such notice is sent, or (2) to transfer or exchange any Bond selected for redemption in whole or in part.

Section 205. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar, or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Bond Registrar such security or indemnity as may be required by it to save each of the Issuer and the Bond Registrar harmless, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bond Registrar shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may (and upon Company Order shall), instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Bond Registrar may require the payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Bond Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 206. Payment of Interest on Bonds; Interest Rights Preserved. Interest on any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date

shall be paid to the Person in whose name that Bond is registered at the close of business on the Record Date for such interest.

Any interest on any Bond that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "***Defaulted Interest***") shall forthwith cease to be payable to the holder thereof on the relevant Record Date by virtue of having been such Bondholder; and such Defaulted Interest shall be paid by the Issuer (but only from the sources provided herein), to the Persons in whose names the Bonds are registered at the close of business on a special record date ("***Special Record Date***") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Trustee, as agent of the Issuer, shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Issuer shall deposit (but only from the sources provided herein) with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of Persons entitled to such Defaulted Interest. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer and the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the date and amount of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be sent to each Bondholder at his address as it appears in the Bond Register, not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been sent as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds are registered on such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bonds.

Section 207. Persons Deemed Owners. The Issuer, the Trustee, the Authenticating Agent, the Bond Registrar, TEA and any of their respective agents may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of (and premium, if any), and (subject to Section 206) interest on, such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and except as otherwise provided in this Indenture, neither the Issuer, TEA, the Trustee, nor any agent of the Issuer or the Trustee shall be affected by notice to the contrary.

Section 208. Cancellation. All Bonds surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Bond Registrar be delivered to the Bond Registrar and, if not already canceled, shall be promptly canceled by it. The Issuer or the Company may at any time deliver to the Bond Registrar for cancellation any Bonds previously authenticated and delivered hereunder that the Issuer or the Company may have acquired in any lawful manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bond Registrar. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Bonds held by the Bond

Registrar shall be maintained or disposed of according to the retention policies of the Bond Registrar in effect from time to time.

Section 209. Limited Liability of Issuer. NEITHER THE SPONSORING ENTITY, THE STATE NOR A STATE AGENCY, ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING ENTITY, THE STATE, OR ANY STATE AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. HOWEVER, THE BONDS WILL BE GUARANTEED BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS PURSUANT TO THE BOND GUARANTEE PROGRAM ADMINISTERED BY THE TEXAS EDUCATION AGENCY. SUCH GUARANTEE IS SUBJECT TO THE RULES AND REGULATIONS OF THE TEXAS EDUCATION AGENCY AND SHALL BE REMOVED IN ITS ENTIRETY UPON DEFEASANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

All obligations of the Issuer hereunder are limited, and are payable solely from and to the extent of money provided by or for the account of the Company, and it is a condition of each undertaking of the Issuer contained herein that, all such undertakings shall be performed at the expense of the Company. The Issuer shall not be required to advance its own funds in connection with the performance of any duty under this Indenture.

Section 210. Initial Bond. Pending the preparation of definitive Bonds, the Issuer will execute, and upon Company Order, the Bond Registrar shall deliver the Initial Bond, which may be printed, lithographed, typewritten, mimeographed or otherwise produced, substantially of the tenor of the definitive Bonds in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Initial Bond may determine, as evidenced by their execution of such Initial Bond.

Upon the issuance of the Initial Bond, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the Initial Bond shall be exchangeable for definitive Bonds upon surrender of the Initial Bond at the office of the Trustee in a Place of Payment, without charge to the Bondholder. Upon surrender for cancellation of the Initial Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the Initial Bond shall in all respects be entitled to the same benefits under this Indenture as definitive Bonds so long as they shall have attached an executed registration certificate of the Comptroller in the form set forth in Exhibit A.

Section 211. Book-Entry-Only System.

(a) The Bonds may and initially shall be registered under a Book-Entry-Only System maintained by a Depository. Notwithstanding any inconsistent provisions in this Indenture to the contrary, the provisions of this Section 211 shall govern at any time the Bonds are issued and Outstanding in Book-Entry-Only Form.

(b) Under the Book-Entry-Only System, the Bonds shall be issued in the form of a separate, single, fully registered and immobilized bond certificate representing the aggregate principal amount of the Bonds. Except as provided herein, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of The Depository Trust Company, which will serve as initial Depository for the Bonds. Ownership of beneficial interests in the Bonds shall be shown by book-entry on the system maintained and operated by the Depository and its participants and indirect participants (such participants and indirect participants being collectively referred to as the "***Participants***"), and transfers of ownership of beneficial interests shall be made only by the Depository and its Participants by book-entry, and the Issuer, the Company and the Trustee shall have no responsibility therefor. The Depository will be required to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants will be required to maintain records of the purchasers of beneficial interests in the Bonds (the "***Beneficial Owners***"). Except as provided in subsection (i) of this Section 211, the Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository.

(c) With respect to Bonds registered in the Bond Register in the name of the Depository or its nominee, the Issuer, the Company, the Bond Registrar and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner for whom a Participant acquires an interest in the Bonds. NEITHER THE ISSUER, THE COMPANY, THE BOND REGISTRAR NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY PARTICIPANT; (ii) THE PAYMENT BY THE DEPOSITORY OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, OR INTEREST, AND PREMIUM, IF ANY, ON OR REDEMPTION PRICE OF THE BONDS; (iii) THE DELIVERY BY THE DEPOSITORY OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO HOLDERS UNDER THE TERMS OF THIS INDENTURE; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE BONDS. NEITHER THE ISSUER, THE COMPANY, THE BOND REGISTRAR NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO PARTICIPANTS OR BENEFICIAL OWNERS.

(d) So long as the Bonds or any portions thereof are registered in the name of a Depository or any nominee thereof, all payments of principal of (premium, if any) or interest on the Bonds or redemption price of such Bonds shall be made only to or upon the order of such Depository on the dates and at the times provided for such payment under this Indenture and at the address indicated for such Depository in the Bond Register kept by the Bond Registrar by transfer of immediately available funds; provided that the Trustee has received sufficient funds from the sources described in this Indenture and the Agreement to make such payment. Each such payment to the Depository or its nominee shall be valid and effective to fully satisfy and discharge all liability of the Issuer or the Trustee with respect to the principal of (premium, if any) or interest on the Bonds and redemption price with respect to the Bonds

so registered to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any Stated Maturity, the Trustee shall not require surrender by the Depository or its nominee of the Bonds so purchased or redeemed, and the Depository may retain such Bonds. In the event of partial redemption of the Bonds, the Depository shall make an appropriate notation on the Bonds as to the amount of such partial redemption; provided that the Depository shall deliver to the Trustee a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such Stated Maturity which have been redeemed. The Issuer, the Company and the Trustee shall not be liable for the failure of the Depository to properly indicate on the Bonds the payment of such principal or redemption price or deliver written confirmation of any partial redemption.

(e) All transfers of beneficial ownership interests in the Bonds when issued in Book-Entry-Only Form shall be effected by procedures promulgated by the Depository with its Participants for recording and transferring the ownership of beneficial interest in each of such Bonds.

(f) The Issuer, the Company, the Bond Registrar, and the Trustee and any of their respective agents may treat the Depository (or its nominee) as the sole and exclusive Bondholder of the Bonds registered in its name for the purposes of payment of the principal of (premium, if any) or interest on the Bonds or redemption price with respect to the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and the Issuer, the Company, the Bond Registrar, and the Trustee shall not be affected by any notice to the contrary.

(g) So long as the Bonds are registered in the name of the Depository or any nominee thereof, all notices required or permitted to be given to the holders of such Bonds under this Indenture shall be given to the Depository in the manner designated by the Depository. In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer, the Company or the Trustee with respect to any consent or other action to be taken by Bondholders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Issuer or the Trustee may establish a special record date for such consent or other action. The Issuer or the Trustee shall give the Depository notice of such special record date not less than fifteen (15) calendar days in advance of such special record date to the extent possible.

(h) Any successor Trustee, in its written acceptance of its duties under this Indenture, shall agree to take any actions necessary from time to time to comply with the requirements of such Depository.

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the Trustee and the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstance (if there is not a successor Depository), Bond certificates will be delivered as

described elsewhere in Article II of this Indenture. Upon receipt of such notice from the Depository, the Trustee shall provide a copy of the notice to the Company. The Company, in its sole discretion, and without the consent of any other Person, may terminate the services of the Depository with respect to the Bonds if the Company determines that: (i) the Depository is unable to discharge its responsibilities with respect to the Bonds; or (ii) a continuation of the requirement that all of the Bonds be registered in the Bond Register in the name of the nominee of the Depository is not in the best interest of the Beneficial Owners. In the event that no substitute Depository is found by the Company or restricted registration is no longer in effect, Bond certificates will be delivered as described in Article II of this Indenture. Upon the termination of the services of the Depository with respect to the Bonds pursuant to this Section 211(i), after which no successor Depository willing to undertake the functions of the Depository hereunder can be found that, in the opinion of the Company, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the nominee of the Depository, but may be registered in the name or names and in such maturities and principal amounts as the Depository shall designate in writing to the Bond Registrar in accordance with the provisions elsewhere in Article II of this Indenture, but without any liability on the part of the Issuer or the Bond Registrar for the accuracy of such designation. Upon the termination of the services of the Depository with respect to the Bonds for any reason and the appointment of a successor Depository, all references in this Indenture to the Depository shall refer to such successor Depository. Whenever the Depository requests the Issuer, the Company and the Trustee to do so, the Issuer, the Company and the Trustee shall reasonably cooperate with the Depository in taking appropriate action after reasonable notice to arrange for another Depository to maintain custody of certificates evidencing the Bonds.

(j) So long as any Bonds are registered in the name of the nominee of the Depository, a legend prescribed by the Depository to that effect may be printed on such Bond certificate.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption. The Bonds shall be subject to redemption as set forth in the form of Bond in Exhibit A hereto.

Section 302. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Bonds shall be evidenced by a Board Resolution delivered to the Issuer. In case of any redemption at the election of the Company, the Company shall, at least thirty-five (35) days prior to the redemption date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such redemption date and of the principal amount of Bonds of each Stated Maturity to be redeemed.

Section 303. Selection by Trustee of Bonds to be Redeemed. If less than all of the Bonds of a particular Stated Maturity are called for redemption, the particular Bonds or portions thereof to be redeemed shall be redeemed by the Trustee in accordance with the written direction of the Company; provided, however, that, if the Bonds are registered in the Book-Entry-Only System, the method of redemption shall be in accordance with the procedures of the Depository and

provided further that portions of Bonds shall be redeemed in Authorized Denominations and that no redemption shall result in a Bond being held in less than an Authorized Denomination. Absent written direction by the Company, the Trustee may select the Bonds to be redeemed by lot or other customary method.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed.

Section 304. Notice of Redemption.

(a) Not less than thirty (30) days prior to any redemption date, but not more than sixty (60) days prior to any redemption date, the Trustee shall cause notice of the call for any redemption identifying the Bonds or portions thereof to be redeemed to be given in the name of the Issuer, to the holders of each Bond to be redeemed at the address shown on the Bond Register on the date such notices are sent. Any notice sent as provided in this Section shall be conclusively presumed to have been duly given, irrespective of whether received.

Each notice of redemption shall state at a minimum, the complete official name of the issue, including series designation, date of issue, CUSIP number, amounts called of each Stated Maturity (for partial calls), date of the notice, interest rate, maturity date of the Bonds called for redemption, the redemption date, the redemption price, the place or places of redemption, and appropriate address or addresses with name of a contact person and telephone number. Unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

(b) If any of the Bonds are redeemed pursuant to an advance refunding, notice of such advance refunding and redemption shall be given in the same manner as above provided, and within the same time period with respect to the actual redemption date.

Section 305. Deposit of Redemption Price. Subject to any condition to such redemption, on or prior to any redemption date, the Company shall deposit with the Trustee or with a Paying Agent an amount of money sufficient to pay the redemption price, premium, if any, and interest accrued thereon to the date fixed for redemption of all the Bonds which are to be redeemed on such date.

Section 306. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, and the deposit described in Section 305 having been made, and all conditions to such redemption having been fulfilled, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date such Bonds shall cease to bear interest. If, however, funds available to pay the redemption

price have not been so deposited on the redemption date, the redemption will be cancelled. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the redemption price. Installments of interest whose Stated Maturity is on or prior to the redemption date shall be payable to the holders of such Bonds registered as such on the relevant Record Dates according to their terms.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond.

Section 307. Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at a Place of Payment (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the holder of such Bond or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the holder of such Bond without service charge, a new Bond or Bonds of the same interest rate and Stated Maturity and of any Authorized Denomination as requested by such Bondholder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE IV

FUNDS AND INVESTMENTS

Section 401. Establishment of Funds; Source of Payment of the Bonds.

(a) The Issuer hereby establishes with the Trustee the Proceeds Fund, the Debt Service Fund, the Project Fund and the Rebate Fund (collectively, the "***Funds***"). The Issuer reserves the right to establish additional trust funds, accounts or subaccounts from time to time.

(b) The Bonds and all payments by the Issuer hereunder are not and shall never become general obligations of the Issuer, but are special and limited obligations payable solely from the Trust Estate and other payments made by the Company under the Agreement. Loan Payments made pursuant to the Agreement by the Company are to be made directly to the Trustee for the account of the Issuer and shall be deposited pursuant to the provisions of Section 4.1 of the Agreement. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any officer, director, agent, or employee of the Issuer in his or her individual capacity and neither the members of the Board of Directors of the Issuer nor any official executing or authenticating the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability, by reason of the issuance or authentication thereof.

Section 402. Proceeds Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Riverwalk Education Foundation, Inc. Education Revenue Bonds Series 2025 Proceeds Fund" (herein referred to as the "***Proceeds Fund***"). The proceeds of the sale of Bonds shall be deposited into the Proceeds Fund and transferred by the Trustee to the Debt Service Fund and Project Fund, all as specified in the Company Order to authenticate and deliver the Bonds.

Section 403. Debt Service Fund.

(a) There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Riverwalk Education Foundation, Inc. Education Revenue Bonds Series 2025 Debt Service Fund" (herein referred to as the "***Debt Service Fund***"). The money deposited to the Debt Service Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and Section 707.

(b) The Trustee shall deposit to the credit of the Debt Service Fund upon receipt (1) amounts due and payable by the Company pursuant to Section 4.1(a) or (b) of the Agreement and the terms of the Note; and (2) any other amounts delivered to the Trustee specifically for deposit thereto.

(c) On each Interest Payment Date and on each date when principal of the Bonds is due, the Trustee shall withdraw money in an amount sufficient to pay the interest on the Bonds, on such Interest Payment Date from the Debt Service Fund.

(d) The Trustee shall notify the Company and Master Trustee by 12:00 noon (Central Time) ten (10) Business Days prior to any Interest Payment Date and on each date when principal of the Bonds is due if funds within the Debt Service Fund are or will be insufficient to pay debt service on the Bonds on the Interest Payment Date or such principal payment date; for any Bonds that are guaranteed by the Permanent School Fund Guarantee program, the Trustee shall further notify the Commissioner for payment under the Guarantee as set forth in Section 1102(a) herein.

Section 404. Rebate Fund.

(a) There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated as its "Riverwalk Education Foundation, Inc. Education Revenue Bonds Series 2025 Rebate Fund" (herein referred to as the "***Rebate Fund***"). The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom shall be held in trust and applied solely as provided in this Section.

(b) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Company for deposit thereto and each amount directed by the Company to be transferred thereto.

(c) (i) Within five (5) days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 5.3(n)(1)(B) of the Agreement (and in any event within sixty (60) days after each Computation Date), the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the balance of the Rebate Fund.

(ii) Within five (5) days after receipt from the Company of any amount pursuant to Section 5.3(n)(2) of the Agreement, the Trustee shall withdraw such amount from the Rebate Fund and pay such amount to the United States of America.

(iii) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by draft posted by registered United States Mail (return receipt requested), addressed to the appropriate IRS address accompanied by the relevant IRS Form 8038-T (or to such other applicable successor information return specified by the IRS) described in Section 5.3(n)(1)(C) or Section 5.3(n)(2) of the Agreement, as the case may be.

(d) The Trustee shall preserve copies of all statements and forms received from the Company pursuant to Section 5.3(n) of the Agreement and all records maintained by it of transactions in the Rebate Fund for six years following final maturity of the Bonds and shall deliver such materials to the Company and, if requested, shall deliver copies thereof to the Issuer within sixty (60) days following the retirement of all of the Bonds.

(e) The Trustee may conclusively rely on the instructions of the Company with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Company to supply accurate or sufficient instructions.

If at any time during the term of this Indenture the Issuer, the Trustee, or the Company desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Favorable Opinion of Bond Counsel.

Section 405. Project Fund.

(a) There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "Riverwalk Education Foundation, Inc. Education Revenue Bonds Series 2025 Project Fund" (herein referred to as the "***Project Fund***"). The money deposited in the Project Fund, including all money therein and all investments thereof, shall be held in trust and applied solely as provided in this Section. The Project Fund shall contain a Reimbursement Account, a Project Account, a Costs of Issuance Account and an Insurance Proceeds Account; provided that the Trustee shall have no duty to establish and maintain the Insurance Proceeds Account prior to the Trustee's actual receipt of insurance or condemnation proceeds pursuant to the Agreement. The Trustee shall have the authority to create subaccounts within each account of the Project Fund as is necessary and convenient for the administration of each such Account. Upon written direction of the Company, the Trustee may transfer funds between subaccounts in the Project Account as needed to fund all or any portion of the Project.

(b) The Trustee shall deposit to the credit of the Project Fund or any account or subaccount therein all amounts paid to the Trustee by the Issuer or the Company specifically for deposit to the credit of the Project Fund and the proceeds of the Bonds to the extent specified by the Company Order.

(c) On the Closing Date the Trustee shall disburse amounts in the Project Fund or any account or subaccount therein following receipt of and in accordance with a Requisition Certificate. After the Closing Date, the Trustee shall disburse amounts in the Project Fund to pay or reimburse the Company for all other Project Costs no later than three (3) Business Days

following receipt of and in accordance with a Requisition Certificate; provided, however, that prior to disbursements for Project Costs related to the acquisition of portions of the Project after the Closing Date, if any, the Company shall submit to the Trustee (i) a Supplement to the Deed of Trust encumbering the additional property and (ii) Phase 1 environmental site assessment of the additional property. Furthermore, prior to the initial disbursement for Projects Costs constituting the construction of new campuses, the Company shall submit to the Trustee evidence that the operation of such campus is permitted under existing zoning regulations, or, alternatively, that the Company has secured such special use permits as may otherwise be required by applicable law to conduct charter school operations.

(d) Any moneys remaining in the Costs of Issuance Account ninety (90) days after the Closing Date and not needed to pay any unpaid Cost of Issuance shall be deposited in the Project Account of the Project Fund. Upon final disbursement and/or transfer, the Trustee shall close the Costs of Issuance Account.

(e) The Trustee may rely fully on any instruction of the Company or any Requisition Certificate with regard to any actions to be taken by it pursuant to this Section, and shall not be required to make any investigation in connection therewith and shall have no liability for any consequence of any failure of the Company to supply accurate or sufficient instructions.

(f) On the earlier of the end of the fifth Bond Year or after making all payments and deposits set forth herein, the Trustee shall transfer any amount then on deposit in the Project Fund to the Debt Service Fund unless the Trustee has received from the Company a Requisition Certificate for all or any portion of such amounts for payment of incurred but unpaid Project Costs. To the extent the amounts are transferred to the Debt Service Fund, such amounts may be used, as directed in a Company Order delivered to the Trustee, to (i) pay principal or interest on the Bonds, subject to the limitations described in Section 1.148-6(d)(3) of the Regulations or (ii) redeem Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest dates at which the Bonds may be redeemed under this Indenture; provided, however, if the Bonds may not be redeemed, the Bonds may be defeased in accordance with Section 1.141-12 of the Regulations.

(g) In the event of the receipt of insurance or condemnation proceeds pursuant to Section 3.6(b) of the Agreement, the Trustee is hereby directed to deposit such proceeds in the Insurance Proceeds Account of the Project Fund and to make payments from the Insurance Proceeds Account of the Project Fund for the purposes permitted under such section of the Agreement upon receipt of a Requisition Certificate signed by an Authorized Representative of the Company. Any balance of the insurance or condemnation proceeds remaining after the applicable portion of the Project has been repaired, restored or replaced to a state substantially like that prior to the event of damage, destruction or taking, as determined by the Company, shall, upon delivery to the Trustee of a Company Order and the Construction Consultant's Certificate as provided in Section 3.6(b) of the Agreement to such effect, be deposited to the Debt Service Fund and applied to the redemption of the Bonds at the earliest practical date. Upon receipt of insurance or condemnation proceeds pursuant to Section 3.6(c) of the Agreement, the Trustee is hereby directed to deposit such funds in the applicable Insurance Proceeds Account of the Project Fund and subsequently make disbursements from such

account or transfer such funds to the Debt Service Fund in accordance with the requirements of Section 3.6(d) and Section 3.6(e) of the Agreement.

(h) In furtherance and not in limitation of this Section 405, all payments made from any Account of the Project Fund pursuant to a Requisition Certificate shall be presumed to be made properly and the Trustee shall not be required to see the application of any payments made from the Fund or to inquire into the purposes for which withdrawals are being made from the Fund and shall have no liability for any inaccuracy or inconsistency of said Requisition Certificate.

Section 406. Investment of Bond Proceeds. Pending the disbursement of any amounts deposited from the proceeds of the Bonds to any Fund, such proceeds may only be invested at the direction of the Company in Eligible Securities upon the written direction of an Authorized Representative of the Company delivered to the Trustee.

Section 407. Investment of Funds.

(a) Except as provided in Section 406, pending disbursement of the amounts on deposit in any Fund, the Trustee shall promptly invest and reinvest such amounts in the particular Eligible Securities specified in any Company Order; provided that, if no such Company Order is delivered to the Trustee, the Trustee shall invest and reinvest such amount in Fidelity Government Money Market Class III Fund #657. All such investments shall be credited to the fund, account or subaccount from which the money used to acquire such investments shall have come. No oral investment instructions or directions are permitted. Notwithstanding the foregoing, all such investments shall be limited to funds that are authorized by Section 53.42 of the Texas Education Code.

(b) All income and profits on investments in the Debt Service Fund, the Project Fund and the Rebate Fund shall be credited to those respective Funds. All losses on investments shall be charged against the fund and account to which such investments are credited. The Trustee may make any investment through its own trust department and may receive compensation in connection therewith. As amounts invested are needed for disbursement from any fund or account, the Trustee shall cause a sufficient amount of the investments credited to that fund or account to be redeemed or sold and converted into cash to the credit of that fund. The Trustee may rely on the written instructions of the Company in investing money in any Fund or account, and shall not be accountable for any depreciation in the value of the investments made in accordance with the provisions of this Article IV or for any losses incurred upon any authorized disposition thereof.

(c) The Company by its execution of the Agreement covenants to restrict the investment of money in the Funds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the Regulations.

(d) The Issuer and the Company (by their execution of the Agreement) acknowledge that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer or the Company the right to receive brokerage confirmation

of security transactions as they occur, the Issuer and the Company waive receipt of such confirmations. The Trustee shall furnish to the Company a periodic statement, made at least yearly, that includes details of all investment transactions made by the Trustee.

Section 408. Trustee and Issuer Relieved From Responsibility. The Trustee and the Issuer shall be fully protected in relying upon any Company Order relating to investments and disbursements from any Fund, and (a) shall not be liable for any losses or for interest on the Bonds becoming includable in gross income for federal income tax purposes as a result of complying with any such Company Order, and (b) shall not be required to ascertain any facts with respect to any such Company Order.

ARTICLE V

COVENANTS OF THE ISSUER

Section 501. Payment of Debt Service; Limited Obligations. The Issuer shall duly and punctually pay the principal of (and premium, if any) and interest on the Bonds in accordance with the terms of the Bonds and this Indenture; provided, however, that the Bonds and the other obligations of the Issuer provided for herein shall be limited obligations of the Issuer and shall be payable by the Issuer solely out of the Trust Estate and the revenues derived therefrom or in connection with the Bond Documents. The Bonds and the other expense reimbursement obligations of the Issuer provided for herein shall never be payable out of any other funds of the Issuer except the Trust Estate and such revenues.

If the specified date for any such payment is not a Business Day, then such payment may be made on the next succeeding Business Day without additional interest and with the same force and effect as if made on the specified date for such payment.

Section 502. Money for Bond Payments to be Held in Trust; Appointment of Paying Agents. The Issuer shall appoint a Paying Agent in each Place of Payment for the Bonds. Each such Paying Agent appointed by the Issuer shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $10,000,000 and subject to supervision or examination by federal or state authority. The Issuer will, prior to each due date of the principal of (and premium, if any) or interest on any Bonds, deposit or cause to be deposited (but only from the sources provided herein) with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the holders of such Bonds. Each Paying Agent for the Bonds shall provide the CUSIP number for the Bond with each payment of interest on and the principal or the redemption price of any Bond, specifying the amount paid in respect of each CUSIP number. The Paying Agents shall make payment of interest or the redemption price of any Bond, upon written request of a registered Bondholder of at least $1,000,000 in principal amount of Bonds, by wire transfer (at the risk and expense of such registered Bondholder) in immediately available funds to an account in the United States designated by such registered Bondholder upon fifteen (15) days' written notice to the Trustee prior to the Record Date.

The Issuer hereby appoints the Trustee as the initial Paying Agent for the Bonds. The Trustee hereby accepts such appointment by executing this Indenture in such capacity on the signature page hereto.

The Issuer will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee and the Company an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will

(1) hold all sums held by it for the payment of principal of (and premium, if any) or interest on Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Issuer (or any other obligor upon the Bonds) in the making of any such payment of principal (and premium, if any) or interest; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company, on behalf of the Issuer, may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Company Order, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Subject to applicable escheat laws of the State, any money deposited in trust with the Trustee or any Paying Agent in trust for the payment of the principal of (and premium, if any) or interest on any Bond and remaining unclaimed for the later of: (i) the first anniversary of the Stated Maturity of the Bond or the installment of interest for the payment of which such money is held, or (ii) two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request (which Request shall include the Company's representation that it is entitled to such funds under applicable escheatment laws and its agreement to comply with such laws) and the holder of such Bond shall thereafter, to the extent of any legal right or claim, be deemed to be an unsecured general creditor, and shall look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer, shall thereupon cease. The Trustee shall be entitled to deliver any such funds to any escheatment authority in accordance with the Trustee's customary procedures. The Trustee shall hold any such funds in trust uninvested (without liability for interest accrued from the date deposited) for the benefit of Bondholders entitled thereto.

Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Indenture, with prior written notice of such name change being provided to TEA. TEA shall also receive prior written notice of the resignation or removal of the Paying Agent. If the position of Paying Agent shall become

vacant for any reason, the Issuer shall, within thirty (30) days thereafter, appoint such bank or trust company as shall be specified by the Company and acceptable to TEA and the Trustee to fill such vacancy; provided, however, that if the Issuer shall fail to appoint a successor Paying Agent within said period, the Trustee shall make such appointment. No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to TEA, shall be appointed. Notice of the designation of a successor Paying Agent shall be sent by the Trustee by first-class mail to TEA and each Bondholder.

Section 503. Instruments of Further Assurance. The Issuer covenants that, to the extent of its power to do so, it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assigning, pledging and confirming unto the Trustee of the Trust Estate assigned and the revenues pledged hereunder all at the expense of the Company. The Issuer has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the collateral granted hereunder that ranks on a parity with or prior to the lien granted hereunder that will remain effective on the Closing Date, other than UCC financing statements filed in accordance with the Bond Documents. The Issuer has not described such collateral in a UCC financing statement that will remain effective on the Closing Date. The Issuer will not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the collateral described hereunder that ranks prior to or on parity with the lien granted hereunder, or file any financing statement describing any such pledge, assignment, lien or security interest, except as expressly permitted by the Bond Documents. The security interest granted hereunder is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Issuer on a simple contract.

Section 504. Maintenance of Rights. The Issuer will use its best efforts to perform and observe all obligations to be performed by it under the Bond Documents. The Issuer will maintain the validity and effectiveness of the Bond Documents and, except as permitted hereby, take no action, and not knowingly omit to take any reasonable action, the taking or omission of which might release any party from its liabilities or obligations under the Bond Documents, or result in the surrender, termination, amendment, or modification of, or impair the validity of, any Bond Document. The Issuer agrees that the Trustee, subject to the conditions thereof, may enforce for and on behalf of the Bondholders all of the covenants and agreements of the parties to the Bond Documents (other than the Trustee) as set forth in the Bond Documents, whether or not the Issuer is in default hereunder. At the cost of the Company, the Trustee shall either (i) file continuation statements as may be required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents, or (ii) confirm, on an annual basis, the filing of continuation statements required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents and, if necessary, make such filings as may be required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents. The Trustee is hereby authorized to make such filings. The Company shall be responsible for the costs incurred by the Trustee in the preparation and filing of all such continuation statements hereunder. Notwithstanding the foregoing, the Trustee shall not be responsible for the sufficiency of or the proper recording or indexing of any financing or continuation statements.

Section 505. Corporate Existence. Subject to Article VI, the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights (charter and statutory); provided, however, that the Issuer shall not be required to preserve any right if its Governing Body shall determine that the preservation thereof is no longer desirable in the conduct of the affairs of the Issuer and that the loss thereof is not disadvantageous in any material respect to the Bondholders.

Section 506. Limitations on Liens, Debt and Disposition of Assets. Except as permitted or contemplated in this Indenture, the Issuer covenants that it will not: (i) create any mortgage, lien, encumbrance, pledge, charge or other exception to title (other than those created by this Indenture) upon or against any of the properties or assets constituting the Trust Estate, or any revenues derived therefrom or any other funds held by the Trustee for the benefit of the Bondholders superior to or ranking on parity with the lien created by this Indenture; (ii) sell, lease, transfer, convey or otherwise dispose of all or any part of the Trust Estate or its interest therein except subject to the interests of the Trustee created by this Indenture; (iii) create, incur or assume any debt secured by the Trust Estate or the Issuer's interest therein or the revenues pledged herein; or (iv) knowingly take any other action that will impair the lien of this Indenture on the Trust Estate.

Section 507. Tax Covenants.

(a) The Issuer will not knowingly take any action, or omit to take any action, which action or omission, will adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and in the event of such action or omission will promptly, upon receiving knowledge thereof, take all lawful actions, based on advice of counsel and at the expense of the Company, as may rescind or otherwise negate such action or omission.

(b) The Issuer will not knowingly use or direct the use of any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to Persons who are not Exempt Persons. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a loan to a person who is not an Exempt Person.

(c) The Issuer agrees that until the final Maturity of the Bonds, it will not knowingly use or direct the use of any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be "arbitrage bonds," within the meaning of Section 148 of the Code. In the event the Company notifies the Issuer that it is necessary to restrict or limit the yield on the investment of moneys held by the Trustee pursuant to this Indenture, or to use such moneys in any certain manner to avoid the Bonds being considered arbitrage bonds, the Issuer at the direction of the Company shall instruct the Trustee to take such action as is necessary to restrict or limit the yield on such investment or to use such moneys in accordance with such written direction.

(d) The Issuer will not knowingly take any action which would result in all or any portion of the Bonds being treated as "federally guaranteed" within the meaning of Section 149(b)(2) of the Code.

(e) The Issuer shall file, or cause to be filed, all information returns required to be filed with respect to the Bonds pursuant to Section 149(e) of the Code.

(f) For purposes of this Section 507, the Issuer's compliance shall be based solely on acts or omissions by the Issuer and no acts or omissions of, or directed by, the Company, the Trustee or any other Persons shall be attributed to the Issuer.

All officers, employees and agents of the Issuer are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Issuer as of the date of delivery of the Bonds. In complying with the foregoing covenants, the Issuer may rely from time to time upon a Favorable Opinion of Bond Counsel.

Section 508. Change in Law. To the extent that published rulings of the IRS, or amendments to the Code or the Regulations modify the covenants of the Issuer or the Trustee which are set forth in this Indenture or which are necessary for interest on any issue of the Bonds to be excludable from gross income for federal income tax purposes, the Trustee and the Issuer will comply with such modifications, as described in an Opinion of Counsel delivered to the Issuer and the Trustee.

ARTICLE VI

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

Section 601. Consolidation, Merger, Conveyance, or Transfer Only on Certain Terms. The Issuer shall not consolidate with or merge into any other corporation or convey or transfer the Trust Estate substantially as an entirety to any Person, unless:

(a) such consolidation, merger, conveyance, or transfer shall be on such terms as shall fully preserve the lien and security hereof and the rights and powers of the Trustee and the Bondholders hereunder;

(b) the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer the Trust Estate substantially as an entirety shall be organized and existing under the laws of the United States of America or any state or the District of Columbia and shall execute and deliver to the Trustee an indenture supplemental hereto in form satisfactory to the Trustee, meeting the requirements of Section 602 and containing:

(1) an assumption by such surviving or successor corporation or such transferee of the due and punctual payment of the principal of (and premium on, if any) and interest on all the Bonds and the performance and observance of every covenant and condition of this Indenture to be performed or observed by the Issuer, subject, however, to the same limitations and conditions as are herein or in the Bonds provided, and

(2) a grant, conveyance and transfer complying with Section 602;

(c) immediately after giving effect to such transaction, no Event of Default hereunder (nor any event which, with the giving of notice or the elapse of time or both, would become an Event of Default as a result of such transaction) shall have occurred and be continuing;

(d) the Trustee and TEA shall have received a Favorable Opinion of Bond Counsel; and

(e) the Issuer, at the expense of the Company, shall have delivered to the Trustee and TEA an Officer's Certificate and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance, or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 602. Successor Issuer Substituted. Upon any consolidation or merger or any conveyance or transfer of the Trust Estate substantially as an entirety in accordance with Section 601, the successor corporation formed by such consolidation or into which the Issuer is merged or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such successor had been named as the Issuer herein. If the supplemental indenture required by Section 601 shall contain a grant, conveyance and transfer, in terms sufficient to include and subject to the lien of this Indenture all and singular the properties described in the granting clauses hereof, whereupon such successor may cause to be executed, in its own name or in the name of the Issuer prior to such succession, and delivered to the Trustee for authentication, any Bonds issuable hereunder; and upon request of such successor, and subject to all the terms of this Indenture, the Trustee shall authenticate and deliver any Bonds which shall have been previously executed and delivered by the Issuer to the Trustee for authentication, and any Bonds which such successor shall thereafter, in accordance with this Indenture, cause to be executed and delivered to the Trustee for such purpose. Such changes in phraseology and form (but not in substance) may be made in such Bonds as may be appropriate in view of such consolidation, merger, conveyance, or transfer.

ARTICLE VII

REMEDIES OF THE TRUSTEE AND HOLDERS OF BONDS IN EVENT OF DEFAULT

Section 701. Events of Default. "***Event of Default***," whenever used herein means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of (i) the principal of (and premium on, if any) any Bond at its Maturity, or (ii) an installment of interest on any Bond at the Stated Maturity for such installment; or

(b) default in the performance, or breach, of any covenant or agreement on the part of the Issuer contained in this Indenture (other than a covenant or agreement whose performance or observance is elsewhere in this Section specifically dealt with) and continuance of such default or breach for a period of thirty (30) days after there has been given, by registered or certified mail, to the Issuer, the TEA and the Company by the Trustee, or to the Issuer, the TEA, the Company and the Trustee by the holders of at least 25% in principal amount of Bonds then Outstanding, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "***Notice of Default***" hereunder; provided that if such default can be cured by the Issuer but cannot be cured within the 30-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such 30-day period and diligently pursued until the default is corrected, provided, however, if such default or breach shall last longer than ninety (90) days, it shall constitute an Event of Default hereunder; or

(c) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of the Company under the Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of ninety (90) days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of the Company or of the Company's property, or for the winding up or liquidation of the Company's affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of ninety (90) days; or

(d) the Company shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Company in furtherance of any of the aforesaid purposes; or

(e) the Maturity of any Note issued under the Master Indenture shall be accelerated unless such acceleration has been rescinded and annulled pursuant to the Master Indenture; or

(f) an event of default occurs under any agreement pursuant to which any bonds, loans, certificates, installment or lease payments or similar obligations of the Company that are payable or secured on a parity or subordinate basis to the Bonds has been incurred or issued and that permits the holder of such obligation or trustee to accelerate the obligation or otherwise exercise rights or remedies that affect the Trust Estate or materially impairs the ability of the Company to timely pay principal and interest on the Bonds; or

(g) an "Event of Default" has occurred under any of the Bond Documents as the term "Event of Default" is therein defined.

Section 702. Acceleration. So long as the Bonds are guaranteed by the Permanent School Fund, the Bonds may not be accelerated.

Section 703. Collection of Indebtedness. The Issuer covenants that if:

(1) default is made in the payment of any installment of interest on any Bond when such interest becomes due and payable, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Bond when such principal becomes due and payable,

the Issuer will, upon demand of the Trustee, pay (but solely from the Trust Estate and the revenues pledged by this Indenture to such payment) to the Trustee, for the benefit of the Bondholders, the whole amount then due and payable on such Bonds for principal (and premium, if any) and interest, with interest upon the overdue principal (and premium, if any); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay any of the foregoing amounts forthwith upon demand, the Trustee, in its own name and as trustee of an express trust, may, with the consent of TEA, and shall, upon direction of TEA, institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Issuer or any other obligor upon the Bonds and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property constituting a part of the Trust Estate of the Issuer or any other obligor upon the Bonds, wherever situated.

Section 704. Suits for Enforcement by Trustee. If an Event of Default occurs and is continuing, the Trustee may, with the consent of TEA, and shall, upon the direction of TEA, proceed to protect and enforce its rights and the rights of the Bondholders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 705. Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, the Company or any other obligor upon the Bonds or property of the Issuer, of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer, the Company or such other Obligor for the payment of overdue principal or interest) shall, with the consent of TEA, be entitled and empowered, by intervention in such proceeding or otherwise

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Bonds and to file such other papers

or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under this Indenture.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Bondholder thereof, or to authorize the Trustee to vote in respect of the claim of any Bondholder in any such proceeding.

(b) Notwithstanding the foregoing, any reorganization or liquidation plan with respect to the Company must be acceptable to TEA. During any Insolvency Proceeding (hereinafter defined), the Trustee and each Bondholder hereby appoints TEA as their agent and attorney-in-fact with respect to the Bonds and agree that TEA may at any time during the continuation of any proceeding by or against the Company under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "***Insolvency Proceeding***") direct all matters relating to such Insolvency Proceeding, including without limitation, (i) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "***Claim***"), (ii) the direction of any appeal of any order relating to any Claim, (iii) the posting of any surety, supersedeas or performance bond pending any such appeal, and (iv) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder delegate and assign to TEA, to the fullest extent permitted by law, the rights of the Trustee and each Bondholder with respect to the Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

Section 706. Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Bondholders and TEA in respect of which such judgment has been recovered to the extent of the obligations then owing to such Persons.

Section 707. Application of Money Collected. (a) Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate

shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(1) First: To the payment of all amounts due the Trustee under this Indenture;

(2) Second: To the payment of the amounts then due and unpaid upon the Bonds, for interest, in respect of which or for the benefit of which such money has been collected, ratably without preference or priority of any kind, according to the amounts due and payable on such Bonds for interest;

(3) Third: To the payment of the amounts then due and unpaid upon the Bonds, for principal (and premium, if any), in respect of which or for the benefit of which such money has been collected, ratably without preference or priority of any kind, according to the amounts due and payable on such Bonds for principal (and premium, if any); and

(4) Fourth: To the Debt Service Fund, any remaining amounts of money so collected.

(b) If the Master Trustee has accelerated the Note, the portion of the master trust estate allocable to the Bonds under Section 406(c)(2) of the Master Indenture shall be applied to purchase Defeasance Obligations for deposit with the Trustee to defease all or a portion of the Bonds in inverse order of maturity through the earlier of their Maturity or first Optional Redemption date as set forth in the form of Bonds attached hereto as Exhibit A.

Section 708. Limitation on Suits. Subject to Section 713(a) hereof, no Bondholder shall have the right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Bondholder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the holders of not less than 25 percent in principal amount of the Outstanding Bonds or TEA shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) the Bondholders have provided to the satisfaction of the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no written direction inconsistent with such written request of Bondholders has been given to the Trustee during such 60-day period by TEA,

it being understood and intended that no one or more holders of Bondholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect,

disturb or prejudice the rights of any other holders of the Bonds, or to obtain or to seek to obtain priority or preference over any other holders of the Bonds, to take any action that would affect the validity of the lien of this Indenture on the Trust Estate, or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Bondholders and TEA to the extent of the amounts then owing to such Persons.

Section 709. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, any Bondholder shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond, but solely from the sources provided in this Indenture, on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Bondholder.

Section 710. Restoration of Rights and Remedies. If the Trustee, TEA or any Bondholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, TEA or such Bondholder, then and in every such case the Issuer, the Trustee, TEA, the Company, and the Bondholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, TEA and the Bondholders shall continue as though no such proceeding had been instituted.

Section 711. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee, TEA or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 712. Delay or Omission Not Waiver. No delay or omission of the Trustee, TEA or any Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture or by law to the Trustee, TEA or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, TEA or the Bondholders, as the case may be.

Section 713. Control by TEA and Bondholders. (a) Anything to the contrary in this Indenture notwithstanding, subject to Section 1101(f) of this Indenture, so long as the Bonds are guaranteed by the Permanent School Fund, upon the occurrence and during the continuance of a default or an event of default under any Bond Document that is not remedied or cured pursuant to the corrective actions required or permitted under the Bond Documents, TEA shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee or Paying Agent for the benefit of the holders of the Bonds under any Bond Document.

(b) Subject to subsection (a) above, the holders of a majority in principal amount of the Outstanding Bonds, with the consent of TEA, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall have been provided with an indemnity satisfactory to it.

Section 714. Waiver of Past Defaults. The holders of not less than a majority in principal amount of the Outstanding Bonds, with the prior written consent of TEA, or TEA may waive any past default hereunder and its consequences, except:

(a) a default in the payment of the principal of (or premium, if any) or interest on any Bond, or

(b) a default in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the holder of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 715. Undertaking for Costs. All parties to this Indenture agree, and each Bondholder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in the aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on or after the redemption date).

Section 716. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or

advantage of any such law, and covenants (to the extent it may lawfully do so) that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 717. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or any indenture supplemental hereto, or in the Agreement, or in any Bond or the Note, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, officer or employee, as such, of the Issuer, the Company or the Sponsoring Entity or of any successor corporation, either directly or through the Issuer, the Company or the Sponsoring Entity, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture, the Agreement, the Bonds and Note are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers or employees, as such, of the Issuer, the Company or the Sponsoring Entity or any successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture, the Agreement, in the Bonds or the Note or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer or employee, as such, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Bonds or the Note.

Section 718. Expenses Payable under Indenture. All expenses incurred in carrying out this Indenture shall be payable solely from funds derived by the Issuer from the Company. Anything in this Indenture to the contrary notwithstanding, the performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and liability of the Issuer for all warranties and other covenants herein shall be limited solely to the Trust Estate; and the Issuer shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds, and payments.

Section 719. Termination of Default. Once an Event of Default has been cured in accordance with the provisions of this Indenture, such Event of Default will be deemed to no longer exist and the Trustee shall notify the Company in writing that such Event of Default has been cured and all corrective actions under this Indenture shall immediately cease unless or until another Event of Default shall occur.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 801. Duties and Liabilities of Trustee.

(a) The Trustee accepts and agrees to execute the specific trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth herein, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) In case any Event of Default (of which the Responsible Officer has actual knowledge or is deemed to have actual knowledge under Section 803(h) hereof) has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section or Section 803;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction given to the Trustee at the direction of the holders of not less than a majority in aggregate principal amount of Bonds then Outstanding or TEA relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its 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, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability or the payment of its fees and expenses is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section, Section 803 and Section 813.

Section 802. Notice of Defaults. Within sixty (60) days after the occurrence of any default hereunder of which the Trustee has actual knowledge, the Trustee shall send to TEA and to all Bondholders, notice of such default, unless such default shall have been cured or waived or unless corrective action to cure such default has been instituted and is being pursued such that such default does not constitute an Event of Default; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bonds or in the payment of any sinking or purchase fund installment, the Trustee shall be protected in withholding such notice from the Bondholders if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Bondholders; provided, further, that in the case of any default of the character specified in Section 701(b) hereof no such notice to Bondholders shall be given until at least thirty (30) days after the occurrence thereof. For the

purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

The Trustee shall mail, first-class postage prepaid, to each Rating Service then-rating the Bonds notice of any of the following events, whenever:

(a) the Trustee, pursuant to this Indenture, has resigned or been removed and a successor Trustee has been appointed, such notice to be mailed within ten Business Days after the appointment of such successor Trustee;

(b) an amendment or supplement to the Bond Documents executed or consented to by the Trustee or of which the Trustee has received written notice is to be entered into, such notice and a copy of such amendment or supplement to such Rating Service to be mailed at least ten Business Days prior to the effective date of such amendment or supplement and within three Business Days after the receipt of such written notice by the Trustee;

(c) the Trustee receives a Company Request pursuant to Section 302 which directs the Trustee to redeem all the Outstanding Bonds, such notice to be mailed within ten Business Days after the receipt of such Company Request (and to specify the Redemption Date requested thereby); or

(d) all Bonds shall be deemed to have been paid or defeased as provided in Article X hereof.

Section 803. Certain Rights of Trustee.

(a) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) Any request or direction of any Person mentioned herein shall be sufficiently evidenced by a Request of such Person; and any resolution of the Governing Body of any Person may be evidenced to the Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) The Trustee may consult with counsel and the 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;

(e) The Trustee shall be under no obligation to exercise any of the discretionary rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders

or TEA pursuant to the provisions of this Indenture, unless such Bondholders or TEA shall have provided to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction and for the payment of the Trustee's fees in connection therewith;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or the Company, personally or by agent or attorney and to take copies of such memoranda from and in regard thereto as may be reasonably desired; provided, that the Trustee shall have no obligation to perform any of the duties of the Issuer under this Indenture or of the Company under any of the Bond Documents;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, but the Trustee shall not be held liable for any negligence or misconduct of any such agent or attorney appointed with due care;

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder unless the Responsible Officer shall be specifically notified of such default in writing by the Issuer, TEA or the Company or by a Bondholder, and in the absence of such notice the Trustee may conclusively assume that no default exists; provided, however, that the Trustee shall be required to take and be deemed to have notice of its failure to receive the moneys necessary to make payments when due of Debt Service;

(i) The Trustee shall not be liable for any error of judgment made in good faith by its officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(j) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Bondholders of the applicable percentage of the holders of Outstanding Bonds permitted to be given by them under this Indenture;

(k) The Trustee may seek the approval of the Bondholders or TEA by any means it deems appropriate and not inconsistent with the terms of this Indenture or the Master Indenture in connection with the giving of any consent or taking of any action in its capacity as holder of any Note;

(l) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty to take such action;

(m) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers established by this Indenture;

(n) The Trustee shall not be responsible for monitoring the existence of or determining whether any lien or encumbrance or other charge including without limitation any Permitted Encumbrance (as defined in the Deed of Trust) exists against the Project or the Trust Estate;

(o) The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer herein except as may be expressly provided for herein or therein. The Trustee may require of the Issuer full information and advice as to the performance of the aforesaid covenants, conditions and agreements;

(p) The Trustee's rights to immunities and protection from liability hereunder will survive its resignation or removal and final payment or defeasance of the Bonds; and

(q) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notwithstanding the aforesaid, the Trustee shall be required to pay the Bondholders at the times required under this Indenture so long as moneys held under this Indenture are available therefor.

Section 804. Not Responsible for Recitals or Issuance of Bonds. The recitals contained herein and in the Bonds (other than the certificate of authentication on such Bonds) shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the adequacy, sufficiency or perfection of the security afforded thereby or hereby; as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder; as to the validity or sufficiency of this Indenture, the other Bond Documents, or of the Bonds; or as to the correctness or sufficiency of any statement made in connection with the offer or sale of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer or the Company of any of the Bonds or of the proceeds of such Bonds.

Section 805. Trustee May Own Bonds. The Trustee or any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee or such other agent.

Section 806. Moneys to Be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided (including payment of moneys to the Company under Section 1001), be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder other than such interest as it expressly agrees in writing with the Issuer or the Company to pay.

Section 807. Compensation and Expenses of Trustee and Paying Agent. The Issuer agrees, but solely from the Trust Estate and the revenues pledged by this Indenture to such payment,

(a) to pay to the Trustee, Bond Registrar, Authenticating Agent, and Paying Agent from time to time, when due, reasonable compensation for all services rendered by them hereunder, including extraordinary services during the existence of a default, which shall not be limited by any law limiting the compensation of the trustee of an express trust; and

(b) except as otherwise expressly provided herein, to reimburse the Trustee and the Paying Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee or such Paying Agent in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and securities or transaction charges to the extent not waived by the Trustee as a result of its receipt of compensation with respect to such securities or transactions) except any such expense, disbursement or advance as may be determined by a final judgment of a court of competent jurisdiction to have been the result of the negligence or bad faith of such Person.

Nothing in this Section 807 shall affect or otherwise diminish the obligations of the Company to pay compensation and indemnification to the Trustee in accordance with the Agreement as security for the performance of the obligations of the Issuer under this Section and the obligations of the Company under Sections 4.6(b) and 5.1(h) of the Agreement. As such security for the performance of the obligations of the Issuer under this Section the Trustee shall have a lien prior to the Bonds upon all property and funds held or collected by the Trustee as such.

When the Trustee incurs expenses or renders services in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors' rights generally.

Section 808. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder authorized which shall be (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250,000,000 of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1,000,000,000 of assets, or (iii) a corporation otherwise approved by TEA in writing in its sole and exclusive discretion, authorized to exercise corporate trust powers. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the assets of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 809. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Section shall become effective until the acceptance of appointment by the successor Trustee under Section 810.

(b) The Trustee may resign at any time by giving sixty (60) days' prior written notice thereof to the Issuer and the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by (i) an act of the holders of a majority in principal amount of the Outstanding Bonds or (ii) by the Company so long as no Event of Default has occurred or no circumstance exists that, with the passage of time, will constitute and Event of Default, in each case upon written direction delivered to the Trustee and the Issuer.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 808 and shall fail to resign after written request by the Issuer or by any such Bondholder, or

(2) the Trustee shall become incapable of acting or shall be adjudged as bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Issuer or Company by Request may remove the Trustee and (ii) if neither the Issuer nor the Company has acted within sixty (60) days, subject to Section 714, any Bondholder who has been a bona fide holder of a Bond for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer, by an Issuer Request, or at the direction of the Company, shall promptly appoint a successor Trustee. If, within 3 months after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the holders of a majority in principal amount of the Outstanding Bonds delivered to the Issuer and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or the Company. If no successor Trustee shall have been so appointed by the Issuer, the Company, or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Bondholder for at least 6 months or the Trustee may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) So long as no default or Event of Default has occurred and is continuing hereunder, the Issuer authorizes the Company at any time, to remove the Trustee (on thirty (30) days' prior written notice) and appoint a substitute Trustee and notify the Issuer promptly of such an occurrence.

(g) The Company shall give, or cause to be given, notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Bondholders at their addresses as shown in the Bond Register. Each notice shall include the name and address of the applicable corporate trust office or payment office of the successor Trustee.

Section 810. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to the successor Trustee, any and all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 811. Merger or Consolidation. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the municipal corporate trust business of the Trustee, shall be the successor Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 812. Authenticating Agent. There may be an Authenticating Agent appointed by the Trustee with power to act on its behalf and subject to its direction in the authentication and delivery of the Bonds in connection with delivery of Bonds pursuant to Section 203 and transfers and exchanges under Section 204, Section 205 and Section 307, as fully to all intents and purposes as though the Authenticating Agent had been expressly authorized by those Sections to authenticate and deliver the Bonds. For all purposes of this Indenture, the authentication and delivery of the Bonds by the Authenticating Agent pursuant to this Section shall be deemed to be the authentication and delivery of the Bonds "by the Trustee".

The Trustee is hereby appointed as Authenticating Agent with respect to the Bonds.

Each Authenticating Agent shall at all times be a bank or trust company and shall at all times be a corporation organized and doing business under the laws of the United States or of any state with a combined capital and surplus of at least $50,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation, or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the Issuer and the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Issuer and the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor Authenticating Agent and shall give written notice of such appointment to the Issuer and the Company.

The Trustee shall be entitled to be reimbursed for any reasonable compensation paid by the Trustee to the Authenticating Agent for its service subject to Section 803 and Section 807. The provisions of Section 207, Section 803, Section 804, and Section 805 of this Indenture shall be applicable to any Authenticating Agent.

Section 813. Trustee Liability for Agents. Notwithstanding anything contained herein to the contrary, the Trustee shall not be liable for any failure of the Paying Agent or the Authenticating Agent to perform in accordance with this Indenture any duty required or authorized herein to be performed by such Person or for any other acts or omissions of such Person.

Section 814. Facsimile and Electronic Transmissions. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that: (a) subsequent to such transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions in a timely manner, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received an incumbency certificate listing such designated persons and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer or the Company elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the

Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Company agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

ARTICLE IX

SUPPLEMENTS AND AMENDMENTS

Section 901. Supplemental Indentures and Amendatory Agreements Without Consent of Bondholders. Without the consent of the Bondholders, the Issuer, and the Trustee at any time upon receipt of Company Consent, may enter into or consent to one or more indentures supplemental hereto, subject to Section 903 hereof, or amendments to the Agreement or the Supplemental Master Trust Indenture for any of the following purposes:

(a) to evidence the succession of another Person to the Issuer or the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Issuer as permitted by this Indenture or the Company as permitted by the Agreement;

(b) to add to the covenants of the Issuer or the Company for the benefit of the Bondholders, or to surrender any right or power herein or therein conferred upon the Issuer or the Company;

(c) to cure any ambiguity or to correct or supplement any provision herein or therein which may be inconsistent with any other provision herein or therein, or to make any other provisions with respect to matters or questions arising under this Indenture or the Agreement which shall not be inconsistent with this Indenture, provided such action shall not adversely affect the interests of the Bondholders;

(d) to modify or supplement this Indenture in such manner as may be necessary to qualify this Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute or regulation, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the Issuer or the Company undertakes such covenants, conditions or restrictions additional to those contained in this Indenture as would be necessary or appropriate so to qualify this Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Indenture or in any indenture supplemental hereto, provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(e) in connection with any other change herein or therein which, in the judgment of a Management Consultant, a copy of whose report shall be filed with the Trustee, (a) is in the best interest of the Company and (b) does not materially adversely affect any Bondholder;

provided that no such change shall be made if within thirty (30) days of its receipt of such Management Consultant's report, the Trustee shall have obtained a report from another Management Consultant indicating that in its opinion either clause (a) or clause (b) of this subsection (e) is not satisfied; provided further, that the Trustee shall be under no duty to retain another such Management Consultant; or

(f) to modify or supplement this Indenture in such manner as may be necessary or appropriate to cause the rating assigned to the Bonds by each Rating Service to maintain an investment grade rating on the Bonds from each Rating Service.

Section 902. Supplemental Indentures and Amendatory Agreements With Consent of Bondholders. With the consent of TEA and the holders of not less than a majority in principal amount of the Outstanding Bonds affected by such supplemental indenture, by Act of such Bondholders delivered to the Issuer, the Company, the Trustee and the Rating Service, the Issuer, and the Trustee may, upon receipt of a Company Consent, enter into or consent to an indenture or indentures supplemental hereto (subject to Section 903 hereof), amendments to the Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture, or the Agreement or of modifying in any manner the rights of the Bondholders under this Indenture or the Agreement; provided, however, that no such supplemental indenture or amendment shall, without the consent of each Bondholder affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Bonds or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bonds or the interest thereon is payable, or impair or subordinate the lien of this Indenture on the Trust Estate or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date),

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(c) modify any of the provisions of this Section or Section 713, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of each Bondholder affected thereby.

It shall not be necessary for any act of Bondholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such act of Bondholders shall approve the substance thereof as presented in written form to the Bondholders.

Section 903. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture and in consenting to any amendment to the Agreement or to any indenture supplemental to this Indenture, the Trustee shall be entitled to receive, and (subject to Section 801) shall be fully protected in relying upon, a Favorable

Opinion of Bond Counsel and an Opinion of Counsel stating that the execution of such supplemental indenture or consent is authorized or permitted by this Indenture. The Trustee may, but shall not (except to the extent required in the case of a supplemental indenture entered into under Section 901(d)) be obligated to, enter into any such supplemental indenture or consent which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Trustee shall not execute any supplemental indenture without the Consent of the Company.

Section 904. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Bondholder thereafter or theretofore authenticated and delivered hereunder shall be bound thereby.

Section 905. Bonds May Bear Notation of Changes. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Bonds then Outstanding.

ARTICLE X

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 1001. Satisfaction and Discharge of Indenture. Whenever the following conditions shall exist, namely:

(a) all Bonds theretofore authenticated and delivered have been cancelled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

(1) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 205, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the holder thereof and where enforceability has not been determined adversely against such Bondholder by a court of competent jurisdiction,

(2) Bonds, other than those referred to in paragraph (1) above, for the payment or redemption of which the Issuer or the Company has deposited or caused to be deposited with the Trustee at the Maturity thereof in trust for such purpose funds (which shall be immediately available for payment) in an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal (and premium, if any) and interest to such Maturity, and

(3) Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Defeasance Obligations or both as described in Section 1002;

(b) the Issuer or the Company has paid or caused to be paid all other sums payable by the Issuer or the Company hereunder and under the Agreement (in addition to amounts due and payable by the Company pursuant to Section 4.1(a) or (b) of the Agreement and the terms of the Note), if any; and

(c) there has been delivered to the Trustee an Opinion of Counsel stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with,

then, upon Company Request, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer, exchange, or tender of Bonds herein or therein provided for) and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Company, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary (in form and substance satisfactory to Company) and pay, assign, transfer, and deliver to the Company or upon Company Order all cash, securities, and other property then held by it hereunder as a part of the Trust Estate.

Notwithstanding the satisfaction and discharge of this Indenture the obligations of the Issuer and the Company to the Trustee under Section 807 hereof shall survive unless otherwise agreed by the Trustee in writing.

Section 1002. Payment of Bonds.

(a) Bonds shall be deemed to have been paid for purposes of this Indenture if (a) there has been deposited with the Trustee in trust in a segregated account either (i) moneys in an amount, or (ii) Defeasance Obligations, the principal of and interest on which will, when due, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (as established by a report of an independent certified public accountant setting forth the calculations upon which such report is based), provide moneys in an amount, which, together with any moneys deposited with or held by the Trustee at the same time and available for such purpose pursuant to this Indenture, will be sufficient to pay when due and payable the principal, premium, if any, and interest due and payable and to become due and payable on and prior to the respective redemption dates or Maturity dates of such Bonds, or (iii) a combination of (i) and (ii), and (b) in case any of such Bonds are to be redeemed on any date prior to their Stated Maturity, the Company has given to the Trustee irrevocable written instructions instructing the Trustee to effect the redemption of such Bonds on such date and to give notice of such redemption to Bondholders prior to said date; and (c) in the event such Bonds are not to be redeemed within the sixty (60) days next succeeding the date of such deposit with the Trustee, the Company has given irrevocable written instructions to the Trustee to give notice to the Bondholders advising that the deposit required by clause (a) of this paragraph above has been made with the Trustee and that the Bonds are deemed to have been paid in accordance with this Article and stating such Maturity or redemption date or dates upon which money is to be available for the payment of the principal, premium, if any, and interest on such Bonds. The Trustee shall not be required to accept any deposit of Defeasance Obligations pursuant to clause (ii) or (iii) during the continuance of an Event of Default. For purposes of this Section, Defeasance Obligations issued or held in the name of the Trustee in

book-entry form on the books of the Department of Treasury of the United States of America shall be deemed to be deposited with the Trustee. The Trustee shall be entitled to conclusively rely upon the direction of the Company to the effect that the obligations in which the Company directs the Trustee to invest in connection with a defeasance are Defeasance Obligations.

Any Defeasance Obligations deposited with the Trustee pursuant to this Section shall mature on such dates as shall be required for the aforesaid purpose. Such Defeasance Obligations shall not contain provisions permitting the redemption thereof at the option of the issuer thereof. If the Bonds are defeased as provided for herein, the Guarantee of the Bonds automatically will be removed in its entirety.

(b) Any release under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts created by this Indenture and the performance of its powers and duties under this Indenture.

Section 1003. Application of Trust Money. The Defeasance Obligations and money deposited with the Trustee pursuant to Section 1002 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Bonds and this Indenture, to the payment, either directly or through any Paying Agent, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Trustee of an Officer's Certificate (accompanied by the report of an Independent certified public accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in Section 1002(a), any money received from principal or interest payments on Defeasance Obligations deposited with the Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Company Request be reinvested in other Defeasance Obligations or disposed of as requested by the Company. For purposes of any calculation required by this Article, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer thereof and the principal of such obligation shall be assumed to be received at its stated maturity.

Section 1004. Payments Made Under the Guarantee. In the event that principal and/or interest due on the Bonds shall be paid by TEA pursuant to the Guarantee, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer or Company, the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and shall run to the benefit of TEA, and TEA shall be subrogated to the rights of such Bondholders.

ARTICLE XI

PERMANENT SCHOOL FUND GUARANTEE

Section 1101. General Provisions Relating to TEA.

(a) The parties hereto expressly recognize that TEA is a third party beneficiary to this Indenture and may enforce any right, remedy, or claim conferred, given or granted hereunder as provided herein.

(b) Any provision under any Bond Document which requires the consent of the Bondholders shall also require TEA's prior written consent and any provision of the Master Indenture that requires the consent of the Trustee as Holder of the Note shall also require TEA's consent.

(c) The Company, as the Issuer or on behalf of the Issuer, will provide TEA with all notices and other information that the Company is obligated to provide (a) under its Continuing Disclosure Agreement and (b) to the Bondholders or the Trustee under the Bond Documents.

(d) Any amendment, supplement, modification to, or waiver of, any of the Bond Documents that requires the consent of Bondholders or adversely affects the rights or interests of TEA shall be subject to the prior written consent of TEA.

(e) The rights granted to TEA under the Bond Documents to request, consent to or direct any action are rights granted to TEA in consideration of its issuance of the Guarantee. Any exercise by TEA of such rights is merely an exercise of the TEA's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of TEA, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of TEA.

(f) In the event of a TEA Default, notwithstanding anything in this Indenture to the contrary, (i) if at any time prior to or following a TEA Default, TEA has made payment under the Guarantee, to the extent of such payment TEA shall be treated like any other Bondholder for all purposes, including giving of consents, and (ii) if TEA has not made any payment under the Guarantee, TEA shall have no further consent rights until the particular TEA Default is no longer continuing or TEA makes a payment under the Guarantee, in which event, the foregoing clause (i) shall control.

Section 1102. Payment Procedure Under the Guarantee. (a) In the event that on the tenth (10th) Business Day (or such shorter period as may be agreed to in writing by TEA) prior to any payment date on the Bonds, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on such payment date, the Paying Agent or Trustee shall immediately notify the Commissioner on the same business day by telephone or electronic mail, of the amount of the deficiency.

(b) If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify the Commissioner.

(c) In addition, if the Paying Agent or Trustee has notice that any Bondholder has been required to disgorge payments of principal of or interest on the Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify TEA or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of TEA.

(d) The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

(1) Deficiency in Interest. If there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (i) execute and deliver to TEA, in form satisfactory to TEA, an instrument appointing TEA as agent and attorney-in-fact for such holders of the Bonds in any legal proceeding related to the payment and assignment to TEA of the claims for interest on the Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Guarantee payment from TEA with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "***TEA Guarantee Payment Account***") to only be used to make scheduled payments of principal of and interest on the Bonds, and (iv) disburse the same to such respective holders; and

(2) Deficiency in Principal. If there is a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (i) execute and deliver to TEA, in form satisfactory to TEA, an instrument appointing TEA as agent and attorney-in-fact for such holder of the Bonds in any legal proceeding related to the payment of such principal and an assignment to TEA of the Bonds surrendered to TEA, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Guarantee payment therefore from TEA, (iii) segregate all such payments in the TEA Guarantee Payment Account to only be used to make scheduled payments of principal of and interest on the Bonds, and (iv) disburse the same to such respective holders. The Trustee shall designate any portion of payment of principal on Bonds paid by the Comptroller on behalf of TEA, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current holder, whether DTC or its nominee or otherwise; provided that the Trustee's failure to so designate any payment shall have no effect on the amount of principal or interest payable by the Issuer on any Bonds or the subrogation or assignment rights of TEA.

(e) Payments with respect to claims for interest on and principal of the Bonds disbursed by the Paying Agent or Trustee from proceeds of the Guarantee shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and TEA shall become the holder of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Bond Documents shall not

be discharged or terminated unless all amounts due or to become due to TEA have been paid in full or duly provided for.

(f) Irrespective of whether any such assignment is executed and delivered, the Issuer, Company and the Paying Agent and Trustee agree for the benefit of TEA that: (i) to the extent that the Comptroller makes payment on behalf of TEA on account of principal of or interest on the Bonds, TEA will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer or Company, with interest thereon, as provided and solely from the sources stated in the Bond Documents and the Bonds or as provided by law; and (ii) they will accordingly pay to TEA the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Bonds, but only from the sources and in the manner provided therein for the payment of principal and interest on the Bonds to holders or as provided by law, and will otherwise treat TEA as the holder of such rights to the amount of such principal and interest.

(g) The TEA shall be entitled to pay principal or interest on the Bonds that shall become due for payment but shall be unpaid by reason of nonpayment only upon TEA's receipt of the requisite notice specified in this section.

Section 1103. Consent Required for Release, Sale, Disposition, or Substitution of Property. During the pendency of any Event of Default and so long as the Bonds are outstanding or any amounts are due and payable to TEA, no complete or partial release, sale, disposition or substitution of any property subject to any mortgage, deed of trust or other document evidencing a security interest in, or otherwise pledged, directly or indirectly, to secure the Bonds (the "***Property***"), shall occur without the prior written consent of TEA. Notwithstanding the foregoing, and at any time other than the during the pendency of an Event of Default, and so long as the Bonds are outstanding, any complete or partial release, sale, disposition or substitution of any Property shall only occur in accordance with the applicable provisions of the Bond Documents.

With respect to substitution or replacement of any Property, or the subsequent acquisition of additional real property by the Company that is intended to become part of the Trust Estate, the Bond Documents shall contain covenants requiring that the Company (i) provide at least thirty (30) days' prior written notice to the Trustee and TEA, which notice shall include (1) a reasonably detailed summary of the conveyances that are subject to the proposed substitution, replacement, and/or acquisition, (2) valid legal description of the after-acquired real property, and (3) a supplemental Deed of Trust in favor of the Master Trustee evidencing lien priority on property resultant from such substitution, replacement or acquisition of the same (or superior) priority to the lien required by TEA at the time the Deed of Trust originally granting TEA its security interest in the Property was recorded, and (ii) execution and recordation of such supplemental Deed of Trust in in favor of the Master Trustee.

Section 1104. Conflicting Provisions. So long as the Guarantee is effective, the Guarantee shall be in addition to and, to the extent possible, reconciled with other provisions in the Bond Documents; provided, however, that, if there has been any draw upon the Guarantee, then the Guarantee provisions, including those set forth in Sections 701, 702, 703, 705, 713, 714, 1101, 1102 and 1103 of this Indenture and Sections 4.6, 6.1, 6.2 and 6.3 of the Agreement, shall supersede any conflicting or inconsistent provisions in the Bond Documents.

ARTICLE XII

MISCELLANEOUS

Section 1201. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of this Indenture by facsimile or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Indenture.

Section 1202. Final Agreement. This written Indenture represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be signed on their behalf by their duly authorized representatives as of the date first written above.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

By: _____
President, Board of Directors

REGIONS BANK, as Trustee

By: _____
Name:
Title:

ACCEPTED AND AGREED TO BY:

REGIONS BANK
as Paying Agent and Bond Registrar

By: _____
Name:
Title:

EXHIBIT A

FORM OF BONDS

EXCEPT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS BOND OR ANY PORTION HEREOF MAY BE TRANSFERRED ONLY IN MINIMUM DENOMINATIONS OF $5,000 OR ANY INTEGRAL MULTIPLE THEREOF ("AUTHORIZED DENOMINATIONS").

1. Form of Definitive Bonds.

REGISTERED
NO. RA-___ $141,135,000

UNITED STATES OF AMERICA
STATE OF TEXAS
ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
EDUCATION REVENUE BONDS (RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

Interest Rate	**Maturity Date**	**Dated Date**	**CUSIP NO.**
%		March 1, 2025	

Arlington Higher Education Finance Corporation (the "***Issuer***"), a nonprofit higher education finance corporation organized and existing pursuant to the laws of the State of Texas (the "***State***"), including Chapter 53 of the Texas Education Code, and particularly Section 53.35(b) and Section 53.48 thereof (the "***Act***"), hereby promises to pay to the order of Cede & Co., or registered assigns, at the principal payment office of Regions Bank in Houston, Texas (the "***Place of Payment***"), the aggregate principal amount of ONE HUNDRED FORTY ONE MILLLION ONE HUNDRED THIRTY-FIVE THOUSAND DOLLARS AND 00/100 DOLLARS ($141,135,000) on the Maturity Date set forth above (or earlier as hereinafter provided) and to pay interest thereon, calculated on the basis of a 360-day year of twelve 30-day months at the per annum rate set forth above, from the date of delivery or the most recent Interest Payment Date to which interest has been paid or provided for; provided that such principal and interest are payable solely from the sources and in the manner hereinafter described, and solely as authorized and provided in the Act.

THE OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation or from any source whatsoever except the payments and amounts described in the Indenture, the Note, the Agreement (all as defined herein), and this Bond. The Bonds are special and limited obligations payable solely as provided herein. NONE OF THE CITY OF ARLINGTON, TEXAS, THE STATE OR A STATE AGENCY, ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF ARLINGTON, TEXAS, THE STATE, ANY STATE AGENCY, POLITICAL CORPORATION OR POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE

PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. HOWEVER, THE BONDS WILL BE GUARANTEED BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS PURSUANT TO THE BOND GUARANTEE PROGRAM ADMINISTERED BY THE TEXAS EDUCATION AGENCY. SUCH GUARANTEE IS SUBJECT TO THE RULES AND REGULATIONS OF THE TEXAS EDUCATION AGENCY AND SHALL BE REMOVED IN ITS ENTIRETY UPON DEFEASANCE OF THE BONDS. THE ISSUER HAS NO TAXING POWER.

THE PRINCIPAL of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Amounts due on this Bond shall be paid by check drawn upon by Regions Bank (in its capacity as the "***Trustee***," "***Paying Agent***" and "***Bond Registrar***" for this series of Bonds) and mailed to the holder hereof at its address as it appears on the bond registration books of the Issuer, kept by the Bond Registrar (the "***Bond Register***") as of the Trustee's close of business on the first day of the calendar month in which such payment date occurs, regardless of whether such day is a Business Day (the "***Record Date***"). Upon written request of a registered owner of at least $1,000,000 in principal amount of Bonds or all of the Bonds, all payments of principal, premium and interest on the Bonds shall be paid by wire transfer at the risk and expense of such registered owner in immediately available funds to an account in the United States designated by such registered owner upon fifteen (15) days' prior written notice before a Record Date to the Trustee. Principal of, premium, if any, and interest on this Bond when in Book-Entry-Only Form shall be paid in immediately available funds to DTC or its nominee, as the case may be, as the registered owner of such Bond.

THE INTEREST on this Bond shall be paid on each August 15 and February 15, commencing February 15, 2026, until the principal thereof shall have been paid or provided for.

THIS BOND is one of a series of Bonds (the "***Bonds***") authorized and issued in the aggregate principal amount of $141,135,000 for the purpose of (i) financing and refinancing the costs of acquiring, constructing, equipping and renovating certain "educational facilities" (as that term is defined in the Act) of Riverwalk Education Foundation, Inc. (the "***Company***") and facilities incidental, subordinate or related thereto or appropriate in connection therewith and (ii) paying the costs of issuing the Bonds, under and pursuant to authority conferred by the Act, a resolution adopted by the Governing Body of the Issuer, and a Trust Indenture and Security Agreement, dated as of March 1, 2025 (the "***Indenture***"), by and between the Issuer and the Trustee. The proceeds of the sale of the Bonds will be loaned to the Company pursuant to a Loan Agreement, dated as of March 1, 2025 (the "***Agreement***"), between the Issuer and the Company, and the Company's obligations under the Agreement are further evidenced by the Company's execution and issuance of a promissory note (the "***Note***"), dated as of the delivery date of the Bonds, in an amount equal to the aggregate principal amount of the Bonds. The Note is a "Note" as defined in and is entitled to the security of a Master Trust Indenture and Security Agreement, dated as of April 15, 2014, (the "***Master Indenture***") as supplemented by Supplemental Master Trust Indenture No. 11, dated as of March 1, 2025, (the "***Supplemental Master Indenture***"), between the Company on behalf of itself and Regions Bank, as Master Trustee.

THE TRANSFER of this Bond may be registered by the owner hereof in person or by his attorney or legal representative at the corporate trust office or principal payment office of the Bond Registrar as set forth in the Indenture, but only in the manner and subject to the limitations and

conditions provided in the Indenture and upon surrender and cancellation of this Bond and execution of the Assignment hereon. Upon any such surrender for transfer of the Bond at the office or agency of the Trustee in a Place of Payment, the Issuer shall execute, the Trustee shall authenticate, and the Bond Registrar shall register and deliver, in the name of the designated transferee, one or more new Bonds of any Authorized Denomination, of a like aggregate principal amount, maturity and interest rate. The Issuer and the Bond Registrar shall not be required (1) to issue, transfer or exchange any Bonds during a period beginning at the opening of business fifteen (15) days before the day of mailing a notice of redemption of the Bonds selected for redemption under the Indenture and ending the close of business on the day of such mailing or (2) to transfer or exchange any Bond selected for redemption in whole or in part.

Subject to the limitations set forth in the Master Indenture, the Company may from time to time issue additional notes authorized by and entitled to the security of the Master Indenture for the purposes set forth in the Master Indenture ("***Master Notes***"), which shall rank equally and on a parity with the Note and all other Master Notes except as set forth in any supplemental master indenture authorizing issuance of any Master Notes.

Optional Redemption. The Bonds maturing on or after August 15, 2034 are subject to optional redemption, prior to scheduled maturity, in whole or in part, on August 15, 2033, or on any date thereafter, at the option of the Company, at a price of par plus interest accrued thereon to the redemption date, upon written notice of the exercise of the option to redeem Bonds delivered to the Trustee by the Company at least thirty-five (35) days prior to the redemption date but not more than sixty (60) days prior to the redemption date.

Mandatory Redemption. The Bonds maturing on August 15 in the years 2045, 2050, 2055 and 2060 are subject to mandatory redemption in part prior to maturity with funds from the Debt Service Fund, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, on August 15 in each of the years, and in the principal amounts, respectively, as set forth in the following schedule:

Term Bond 2045

Mandatory Redemption (8/15)	Principal Amount ($)
2041	3,360,000
2042	3,510,000
2043	3,675,000
2044	3,845,000
2045*	4,020,000

*Stated Maturity.

Term Bond 2050

Mandatory Redemption (8/15)	Principal Amount ($)
2046	4,205,000
2047	4,400,000
2048	4,600,000
2049	4,815,000
2050*	5,035,000

*Stated Maturity.

Term Bond 2055

Mandatory Redemption (8/1)	Principal Amount ($)
2051	5,265,000
2052	5,510,000
2053	5,765,000
2054	6,030,000
2055*	6,305,000

*Stated Maturity.

Term Bond 2060

Mandatory Redemption (8/1)	Principal Amount ($)
2056	6,595,000
2057	6,900,000
2058	7,215,000
2059	7,550,000
2060*	7,895,000

*Stated Maturity.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemptions shall be reduced by the principal amount of any Bonds of the same series and maturity date which, at least sixty (60) days prior to the mandatory sinking fund redemption date (a) shall have been purchased and delivered to the Trustee for cancellation, (b) shall have been purchased and canceled by the Trustee with funds furnished for such purpose, in each case at a purchase price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof or (c) shall have been redeemed pursuant to the optional redemption provision described below.

Extraordinary Optional Redemption. The Bonds are subject to extraordinary redemption, at the option of the Issuer upon a Company Request, at a redemption price of par plus interest

accrued thereon to the redemption date, without premium, on any date, in the event the Project is damaged, destroyed or condemned or threatened to be condemned, (i) in whole, if, in accordance with the terms of the Agreement, the Project is not reconstructed, repaired or replaced upon the change or destruction thereof, from insurance or condemnation proceeds transferred from the Project Fund to the Debt Service Fund which, together with an amount required to be paid by the Company pursuant to the Agreement, will be sufficient to pay the Bonds in full, or (ii) in part, after reconstruction, repair or replacement of the Project in accordance with the terms of the Agreement, from excess insurance or condemnation proceeds transferred from the Project Fund to the Debt Service Fund for such purpose.

Mandatory Redemption Upon Determination of Taxability. The Bonds shall be redeemed in whole prior to maturity on a date selected by the Company which is not more than one hundred fifty (150) days following receipt by the Trustee of written notice of the occurrence of a Determination of Taxability (as hereinafter defined) at a redemption price equal to 100% of the principal amount thereof plus interest to the redemption date; provided that such redemption of the Bonds will not be payable from the Permanent School Fund.

As used herein "***Determination of Taxability***" means a determination that the interest income on any of the Bonds does not qualify as interest excluded from gross income of the recipient thereof for the purpose of federal income taxation ("exempt interest") under Section 103 of the Code (in the case of a private activity bond, for a reason other than a registered owner is or a former registered owner was a substantial user within the meaning of Section 147 of the Code), which determination shall be deemed to have been made upon the first to occur of any of the following: (a) the date on which the Trustee is notified that an opinion of counsel is unable to be delivered to the effect that the interest on the Bonds qualifies as such exempt interest; or (b) the date on which the Trustee is notified by or on behalf of the Issuer that a change in law or regulation has become effective or that the Internal Revenue Service has issued any public or private ruling, technical advice memorandum or any other written communication or that there has occurred a ruling or decision of a court of competent jurisdiction with or to the effect that the interest income on any of the Bonds does not qualify as such exempt interest; or (c) the date on which the Company shall receive notice from the Trustee in writing that the Trustee has been notified in writing by the Internal Revenue Service, or has been advised by the Issuer, the Company or any owner or former owner of a Bond in writing that the Internal Revenue Service has issued a final determination (after the Issuer has exhausted all administrative appeal remedies and has determined not to pursue any remedies in a court of competent jurisdiction) of deficiency or similar notice which asserts that the interest on any of the Bonds does not qualify as such exempt interest.

IF LESS THAN ALL of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be redeemed by the Trustee in accordance with the written direction of the Company; provided, however, that portions of Bonds shall be redeemed in Authorized Denominations and that no redemption shall result in a Bond being held in less than an Authorized Denomination.

IN CASE PART, but not all, of this Bond shall be selected for redemption, the owner hereof or his attorney or legal representative shall present and surrender this Bond to the Trustee for payment of the redemption price, and the Issuer shall cause to be executed, authenticated and delivered to or upon the order of such owner or his attorney or legal representative, without charge

therefor, in exchange for the unredeemed portion of the principal amount of this Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

AT LEAST thirty (30) days prior to the date fixed for any redemption of the Bonds but not more than sixty (60) days prior to any redemption date, the Trustee shall cause a written notice of such redemption to be sent to each Bondholder to be redeemed, at the address appearing on the Bond Register on the date such notice is sent by the Trustee. Any notice mailed as provided herein shall be conclusively presumed to have been given, irrespective of whether received. By the date fixed for any such redemption, due provision shall be made with the Trustee and the Paying Agent for the payment of the appropriate redemption price, premium, if any, and interest accrued hereon. If such written notice of redemption is made, due provision for payment of the redemption price is made and all conditions to the redemption have been fulfilled, all as provided above and in the Indenture, the Bonds which are to be redeemed shall become due and payable at the redemption price and from and after such date shall cease to bear interest. If any Bond shall not be paid upon the surrender thereof for redemption, the principal shall, until paid, bear interest at the rate borne by this Bond.

IF THE DATE for any such payment on this Bond shall be a Saturday, a Sunday or a legal holiday or the equivalent for banking institutions generally (other than a moratorium) at the place where payment thereof is to be made, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

PURSUANT TO THE INDENTURE, so long as this Bond is guaranteed by the Permanent School Fund, this Bond is not subject to acceleration.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, exist, and been done in accordance with law; that this Bond is a special limited revenue obligation of the Issuer, and that the principal of, premium, if any, and interest on this Bond are payable from and secured by a lien on and pledge of the Trust Estate with the payments designated as Loan Payments (the "***Loan Payments***") to be paid, or caused to be paid, to the Trustee, pursuant to the Master Indenture, the Supplemental Master Indenture and the Agreement, as evidenced by the Note issued by the Company to the Issuer pursuant to the Supplemental Master Indenture, and by an assignment by the Issuer to the Trustee of the Note to evidence, the Company's obligations to make Loan Payments under the Master Indenture, the Supplemental Master Indenture and the Agreement to the Trustee. The Company is unconditionally obligated (subject only to the provisions of the Agreement relating to merger, consolidation, and transfer of assets) to the Issuer and the Trustee to pay, or cause to be paid, without set off, recoupment, or counterclaim, to the Trustee each Loan Payment for deposit into the Debt Service Fund created for the benefit of the owners of the Bonds by the Indenture, in aggregate amounts sufficient to pay and redeem, and provide for the payment and redemption of, the principal of, premium, if any, and interest on the Bonds, when due, and to make certain other deposits as required by the Indenture, subject to and as required by the provisions of the Agreement, the Note, and the Indenture.

THE BONDS are secured by the Indenture whereunder the Trustee is custodian of the Debt Service Fund and is obligated to enforce the rights of the owners of the Bonds and to perform other duties in the manner and under the conditions stated in the Indenture. In case an "Event of Default," as defined in the Indenture, shall occur, the principal of the Bonds then Outstanding may be declared to be due and payable immediately upon the conditions and in the manner provided in the Indenture. The Trustee shall, upon written request of the owners of at least a majority in principal amount of the Bonds then Outstanding, waive, as permitted by the Indenture, any Event of Default and its consequences except a default in the payment of the principal of (or premium, if any) or interest on any Bond or a default in respect of a covenant or provision of the Indenture which under the Indenture cannot be modified or amended without the consent of the holder of each Outstanding Bond affected. The holder of this Bond shall have no right to institute any action, suit, or proceeding at law or in equity to enforce the Indenture except as provided in the Indenture; provided that nothing in the Indenture shall affect or impair the rights of the owner hereof to enforce the payment of the principal of, premium, if any, and interest on this Bond from the source and in the manner herein expressed. Reference is hereby made to the Indenture for additional provisions with respect to the nature and extent of the security for the Bonds; the rights, duties, and obligations of the Company, the Issuer, the Trustee, and the Bondholders; the terms upon which the Bonds are issued and secured; and the modification of any of the foregoing.

THE ISSUER has reserved the right to amend the Indenture, as provided therein; and, under some (but not all) circumstances, amendments thereto must be approved by the owners of at least a majority in aggregate principal amount of the Outstanding Bonds.

[To appear on Initial Bond only]

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of registration hereon shall have been manually executed by the Comptroller of Public Accounts of the State of Texas (or his duly authorized deputy), as provided by the Indenture.

[To appear on each exchange or replacement Bond]

This Bond shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, Arlington Higher Education Finance Corporation has caused this Bond to be executed with the manual or facsimile signatures of its duly authorized officers, all as of the date first set forth above.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

By:_____
President, Board of Directors

ATTEST:

By:_____
Secretary, Board of Directors

2. Form of Trustee's Certificate of Authentication.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds referred to in the within mentioned Indenture which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

REGIONS BANK, as Trustee

By:_____
Authorized Signature

Date of authentication:

_____

3. Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto_____
_____

Please insert Social Security or Taxpayer Identification number of Transferee_____
_____
(Please print or typewrite name and address, including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____,
attorney, to register the transfer of the within Bonds on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed:_____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company that is a medallion guarantor. The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatsoever.

4. Initial Bond.

The Initial Bond shall be in the form set forth in "Form of Bonds" above except for the following alterations:

(a) The Initial Bond shall be numbered IA-1 and shall be payable to the Underwriter of the Bonds.

(b) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted;

(c) in the first paragraph of the initial Bond, the words "on the Maturity Date set forth above (or earlier as hereinafter provided)" and "at the per annum rate set forth above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on August 15 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Schedule to be inserted from Section 202]

5. Form of Comptroller's Registration Certificate to appear on the Initial Bond only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF COMPTROLLER	§	
	§	REGISTER NO. _____
STATE OF TEXAS	§	

I HEREBY CERTIFY that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

6. Form of Guarantee Endorsement.

PSF CERTIFICATE

Under the authority granted by Article 7, Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code, the payment, when due, of the principal of and interest on the issuance by Arlington Higher Education Finance Corporation of its Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025, dated March 1, 2025, in the principal amount of $141,135,000 is guaranteed by the corpus of the Permanent School Fund of the State of Texas pursuant to the bond guarantee program administered by the Texas Education Agency. This guarantee shall be removed in its entirety upon defeasance of such bonds.

Reference is hereby made to the continuing disclosure agreement of the Texas Education Agency, set forth in Section I of the Agency's Investment Procedure Manual and the Agency's commitment letter for the guarantee. Such disclosure agreement has been made with respect to the bond guarantee program, in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission, for the benefit of the holders and beneficial owners of the bonds.

In witness thereof I have caused my signature to be placed in facsimile on this bond.

_____

Mike Morath
Commissioner of Education

EXHIBIT B

FORM OF REQUISITION CERTIFICATE

Company Request No.: _____

_____, 20__

Regions Bank
3773 Richmond Avenue, Suite 1100
Houston, Texas 77046
Attention: Corporate Trust

Re: Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025

Disbursement from Project Fund

Ladies and Gentlemen:

This Requisition is provided to you pursuant to Section 405 of the Trust Indenture and Security Agreement, dated as of March 1, 2025 (the "Indenture"), between Arlington Higher Education Finance Corporation (the "Issuer") and you, as Trustee. The capitalized terms used in this Requisition have the same meanings given such terms in the Indenture or the Loan Agreement, dated as of March 1, 2025 (the "Agreement"), between the Issuer and Riverwalk Education Foundation, Inc. (the "Company").

On behalf of the Company, the undersigned hereby certifies as follows:

(i) There has been expended, or is being expended concurrently with the delivery of this certificate, on account of [Project Costs, as defined in the Agreement] [Costs of Issuance, as defined in the Agreement] an amount at least equal to the amount requisitioned below for disbursement;

(ii) No Event of Default under the Indenture has occurred and is continuing;

(iii) No other Requisition in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Trustee;

[(iv) The portion of the amount of the proceeds of the Bonds requested that will be used to pay Costs of Issuance plus all previous amounts requested for Costs of Issuance does not exceed 2 percent of the proceeds of the Bonds deposited into the Proceeds Fund;]

[(v) The portion of the amount representing Proceeds of the Bonds requested to pay Project Costs which are Qualifying Costs (as such term is defined in Section 5.3 of the Agreement) plus all previous amounts requested for Project Costs which are Qualifying

Costs is not less than 95 percent of the Net Proceeds of the Bonds deposited into the Project Fund requested to date; and]

[You are hereby directed to pay the amount of $_____ from the Project Account of the Project Fund in the amounts and to the parties as set forth in the attached schedule.]

[You are hereby directed to pay the amount of $_____ from the Costs of Issuance Account of the Project Fund in the amounts and to the parties as set forth in the attached schedule. Such amount, in addition to amounts previously paid from the Costs of Issuance Account of the Project Fund pursuant to the terms of this Indenture does not exceed $_____.]

[You are hereby directed to pay the amount of $141,135,000_ from the Insurance Proceeds Account of the Project Fund in the amounts and to the parties as set forth in the attached schedule.]

RIVERWALK EDUCATION FOUNDATION, INC.

By:_____
Authorized Representative

LOAN AGREEMENT

between

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

and

RIVERWALK EDUCATION FOUNDATION, INC.

relating to

$141,135,000

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
EDUCATION REVENUE BONDS
(RIVERWALK EDUCATION FOUNDATION, INC.)
SERIES 2025

Dated as of

March 1, 2025

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Exhibit A – Description of Project

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "***Agreement***"), dated as of March 1, 2025, is between ARLINGTON HIGHER EDUCATION FINANCE CORPORATION, a Texas nonprofit, corporation created and existing under the Act (the "***Issuer***"), and RIVERWALK EDUCATION FOUNDATION, INC., a Texas nonprofit corporation (the "***Company***").

W I T N E S S E T H:

WHEREAS, the City of Arlington, Texas (the "***Sponsoring Entity***") has, pursuant to Chapter 53 of the Texas Education Code (the "***Act***"), and specifically Section 53.35(b) and Section 53.48 thereof, approved and provided for the creation of the Issuer as a Texas nonstock, nonprofit corporation;

WHEREAS, the Issuer is a constituted authority and instrumentality (within the meaning of those terms in the Regulations of the Department of the Treasury and the rulings of the Internal Revenue Service (the "***IRS***") prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986);

WHEREAS, the Issuer, on behalf of the Sponsoring Entity, is empowered to issue its revenue bonds in order to enable an accredited or authorized charter school to finance or refinance the acquisition, construction, enlargement, extension, repair, renovation, or other improvements to an educational or housing facility or any facilities incidental, subordinate, or related thereto or appropriate in connection therewith, or for acquiring land to be used for those purposes;

WHEREAS, in furtherance of the purposes of the Act, the Issuer proposes to issue its revenue bonds pursuant to a Board Resolution of the Issuer authorizing the issuance of the Bonds and this Agreement, which will be designated, Arlington Higher Education Finance Corporation Education Revenue Bonds (Riverwalk Education Foundation, Inc.) Series 2025 (the "***Bonds***"), the proceeds of which will be loaned to the Company to be used to (i) finance and refinance the costs of acquiring, constructing, equipping and renovating, or otherwise improving certain "educational facilities" (as that term is defined in the Act) and facilities incidental, subordinate or related thereto or appropriate in connection therewith, and (ii) pay the costs of issuing the Bonds;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the Issuer has entered into the Trust Indenture and Security Agreement (the "***Indenture***") dated as of March 1, 2025, between the Issuer and Regions Bank, as trustee (in such capacity, the "***Trustee***") for the purposes of effecting the issuance of the Bonds, furthering the public purposes of the Act and securing to the Bondholders the payment of the Bonds;

WHEREAS, the Company is a party to that certain Master Trust Indenture and Security Agreement dated as of April 15, 2014 (the "***Master Indenture***"), between the Company, on behalf of itself, Regions Bank, an Alabama state banking corporation, with a corporate trust office in Houston, Texas, as Master Trustee (the "***Master Trustee***"), as supplemented by the Supplemental Master Trust Indenture No. 11 dated as of March 1, 2025, between the Company and the Trustee (the "***Supplemental Master Trust Indenture***"), which secures payment of certain Debt (as defined in the Master Indenture) of the Company including the Note (as hereinafter defined) which

evidences the loan made hereby (the "***Loan***") by the Issuer to the Company of the proceeds of the Bonds;

WHEREAS, the Issuer shall issue the Bonds in order to loan the proceeds thereof to the Company and the Company agrees to repay the Loan on the terms set forth herein;

WHEREAS, pursuant to the provisions of this Agreement, the Company is executing and delivering to the Issuer a note (the "***Note***") to evidence the loan of the proceeds of the Bonds, to the Company and the obligation of the Company under this Agreement to repay the same, and such Note is a "Master Note" under the Master Indenture;

WHEREAS, pursuant to the provisions of this Agreement, the Issuer is collaterally assigning to the Trustee all of the Issuer's right, title and interest in the Note and the Loan Payments (as hereinafter defined) to be made by the Company pursuant to this Agreement; and

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the parties agree as follows:

ARTICLE I.

DEFINITIONS AND INTERPRETATIONS

Section 1.1 Construction of Terms; Definitions.

(a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) "***Agreement***" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular. The terms used herein but defined in the Indenture and the Master Indenture and not defined herein have the meanings assigned to them in the Indenture and the Master Indenture. Reference to any Bond Document means that Bond Document as amended or supplemented from time to time. Reference to any party to a Bond Document means that party and its permitted successors and assigns.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(b) The following terms have the meanings assigned to them below whenever they are used in this Agreement:

"***Additions***" means any and all real or personal property or any interest therein wherever located or used (i) which is desirable in the business of the Company; (ii) the cost of construction, acquisition or development of which is properly chargeable to the property accounts of the Company, in accordance with generally accepted accounting principles; and (iii) which is deemed for federal income tax purposes to be owned by the Company.

"***Affiliate***" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"***Bond Counsel***" means Hunton Andrews Kurth LLP or any other attorney or firm of attorneys nationally recognized as experienced in the field of bonds of governmental issuers appointed by the Company and satisfactory to the Trustee.

"***Bond Documents***" means the Indenture, this Agreement, the Note, the Master Indenture, the Supplemental Master Trust Indenture, the Deed of Trust, the Bond Purchase Agreement and all other agreements, documents and instruments delivered pursuant to any of the foregoing and any and all future renewals or restatements of any of the foregoing.

"***Bond Year***" has the meaning set forth in Section 5.3 herein.

"***Bonds***" has the meaning set forth in the fourth recital hereof.

"***Capital Expenditures***" means, as of the date of determination thereof, the aggregate of the costs paid (other than by incurring or acquiring property subject to purchase money obligations) prior to such date by the Company in connection with the construction, acquisition or development of the Project or Additions, as the case may be, and properly chargeable to the property accounts of the owner thereof in accordance with generally accepted accounting principles and so charged, including, without limitation, payments made for labor, salaries, overhead, materials, interest, taxes, engineering, accounting, legal expenses, superintendence, insurance, casualty liabilities, rentals, start-up expenses, financing charges and expenses and all other items (other than operating or maintenance expenses) in connection with such construction, acquisition or development and so properly chargeable and, in the case of Capital Expenditures for Additions consisting of an acquired facility, including the cost of any franchises, rights or property, other than Additions, acquired as a part of such going business for which no separate or distinct consideration shall have been paid or apportioned.

"***Claims***" means all claims, investigations, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action or impleader) or otherwise involving any Indemnified Party, even if groundless, false, or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, to result from, to relate to or to be based upon, in whole or in part: (a) the issuance of the Bonds, (b) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the issuance of the Bonds, the obligations of the various parties arising under the Bond Documents or the administration of any of the Bond Documents, or (c) the duties, activities, acts or omissions (even if negligent) of any Person in connection with the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof.

"***Closing Date***" means the date of closing of the issuance of the Bonds.

"***Code***" means the Internal Revenue Code of 1986 and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

"***Commissioner***" means the Commissioner of Education of the State.

"***Computation Date***" has the meaning set forth in Section 5.3 herein.

"***Construction Consultant***" means the respective construction consultant, designated by the Company, for any Participating Campus.

"***Debt***" shall have the meaning assigned to such term in the Master Indenture.

"***Fiscal Year***" means any twelve-month period beginning on July 1 of any calendar year and ending on June 30 of the following year or such other twelve-month period selected by the Company as the fiscal year for the Company; provided that, the Company shall give written notice of any such change to the Issuer and the Trustee.

"***Guarantee***" means the PSF Certificate issued by TEA pursuant to Article 7 Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code, that guarantees the scheduled payment of principal of and interest on the Bonds when due.

"***Highest Lawful Rate***" shall have the meaning ascribed to such term in Section 4.5 hereof.

"***Indemnified Party***" means one or more of the Issuer, the Governing Body of the Issuer, the Sponsoring Entity and any of their successors, officers, directors, council members or commissioners.

"***Indenture***" means the Trust Indenture and Security Agreement, dated as of the date of this Agreement, between the Issuer and Regions Bank, as trustee, securing the Bonds.

"***Loan Payments***" means the amounts described in Section 4.1(a) and (b) of this Agreement.

"***Losses***" means losses, costs, damages, expenses, judgments, and liabilities of whatever nature (including, but not limited to, reasonable attorney's, accountant's and other professional's fees, litigation and court costs and expenses, amounts paid in settlement and amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other Person under any arrangement providing for indemnification of that Person) directly or indirectly resulting from arising out of or relating to one or more Claims.

"***Note***" means the tax-exempt master indenture note in the form attached to the Supplemental Master Trust Indenture as Exhibit A, which is secured by the Master Indenture executed by the Company and dated the Closing Date in the principal amount of the Bonds.

"***Opinion of Counsel***" means a written opinion of counsel, who may (except as otherwise expressly provided) be counsel to any party to a Bond Document, and shall be addressed to the Issuer and to the Trustee.

"***Organizational Documents***" of any corporation means the articles of incorporation, certificate of incorporation, corporate charter or other document pursuant to which such corporation was organized, and its bylaws, each as amended from time to time, and as to any other Person, means the instruments pursuant to which it was created and which govern its powers and the authority of its representatives to act on its behalf.

"***Participating Campuses***" means, collectively (whether one or more), the charter school campuses and facilities of the Company so designated under any Supplemental Master Trust Indenture.

"***Permanent School Fund***" means the Permanent School Fund of the State of Texas administered pursuant to Subchapter C, Chapter 45, Texas Education Code.

"***Project***" means the Project described in Exhibit A hereto.

"***Project Costs***" means costs permitted to be paid out of proceeds of the Bonds by the Act and by the Code including costs related to the Project (excluding the Costs of Issuance).

"***Regulated Chemical***" means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, state or local statute, regulation, ordinance or order, including without limitation:

a) any substance defined as "hazardous waste" under the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.);

b) any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.);

c) any substance defined as a "hazardous material" under the Hazardous Materials Transportation Act (49 U.S.C. §1800 et seq.);

d) any substance defined under any Texas statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

e) asbestos;

f) urea formaldehyde;

g) polychlorinated biphenyls;

h) petroleum, or any distillate or fraction thereof;

i) any hazardous or toxic substance designated pursuant to the laws of the State; and

j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

"***State***" means the State of Texas.

"***TEA***" means the Texas Education Agency, or any successor thereto.

(c) Certain terms, used primarily in Section 4.5 and Section 5.3, are defined in those Sections.

Section 1.2 Form of Documents Delivered to Trustee. Every certificate and every Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Agreement shall include a statement that the Person making such certification or opinion has read such covenant or condition and the definitions relating thereto, has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether such covenant or condition has been complied with, and a statement whether such condition or covenant has been complied with. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, in so far as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments hereunder, they may, but need not, be consolidated and form one instrument.

Section 1.3 Communications. All notices, demands, certificates, requests, consents, submissions or other communications hereunder shall be given as provided in the Indenture.

Section 1.4 Term of Agreement. This Agreement shall remain in full force and effect from the date of execution and delivery hereof until the Indenture has been discharged in accordance with the provisions thereof; provided, however, that (a) the provisions of this Section and of Section 3.10, Section 4.6, Section 5.1, Section 5.3, Section 5.5 and Section 7.6 of this Agreement shall survive any expiration or termination of this Agreement and (b) in addition, if the Indenture is discharged prior to the final Maturity of the Bonds, the provisions of Section 3.6, Section 3.9, Section 3.10, Section 4.1, Section 4.3, Section 4.6, Section 5.1, Section 5.3, and Section 5.5 of this Agreement shall continue until the final Maturity of the Bonds.

Section 1.5 Company's Approval of Bond Documents. The Bond Documents have been submitted to the Company for examination, and the Company acknowledges that, by execution of this Agreement, it has approved the Bond Documents and will perform the obligations imposed upon it under the Bond Documents.

Section 1.6 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.7 Successors and Assigns. All covenants and agreements in this Agreement by the Issuer and the Company shall bind their respective successors and assigns, whether so expressed or not. No assignment by the Issuer or the Company of this Agreement shall relieve them of their obligations hereunder.

Section 1.8 Separability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.9 Benefits of Agreement. Subject to Section 8.9 hereof, nothing in this Agreement or in the Bonds, express or implied, shall give to any Person, other than the parties to the Bond Documents and their successors and assigns hereunder, the Indemnified Parties and the Bondholders, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 1.10 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State.

Section 1.11 Amendments. This Agreement may be amended only as provided in the Indenture.

ARTICLE II.

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1 Representations, Warranties and Covenants of the Issuer. The Issuer represents, warrants and covenants that:

(a) Corporate Existence; Good Standing. The Issuer is a Texas nonprofit higher education finance corporation duly incorporated, organized, validly existing and in good standing under the Act and is empowered to act on behalf of the Sponsoring Entity.

(b) Power. The Issuer has full corporate power and authority under the Constitution and laws of the State and its Organizational Documents to adopt the resolution authorizing the issuance of the Bonds, to issue the Bonds, to execute and deliver the Bond Documents to be executed and delivered by it and to perform its obligations under such Bond Documents.

(c) Due Authorization. The Issuer has duly adopted the resolution authorizing the issuance of the Bonds and has duly authorized the execution and delivery of the Bond Documents to be executed and delivered by it.

(d) Enforceability. The Bond Documents to which the Issuer is a party and the Bonds constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms (except that (i) the enforceability of such Bond Documents may be limited by bankruptcy, reorganization, insolvency, fraudulent transfer, moratorium or other similar laws of general application relating to the enforcement of creditors' rights, (ii) certain equitable remedies, including specific performance, may be unavailable and (iii) the indemnification provisions contained therein may be limited by applicable securities laws and public policy).

(e) No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court, either State or federal, or public board or body pending or, to the Issuer's knowledge, threatened calling into question the creation or existence of the Issuer, the validity of the Bond Documents to be executed and delivered by it, the authority of the Issuer to execute and deliver the Bond Documents to be executed and delivered by it and to perform its obligations under the Bond Documents or the title of any Person to the office held by that Person with the Issuer.

(f) Non Contravention. The execution and delivery by the Issuer of the Bond Documents to be executed and delivered by it, and the performance of its obligations under such Bond Documents, will not violate in any respect any provision of law or regulation, or of any judgment, decree, writ, order or injunction, or of the Organizational Documents of the Issuer, and to the Issuer's knowledge, will not contravene the provisions of, or constitute a default under, or result in the creation of a lien, charge or encumbrance under, any agreement (other than the Indenture) to which the Issuer is a party or by which any of its properties constituting a part of the Trust Estate under the Indenture are bound.

(g) No Default. To the Issuer's knowledge, no event has occurred, and no condition currently exists, which constitutes or may, with the passage of time or the giving of notice, or both, constitute an Event of Default on the part of the Issuer.

(h) Amendments. The Issuer covenants that it will perform each of the covenants set forth in Article V of the Indenture for the benefit of the Company, and unless an Event of Default exists, will not join in any amendment of any Bond Document without the consent of the Company.

Each of the foregoing representations, warranties and covenants shall be deemed to have been made as of the date of this Agreement and again as of the Closing Date.

Section 2.2 Representations and Warranties of the Company. In addition to any other representation and warranty of the Company herein, the Company represents and warrants as follows:

(a) Corporate Existence; Good Standing; Power. The Company is a Texas nonprofit corporation duly organized, validly existing and in good standing under the laws of the State; is duly qualified, authorized and licensed to transact business in each jurisdiction wherein failure to qualify would have a material adverse effect on the conduct of its business or the ownership of its properties; and has full corporate power and authority to own its properties and to conduct its business as now being conducted.

(b) Accuracy of Information; No Misstatements. All of the documents, instruments and written information furnished by or on behalf of the Company to the Issuer or the Trustee in connection with the issuance of the Bonds are true and correct in all material respects and do not omit or fail to state any material facts necessary or required to be stated therein to make the information provided not misleading.

(c) No Defaults; Non Contravention. No event of default or event which, with notice or lapse of time or both, would constitute an event of default or a default under any agreement or instrument to which the Company is a party or by which the Company is or may be bound or to which any of the property or assets of the Company is or may be subject, and which would have a material adverse effect on the Company or which would impair its ability to carry out its obligations under the Bond Documents has occurred and is continuing; neither the execution nor the delivery by the Company of the Bond Documents to which it is party, nor the consummation of any of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof or thereof, will contravene the Organizational Documents of the Company or will conflict with, in any way which is material to the Company, or result in a breach of, any of the terms, conditions or provisions of, or constitute a default under, any corporate or limited partnership restriction or any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Company is a party or by which the Company is or may be bound or to which any of the property or assets of the Company is or may be subject, or any law or any order, rule or regulation (applicable as of the date hereof to the Company) of any court, or regulatory body, administrative agency or other governmental body having jurisdiction over the Company or its properties or operations, or will result in the creation or imposition of a prohibited lien, charge or other security interest or encumbrance of any nature upon any property or asset of

the Company under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) No Litigation. Except as disclosed in writing in connection with the offering of the Bonds, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened, wherein an adverse decision, ruling or finding (i) would result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of the Company or which would materially and adversely affect the properties of the Company, or (ii) would materially and adversely affect the transactions contemplated by, or the validity or enforceability of, the Bond Documents to which it is a party.

(e) Corporate Authority; Authorization and Enforceability of Transaction. The Company has full corporate power and authority to execute and deliver the Bond Documents to be executed by the Company and has full power and authority to perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Bond Documents to be executed by it. The Bond Documents to be executed by the Company have been duly authorized, executed and delivered by the Company and each constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms (except that (i) the enforceability of such Bond Documents may be limited by bankruptcy, reorganization, insolvency, fraudulent transfer, moratorium or other similar laws of general application relating to the enforcement of creditors' rights, (ii) certain equitable remedies, including specific performance, may be unavailable and (iii) the indemnification provisions contained therein may be limited by applicable securities laws and public policy).

(f) All Approvals. Except as otherwise disclosed in writing in connection with the offering of the Bonds, no consents, approvals, including federal tax related approvals, authorizations or any other actions by any governmental or regulatory authority that have not been obtained or taken are or will be required for the issuance and sale of the Bonds, the execution and delivery of the Bond Documents by the Company, the construction, ownership and operation of the Project or the consummation of the other transactions contemplated by the Bond Documents (except for such licenses, certificates, approvals or permits necessary for the construction of the Project for which the Company either has applied or shall apply with due diligence and which the Company expects to receive).

(g) No Conflict of Interest. No elected or appointed public official, employee, agent or representative of the Sponsoring Entity or any of its official boards, commissions or committees or any member of the Governing Body of the Issuer has any direct or indirect interest of any kind, or any right, agreement or arrangement to acquire such an interest in the Project, as owner, contractor, subcontractor, shareholder, general or limited partner, tenant or otherwise that would violate or require disclosure or other action under any law, regulation, charter or ordinance of the State or the Sponsoring Entity. All applicable state and local law requirements governing conflicts of interest and any additional conflict of interest requirements prescribed by the Secretary of the Treasury have been and will be satisfied with respect to the Bonds.

(h) Representations Regarding the Project. The Company intends to acquire and operate the Project during the term of this Agreement and to expend a portion of the proceeds of the Bonds in the Project Fund to pay Project Costs. In addition, the Project will be located in its entirety within the boundaries of the State. The principal amount of the Bonds is based upon the Company's most reasonable estimate of financing or refinancing the Project Costs as of the date hereof, which estimates are based upon sound engineering and accounting principles. The ownership of the Project will, at all times, be under the exclusive control and held for the exclusive benefit of the Company. The Company has obtained or will obtain all licenses and permits necessary with respect to acquisition, construction, reconstruction, improvement, expansion or operation, as the case may be, of the Project and all necessary approvals from any governmental bodies or agencies having jurisdiction in connection therewith.

(i) Certain Federal Tax Matters. The Company makes the following representations:

(1) The Company is an organization exempt from federal income taxation as provided in Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(2) The purposes, character, activities and methods of operation of the Company are not materially different from the purposes, character, activities and methods of operation at the time of its determination by the IRS as an organization described in Section 501(c)(3) of the Code (the "***Determination***") or otherwise at the time of its organization as an exempt organization within the meaning of Section 501(c)(3) of the Code, or have been disclosed to the IRS and the Company has received confirmation that such activities or methods of operation do not materially adversely affect the status of the Determination;

(3) The Company has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes (a) for which it is organized or operated, or (b) disclosed to the IRS in connection with the Determination;

(4) The Company has not operated during its five most recent fiscal years or the current fiscal year, as of the date hereof, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-(1)(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(5) With the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Company, no individual who would be a "foundation manager" within the meaning of Section 4946(b) of the Code with respect to the Company, nor any Person controlled by any such individual or individuals or any of their Affiliates, nor any Person having a personal or private interest in the activities of the Company has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Company during the current Fiscal Year and the five Fiscal Years preceding the current Fiscal Year, other than as reported to the IRS by the Company;

(6) The Company is not a "private foundation" within the meaning of Section 509(a) of the Code;

(7) The Company has not received any indication or notice whatsoever to the effect that its exemption under Section 501(a) of the Code by virtue of being an organization described under Section 501(c)(3) of the Code has been revoked or modified, or that the IRS is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(8) The Company has timely filed with the IRS all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact, and the Company has timely notified the IRS of any changes in its organization and operation since the date of the application for the Determination;

(9) The Company has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code;

(10) The Company has not taken any action, nor does it know of any action that any other Person has taken, nor does it know of the existence of any condition that would cause the Company to lose its exemption from taxation under Section 501(a) of the Code or cause interest on the Bonds to be includable in the income of the recipients thereof for federal income tax purposes;

(11) All of the documents, instruments and written information supplied by or on behalf of the Company, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes or Bond Counsel in rendering an opinion with respect to the status of the Company under Section 501(c)(3) of the Code, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(j) Indenture. The Indenture has been submitted to the Company for its examination, and the Company acknowledges, by execution of this Agreement, that it has reviewed the Indenture and that it accepts each of its obligations expressed or implied thereunder.

(k) Security Interests. The Company has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the collateral granted hereunder and described in Section 4.3 that ranks on a parity with or prior to the lien granted hereunder that will remain outstanding on the Closing Date. The Company has not described the collateral in a UCC financing statement that will remain effective on the Closing Date. The Company will not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the collateral that ranks prior to or on a parity with the lien granted hereunder, or file any financing

statement describing any such pledge assignment, lien or security interest, except as expressly permitted by the Bond Documents.

(l) Other Representations and Warranties. Any certificate with respect to factual or financial matters signed by an officer of the Company and delivered to the Issuer or the Trustee shall be deemed a representation and warranty by the Company as to the statements made therein.

Each of the foregoing representations and warranties shall be deemed to have been made as of the date of this Agreement and again as of the Closing Date.

ARTICLE III.

THE PROJECT

Section 3.1 Acquisition of the Project.

(a) The Company agrees to utilize the amounts in the Project Account of the Project Fund to pay Project Costs and to complete the acquisition of the Project and to operate the Project as educational facilities as defined in the Act in furtherance of the public purposes of the Act.

Section 3.2 Disbursements of Bond Proceeds.

(a) Disbursements from the Project Account of the Project Fund. Pursuant to the provisions of the Indenture, there shall be deposited into the Project Account of the Project Fund a portion of the proceeds received from the sale of the Bonds. Subject to Section 405 of the Indenture, the Trustee is authorized and directed to make payments to or at the direction of the Company from the Project Account of the Project Fund, as requested by the Company (by signing at the bottom of the Requisition Certificate) to pay third parties with respect to any Project Costs and also to reimburse the Company for any Project Costs paid directly by the Company upon receipt of a Requisition Certificate substantially in the form attached as Exhibit B to the Indenture. The Company shall retain copies of all such Requisition Certificates until the date that is six (6) years from the first date on which no Bonds are Outstanding.

(b) Disbursements from other Accounts within the Project Fund. Subject to Section 405 of the Indenture, the Trustee is authorized and directed to disburse funds on or after the Closing Date from any account or subaccount established within the Project Fund upon receipt of a Requisition Certificate. The Company shall retain copies of all Requisition Certificates until the date that is six (6) years from the first date on which no Bonds are Outstanding. Ninety (90) days following the Closing Date, the Costs of Issuance Account shall be closed and any funds remaining therein shall be transferred to the Project Account of the Project Fund and made available to pay any Project Costs relating to the Project.

(c) The Trustee may rely fully on any Requisition Certificate delivered pursuant to this Section 3.2 and shall not be required to make any investigation in connection therewith.

Section 3.3 Completion of Project if Bond Proceeds Insufficient. The Company agrees to pay all Project Costs which are not, or cannot be, paid or reimbursed from the proceeds of the

Bonds. The Company agrees that if, after exhaustion of the moneys in the Project Fund established pursuant to the Indenture, the Company should pay any portion of the Project Costs, it shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or from any Bondholder, nor shall it be entitled, as a consequence of such unreimbursed payment, to any abatement, postponement or diminution of the amounts payable under this Agreement.

Section 3.4 Reserved.

Section 3.5 Modification of the Project. The Project may be altered or added to by the Company; provided, however, that the Company shall make no revision to the Project that results in the Project ceasing to: (i) constitute educational facilities, as defined in the Act, or (ii) be substantially similar to the Project as approved by the Issuer; provided, further, that no revision to the Project may be made unless the Company has delivered a Favorable Opinion of Bond Counsel to the Trustee.

Section 3.6 Casualty and Condemnation.

(a) In the event of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Project, the Company shall promptly engage the services of a Construction Consultant, which shall make a determination as to the amount of insurance or condemnation proceeds anticipated to result therefrom within fifteen (15) days of the occurrence of such damage, destruction, condemnation or taking.

(b) If the insurance or condemnation proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Project as determined by a Construction Consultant pursuant to paragraph (a) above are equal to or less than $250,000, such proceeds shall be transferred to the Trustee for deposit in the Insurance Proceeds Account of the Project Fund and shall be applied to repair, restore, modify, improve or replace the related Project. The Trustee is hereby directed to make payments from the Insurance Proceeds Account of the Project Fund for such purposes or to reimburse the Company for costs paid by it in connection therewith upon receipt of a Requisition Certificate signed by an Authorized Representative of the Company and a Construction Consultant in the same form as Exhibit B to the Indenture. Any balance of the insurance or condemnation proceeds remaining in the Insurance Proceeds Account after the Project has been repaired, restored or replaced to a state substantially like that prior to the event of damage, destruction or taking, as determined by a Construction Consultant, shall, upon delivery to the Trustee of a certificate executed by a Construction Consultant to such effect, be deposited to the Debt Service Fund and applied to the redemption of the Bonds at the earliest practical date.

(c) If the insurance or condemnation proceeds of any damage, destruction, condemnation or taking under the threat of condemnation with respect to the Project as determined by a Construction Consultant pursuant to paragraph (a) above are greater than $250,000, such insurance or condemnation proceeds shall be transferred to the Trustee for deposit in the Insurance Proceeds Account of the Project Fund for the Bonds, and:

(1) The Company shall immediately request that a Construction Consultant prepare a report to determine (A) if the repair, reconstruction, restoration or replacement

of the Project or a portion thereof damaged or taken is economically feasible and will restore the Project to the physical and operating condition as existed before and (B) if the Company will have sufficient funds from the insurance proceeds and other available funds to make the payments required hereunder when due, to pay the cost of repairing, reconstructing, restoring or replacing the portion of the Project affected by such loss, damage or condemnation (including without limitation architects' and attorneys' fees and expenses), to pay the Company's operating costs until completion of the repair, construction or replacement of such portion of the Project which report shall be delivered to the Trustee and any holder owning at least ten percent (10%) in aggregate principal amount of any series of Outstanding Bonds, within thirty (30) days of the occurrence of such damage, destruction, condemnation or taking. If the report determines the foregoing conditions are satisfied, then within thirty (30) days after delivery thereof, the Company shall deliver to the Trustee:

(A) cash in an amount equal to the funds, if any, in excess of insurance proceeds required by the report delivered under clause (1) above for deposit in a special separate account of the Project Fund; and

(B) such other documents and information as the holders of a majority of the Outstanding Bonds may reasonably require; and

the Company shall promptly proceed to repair, reconstruct and replace the affected portion of the Project, including all fixtures, furniture and equipment and effects, to its original condition to the extent possible. Each request for payment shall comply with the requirements of the Indenture in Section 405 for payments from the Project Fund.

(2) If a Construction Consultant's report determines that the conditions are not satisfied or fail to meet the requirements relating to repair or reconstruction or replacement in clause (1) above, the Company shall prepay the Loan and the Bonds shall be redeemed as set forth in paragraph (e) below.

(d) Under the circumstances set forth in subsection (c)(1) hereof, if the insurance or condemnation proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement undertaken pursuant to this Section, the Company will nonetheless complete the work and will pay any costs in excess of the amount of the insurance or condemnation proceeds held by the Trustee. The Company agrees that if by reason of any such insufficiency of the insurance or condemnation proceeds, the Company shall make any payments pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Trustee or any Bondholder, nor shall the Company be entitled to any diminution of the amount payable hereunder.

(e) Under the circumstances set forth in subsection (c)(2) hereof, the Loan shall be paid and the Bonds redeemed in full without premium and the insurance proceeds shall be transferred by the Trustee from the applicable account of the Project Fund to the Debt Service Fund for such purpose. If the insurance proceeds are insufficient to redeem the Bonds in full, the Company shall provide to the Trustee for deposit into the Debt Service Fund moneys which, together with the

insurance proceeds, will be sufficient to redeem all of the Bonds pursuant to the Extraordinary Optional Redemption provisions of the Bonds. In the event that the Company has completed any repair, reconstruction or replacement of the Project after the occurrence of any damage, destruction or condemnation and there are excess insurance proceeds, such excess shall be deposited in the Debt Service Fund and applied to the redemption of all or a portion of the Bonds pursuant to the Extraordinary Optional Redemption provision of the Bonds.

Section 3.7 Inspection of the Project. The Company agrees that the Issuer and its duly authorized agents, including the Trustee, may, but have no obligation to, at reasonable times as determined by the Company, enter upon the Project site and examine and inspect the Project and, upon the occurrence of an Event of Default, the books and records of the Company that relate to the Project.

Section 3.8 Maintenance and Operation. The Company undertakes to cause each item of its buildings and other facilities, including the Project, to be maintained and operated so long as the operation of each such item, in the sole judgment of the Company, is economical, lawful, and feasible and in accordance with good operating practice. The Company agrees that during the term of this Agreement it will pay all costs of operating, maintaining, and repairing its buildings and other facilities, including the Project, and that the Issuer shall have no responsibility or liability whatsoever for operating, maintaining, or repairing its buildings and other facilities, including the Project. The Company agrees that it shall not enter into a contract for the management of the Project by a third party service provider unless it receives a Favorable Opinion of Bond Counsel.

Section 3.9 No Establishment and No Impairment of Religion. The Company and the Issuer intend that the Loan and all other transactions provided for in this Agreement be made in strict compliance with all applicable laws and constitutional provisions of the United States and the State. Accordingly, the Company agrees that to the full extent required from time to time by applicable laws and constitutional provisions of the United States and the State in order for the Loan to the Company and all other transactions provided for in this Agreement to be made and effected in compliance with such laws and constitutional provisions: (a) no part of the Project financed or refinanced in whole or in part with proceeds of the Bonds shall be used for sectarian instruction or as a place of religious worship; (b) notwithstanding the payment in full of the Loan Payments and the Bonds, and notwithstanding the termination of this Agreement, each such part of the Project will continue to be subject to the restrictions set out in clause (a) of this Section for so long as it is owned by the Company, or any voluntary grantee of the Company, provided, the continuance of such restriction is necessary to preserve the exemption from federal income taxation of interest on the Bonds under the Code. Provided, however, that to any extent that a restriction or agreement set out in this Section shall at any time not be required in order for the loan to the Company and all other transactions provided for in this Agreement to be made and effected in compliance with applicable constitutional provisions of the United States and the State, such restriction or agreement shall, to that extent and without necessary action by any party, be without any force or effect; and provided further, that in no event shall such restriction or agreement set out in this Section be more expansive than required by an applicable constitutional provision.

Section 3.10 Issuer Relieved From Responsibility With Respect to Project. The Company and the Issuer hereby expressly acknowledge and agree that the Issuer is under no responsibility to insure, maintain, operate or repair the Project or to pay taxes with respect thereto, and the Company expressly relieves the Issuer from any such responsibility.

Section 3.11 Force Majeure. If by reason of Force Majeure the Company shall be rendered unable wholly or in part to carry out its obligations under this Article (other than its obligations to pay money contained in this Agreement), and if the Company gives notice and full particulars of such Force Majeure in writing to the Issuer and to the Trustee within a reasonable time after failure to carry out such obligations, then the obligations of the Company under this Article, so far as they are affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, including a reasonable time for removal of the effect thereof. The requirement that any Force Majeure shall be reasonably beyond the control of the Company shall be deemed to be fulfilled even though any existing or impending strike, lockout or other industrial disturbance may not be settled but could have been settled by acceding to the demand of the opposing Person. The occurrence of any Force Majeure shall not suspend or otherwise abate, and the Company shall not be relieved from, the obligation to pay the Bonds and to pay any other payments required to be made by it under this Agreement at the times required. For purposes of this Section, "***Force Majeure***" means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts or orders of any kind of the government of the United States of America, or of any state or locality thereof, or any civil or military authority, terrorist acts, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, nuclear accidents, wars, breakage or accidents to machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability.

Section 3.12 Insurance. So long as the Bonds remain Outstanding, the Company shall at all times keep and maintain the insurance required by Section 213 of the Master Indenture.

Section 3.13 Disposition of Project. The Company covenants that the Project will not be sold or otherwise disposed of in a transaction resulting in the receipt by the Company of cash or other compensation, unless the Company delivers a Favorable Opinion of Bond Counsel to the Issuer and the Trustee; provided that this provision shall not apply to any portion of the Property comprising personal property and disposed of in the ordinary course of business.

ARTICLE IV.

PAYMENTS

Section 4.1 Loan Payments.

(a) To repay the Loan of the proceeds of the Bonds evidenced by the Note, the Company shall, subject to the limitations of Section 4.5 of this Agreement and after taking into account any balances remaining in the respective funds, make or cause to be made Loan Payments

in immediately available funds in accordance with the Indenture and this Agreement directly to the Trustee as follows:

(1) on or before the earlier of the fifth (5th) Business Day prior to any Interest Payment Date or the 25th day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of interest which is due on the next ensuing date for payment of such interest with respect to the Bonds;

(2) on or before the earlier of the fifth (5th) Business Day prior to any Interest Payment Date or the 25th day of each month, in equal monthly installments, for deposit in the Debt Service Fund, amounts sufficient to provide for the payment of the principal of or sinking fund payment on the Bonds which is next due for payment of such principal or for such sinking fund redemption payment; and

(3) following any draw upon or payment from the Guarantee, TEA Guarantee Payments in the amounts and on the dates set forth in the Guarantee and Section 6.2 of this Agreement.

(b) If, subsequent to a date on which the Company is not obligated to pay the Loan Payments (as a result of defeasance of the Bonds pursuant to Section 1002 of the Indenture), losses (net of gains) shall be incurred in respect of any investments, or any other event or circumstance has occurred causing the amounts in the Debt Service Fund, together with any other amounts then held by the Trustee and available for the purpose, to be less than the amount sufficient at the time of such occurrence or other event or circumstance to pay, in accordance with the provisions of the Indenture, all principal of (premium, if any) and interest on the Bonds due and payable or to become due and payable, the Trustee shall notify the Company of such fact and thereafter the Company, as and when required for purposes of such Debt Service Fund, but subject to the limitations of Section 4.5 of this Agreement, shall pay to the Trustee for deposit in the Debt Service Fund the amount of any such deficiency below such sufficient amount.

(c) If the TEA, the Texas Attorney General, the Texas Comptroller of Public Accounts, or any other agency with authority over the expenditures or safekeeping of State Revenues, notifies the Company that the Bonds do not provide benefits to all Participating Campuses sufficient to satisfy the requirements under Section 12.107, Texas Education Code, then the Company shall only provide Loan Payments from any Participating Campuses in excess of its Pro-Rata share through a loan to any other Participating Campuses that cannot pay its Pro-Rata share. Such loan shall not constitute Debt under the terms of the Master Indenture, the Indenture or any Supplement to either document, the Company shall have no duty to notify the Trustee of any such notification or loan, and the Trustee shall have no duty or responsibility to enforce this Section; provided, that nothing herein shall diminish or otherwise excuse performance of the payment obligations of the Company pursuant to this Section or limit the application of Section 4.4 hereof. For purposes of this paragraph, "***Pro-Rata***" means in proportion to the percentage of Bond proceeds spent on improvements to schools operated under a specific charter, such that the amount of Loan Payments made from State Revenues with respect to schools operated under a particular charter is proportional to the percentage of Bond proceeds spent on improvements to the schools operated under such charter in accordance with Section 12.107, Texas Education Code.

Section 4.2 Prepayment of Loan; Redemption of Bonds. The Company may at any time deliver money or Defeasance Obligations to the Trustee with instructions to the Trustee to hold such money or Defeasance Obligations pursuant to the Indenture in connection with a deemed payment or redemption of Bonds. The Issuer agrees that, at the request at any time of the Company, it will exercise its rights and otherwise cooperate with the Company to cause the Bonds or any portion thereof to be redeemed to the extent required or permitted by the Indenture. Except to the extent of any such deemed payment or any redemption of the Bonds in whole or in part, neither the Loan made hereunder nor the Note shall be prepayable. Any excess or unclaimed money held by the Trustee under the Indenture shall be paid by the Trustee to the Company in accordance with Article V or Article X of the Indenture, as applicable.

Section 4.3 Security Interests.

(a) As security for repayment of the Note and performance of the Company's obligations under this Agreement, the Company hereby pledges, sets over, assigns and grants a security interest to the Issuer in all of the Company's right, title and interest in and to all amounts at any time deposited in the funds established pursuant to the Indenture (except the Rebate Fund), including all investments and reinvestments made with such amounts and the proceeds thereof, and in all of its rights to and interests in such amounts, investments, reinvestments and proceeds. The Company hereby authorizes and directs the Trustee to invest and disburse such amounts and proceeds in accordance with the Indenture and this Agreement. The Company represents that, under the laws of the State, (i) this Agreement creates a valid and binding security interest in favor of the Issuer as security for the payment of the Note, enforceable in accordance with the terms hereof; and (ii) the security interest in the collateral granted hereunder, is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Company on a simple contract. The Company hereby authorizes the Issuer and the Trustee to file any financing statements or continuation statements necessary to maintain the perfection of the security interests granted hereby.

(b) The Company will (i) upon the execution and delivery of the Bond Documents and thereafter, from time to time cause any Bond Document and each amendment and supplement thereto (or financing statements or a memorandum with respect thereto or to such amendment or supplement) to be filed, registered and recorded and to be refiled, reregistered and rerecorded in such manner and in such places as may be required in order to publish notice of and fully to protect the liens, or to perfect or continue the perfection of the security interests, created thereby, and (ii) perform or cause to be performed from time to time any other act as required by law, and execute or cause to be executed any and all instruments of further assurance that may be necessary for such publication, perfection, continuation and protection, including without limitation the execution of any deposit account control agreement and the delivery of legal opinions as to the perfection of any such security interests. The Company will not change or relocate its place of business (or its chief executive office if it has more than one place of business) unless it has taken all actions, and made all filings necessary to continue the effectiveness and perfection of all security interests created by the Bond Documents to which it is a party. At the expense of the Company, the Trustee shall either (i) file continuation statements as may be required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents, or (ii) confirm, on an annual basis, the filing of continuation statements by the Company required to maintain the

perfection and priority of the security interests granted hereby and by the Bond Documents and, if necessary, make such filings as may be required to maintain the perfection and priority of the security interests granted hereby and by the Bond Documents.

(c) Under the Indenture, the Issuer is, as security for the Bonds, pledging, assigning, transferring and granting a security interest in certain of its rights, title and interest under this Agreement to the Trustee. The Company agrees that this Agreement, and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Issuer shall be protected and enforced in conformity with the Indenture and (except for the Issuer's Unassigned Rights) are being assigned by the Issuer to the Trustee as security for the Bonds and may be exercised, protected and enforced solely by the Trustee for or on behalf of the Bondholders in conformity with this Agreement and the Indenture. The Trustee is hereby given the exclusive right to enforce, as assignee of the Issuer, the performance of the obligations of the Company, and the Company hereby consents to the same and agrees that the Trustee may enforce such rights as provided in this Agreement and in the Indenture. The Issuer and the Company recognize that the Trustee is a third party creditor-beneficiary of this Agreement. The Issuer hereby directs the Company to make all payments (other than payments relating to any money or rights not granted to the Trustee as part of the Trust Estate pursuant to the granting clauses in the Indenture) to the Trustee instead of to the Issuer and the Company hereby agrees to do so. All such payments shall be made in lawful money of the United States of America directly to the Trustee, as assigned by the Issuer, at the location specified by the Trustee, and shall be applied as provided in Section 4.1 of this Agreement. The Company and the Issuer further acknowledge that except for the obligation of the Trustee to credit amounts paid or recovered from this Agreement or the collateral therefor to the Issuer's debt evidenced by the Bonds and except for certain rights not granted to the Trustee as part of the Trust Estate, the Issuer has no further interest in this Agreement and the Trustee shall have the exclusive right (subject to the provisions of the Indenture) to grant consents, extensions, forgiveness, and waivers, make amendments, release collateral and otherwise deal with the Company as the sole owner of this Agreement and the Trustee exclusively may start and prosecute suit hereon or otherwise take action to recover amounts owing under this Agreement without first obtaining the consent of the Issuer or without joining the Issuer as a plaintiff.

Section 4.4 Nature of Obligations of the Company. The Company agrees that its obligations to make payments hereunder shall be absolute and unconditional, irrespective of any rights of set-off, diminution, abatement, recoupment or counterclaim the Company might otherwise have against any Person, and except in connection with a discharge of the Indenture, the Company will perform and observe all its payment obligations and covenants, representations and warranties hereunder without suspension and will not terminate the Bond Documents to which it is a party for any cause. The Company covenants not to seek and hereby waives, to the extent permitted by applicable law, the benefits of any rights which it may have at any time to any stay or extension of time for performance or to terminate, cancel or limit its liability under the Bond Documents to which it is a party except through payment or deemed payment of the Bonds as provided in such Bond Documents. The Bondholders shall be entitled to rely upon the agreements and covenants in this Section regardless of the validity or enforceability of the remainder of this Agreement or any other Bond Document or agreement.

The preceding paragraph shall not be construed to release the Issuer from the performance of any of its agreements contained in this Agreement, or except to the extent provided in this Section and Section 5.1, prevent or restrict the Company from asserting any rights which it may have against the Issuer, the Trustee or any other Person under this Agreement or any of the other Bond Documents to which it is a party or under any provision of law or prevent or restrict the Company, at its own cost and expense, from prosecuting or defending any action or proceeding against or by third parties or taking any other action to secure or protect its rights in connection with the acquisition, construction, improvement, possession and use of the Project and its rights under such Bond Documents.

Section 4.5 Limitation on Interest. Notwithstanding any provision of the Bond Documents to the contrary, it is hereby agreed that in no event shall the amount of interest (as defined and calculated in accordance with applicable law) contracted for, charged, reserved, received or taken in connection with any loan made hereunder exceed the amount of interest which could have been contracted for, charged, reserved, received or taken at the Highest Lawful Rate. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Bond Documents or otherwise contracted for, charged, reserved, received or taken in connection with any loan made hereunder, or if the Trustee's exercise of the right to accelerate the Maturity of any loan made hereunder or if any prepayment of any such loan by the Company results in there having been paid or received any interest in excess of that permitted by applicable law, then notwithstanding anything to the contrary contained in the Bond Documents, all excess amounts theretofore paid or received shall be credited on the principal balance of such loan (or, if such loan has been or would thereby be paid in full, refunded), and the provisions of this Agreement and the related Note shall immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid for the use, forbearance or detention of the indebtedness evidenced by any such loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the rate or amount of interest on account of such indebtedness does not exceed the usury ceiling from time to time in effect and applicable to such indebtedness for so long as such indebtedness is outstanding (it being understood that the foregoing provisions permit the rate of interest on such loan to exceed the Highest Lawful Rate for any day as long as the total amount of interest paid on such loan from the date of initial delivery of the Bonds to the date of calculation does not exceed the amount of interest which would have been paid on such loan to the date of calculation if such loan had borne interest for such period at the Highest Lawful Rate). For purposes of this Section, "***Highest Lawful Rate***" means the maximum rate of non-usurious interest (determined as provided in this Agreement) applicable to each loan made to the Company under this Agreement allowed from time to time by applicable law as is now in effect or, to the extent allowed by applicable law, such higher rate as may hereafter be in effect.

Section 4.6 Fees and Expenses.

(a) Issuer. The Company agrees to pay promptly upon demand therefor all fees and costs paid, incurred or charged by the Issuer in connection with the Bonds, including without limitation, (i) all out-of-pocket expenses and Costs of Issuance (including reasonable fees and

expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the issuance of the Bonds and the administration of the Bond Documents, (ii) all payments required to be paid by the Issuer with respect to the Bonds, and (iii) out-of-pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the enforcement of any of its rights or remedies or the performance of its duties under the Bond Documents to which it is a party.

(b) Trustee and Paying Agent. The Company agrees to pay all costs paid, incurred or charged by the Trustee and the Paying Agent including, without limitation, (i) all fees and out-of-pocket expenses incurred with respect to services rendered under any of the Bond Documents, (ii) all amounts payable to the Trustee and the Paying Agent pursuant to Section 807 of the Indenture, and (iii) all out-of-pocket expenses (including reasonable fees and expenses of attorneys employed by the Paying Agent and the Trustee) incurred in connection with the enforcement of any rights or remedies or the performance of duties under the Bond Documents.

(c) TEA. The Company agrees unconditionally that it will pay or reimburse TEA on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that TEA may pay or incur, including, but not limited to, fees and expenses of TEA's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Bond Documents. For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of TEA spent in connection with the actions described in the preceding sentence.

ARTICLE V.

COVENANTS OF THE COMPANY

Section 5.1 Indemnification.

(a) AGREEMENTS TO INDEMNIFY. THE COMPANY AGREES THAT IT WILL AT ALL TIMES INDEMNIFY AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES AGAINST ANY AND ALL LOSSES OTHER THAN LOSSES RESULTING FROM FRAUD, WILLFUL MISCONDUCT OR THEFT ON THE PART OF THE INDEMNIFIED PARTY CLAIMING INDEMNIFICATION. IT IS THE EXPRESS INTENTION AND AGREEMENT OF THE PARTIES THAT THE COMPANY WILL INDEMNIFY THE INDEMNIFIED PARTIES AGAINST LOSSES WHICH ARISE FROM THE NEGLIGENCE OF ANY INDEMNIFIED PARTY.

(b) Release. None of the Indemnified Parties shall be liable to the Company for, and the Company hereby releases each of them from, all liability to the Company for, all injuries, damages or destruction to all or any part of any property owned or claimed by the Company that directly or indirectly result from, arise out of or relate to the design, construction, operation, use, occupancy, maintenance or ownership of the Project or any part thereof, even if such injuries, damages or destruction directly or indirectly result from, arise out of or relate to, in whole or in

part, one or more acts or omissions of the Indemnified Parties (other than fraud, willful misconduct or theft on the part of the Indemnified Party claiming release) in connection with the issuance of the Bonds or in connection with the Project.

(c) Subrogation. Each Indemnified Party, as appropriate, shall reimburse the Company for payments made by the Company pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any other source (but not from the proceeds of any claim against any other Indemnified Party) with respect to any Loss to the extent necessary to prevent a multiple recovery by such Indemnified Party with respect to such Loss. At the request and expense of the Company, each Indemnified Party shall claim or prosecute any such rights of recovery from other sources (other than any claim against another Indemnified Party) and such Indemnified Party shall assign its rights to such rights of recovery from other sources (other than any claim against another Indemnified Party), to the extent of such required reimbursement, to the Company.

(d) Notice. In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against the Company, such Indemnified Party promptly shall notify the Company in writing; provided, however, that any failure so to notify shall not relieve the Company of its obligations under this Section.

(e) Defense. The Company shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by the Company, in writing, (ii) the Company has failed after receipt of notice of such Claim to assume the defense and to employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and the Company, and the Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company (in which case, if such Indemnified Party notifies the Company in writing that it elects to employ separate counsel at the Company's expense, the Company shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that the Company shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by the Indemnified Parties).

(f) Cooperation; Settlement. Each Indemnified Party shall cooperate with the Company in the defense of any action or Claim. The Company shall not be liable for any settlement of any action or Claim without the Company's consent but, if any such action or Claim is settled with the consent of the Company or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the Company shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment to the extent provided in subsection (a).

(g) Survival; Right to Enforce. The provisions of this Section shall survive the termination of this Agreement, and the obligations of the Company hereunder shall apply to Losses or Claims under subsection (a) whether asserted prior to or after the termination of this Agreement. In the event of failure by the Company to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Section. The obligations of the Company under this Section shall not be affected by any assignment or other transfer by the Issuer of its rights, titles or interests under this Agreement to the Trustee pursuant to the Indenture and will continue to inure to the benefit of the Indemnified Parties after any such transfer. The provisions of this Section shall be cumulative with and in addition to any other agreement by the Company to indemnify any Indemnified Party.

(h) INDEMNIFICATION OF TRUSTEE. THE COMPANY ALSO AGREES TO INDEMNIFY THE TRUSTEE, AND ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AFFILIATES (INCLUDING WITHOUT LIMITATION, THE TRUSTEE AS PAYING AGENT AND BOND REGISTRAR UNDER THE INDENTURE) OR SUCCESSORS (COLLECTIVELY, THE "***INDEMNITEES***"), FOR, AND TO DEFEND AND HOLD THEM HARMLESS AGAINST, ANY LOSS, LIABILITY, CLAIMS, PROCEEDINGS, SUITS, DEMANDS, PENALTIES, COSTS AND EXPENSES, INCLUDING WITHOUT LIMITATION, THE COSTS AND EXPENSES OF OUTSIDE AND IN HOUSE COUNSEL AND EXPERTS AND THEIR STAFFS AND ALL EXPENSES OF DOCUMENT LOCATION, DUPLICATION AND SHIPMENT AND OF PREPARATION TO DEFEND AND DEFENDING ANY OF THE FOREGOING ("***LOSSES***"), THAT MAY BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE IN RESPECT OF (I) ANY LOSS, OR DAMAGE TO ANY PROPERTY, OR INJURY TO OR DEATH OF ANY PERSON, ASSERTED BY OR ON BEHALF OF ANY PERSON ARISING OUT OF, RESULTING FROM, OR IN ANY WAY CONNECTED WITH THE PROJECT, OR THE CONDITIONS, OCCUPANCY, USE, POSSESSION, CONDUCT OR MANAGEMENT OF, OR ANY WORK DONE IN OR ABOUT THE PROJECT OR FROM THE PLANNING, DESIGN, ACQUISITION OR CONSTRUCTION OF ANY PROJECT FACILITIES OR ANY PART THEREOF, (II) THE ISSUANCE OF THE BONDS OR THE ISSUER'S AUTHORITY THEREFORE; (III) THE INDENTURE AND ANY INSTRUMENT RELATED THERETO, (IV) THE TRUSTEE'S EXECUTION, DELIVERY AND PERFORMANCE OF THE INDENTURE AND THE OTHER BOND DOCUMENTS EXCEPT TO THE EXTENT SUCH INDEMNITEE'S NEGLIGENCE OR BAD FAITH PRIMARILY CAUSED THE LOSS, AND (V) COMPLIANCE WITH OR ATTEMPTED COMPLIANCE WITH OR RELIANCE ON ANY INSTRUCTION OR OTHER DIRECTION UPON WHICH THE TRUSTEE MAY RELY UNDER THE INDENTURE OR ANY INSTRUMENT RELATED THERETO. THE COMPANY FURTHER AGREES TO INDEMNIFY THE INDEMNITEES AGAINST ANY LOSSES AS A RESULT OF (1) ANY UNTRUE STATEMENT OR ALLEGED UNTRUE STATEMENT OF ANY MATERIAL FACT OR THE OMISSION OR ALLEGED OMISSION TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE NOT MISLEADING IN ANY STATEMENT, INFORMATION OR MATERIAL FURNISHED BY THE COMPANY TO THE ISSUER OR THE TRUSTEE, INCLUDING, BUT NOT LIMITED TO ANY DISCLOSURE UTILIZED IN CONNECTION WITH THE SALE OF THE BONDS OR (2) THE

INACCURACY OF THE STATEMENTS CONTAINED IN ANY SECTION OF ANY BOND DOCUMENT RELATING TO ENVIRONMENTAL REPRESENTATIONS AND WARRANTIES. THE FOREGOING INDEMNIFICATION SHALL INCLUDE, WITHOUT LIMITATION, INDEMNIFICATION FOR ANY STATEMENT OR INFORMATION CONCERNING THE COMPANY OR ITS OFFICERS AND MEMBERS OR ITS PROPERTY CONTAINED IN ANY OFFICIAL STATEMENT OR OTHER OFFERING DOCUMENT FURNISHED TO THE TRUSTEE OR THE PURCHASER OF ANY BONDS THAT IS UNTRUE OR INCORRECT IN ANY MATERIAL RESPECT, AND ANY OMISSION FROM SUCH OFFICIAL STATEMENT OR OTHER OFFERING DOCUMENT OF ANY STATEMENT OR INFORMATION WHICH SHOULD BE CONTAINED THEREIN FOR THE PURPOSE FOR WHICH THE SAME IS TO BE USED OR WHICH IS NECESSARY TO MAKE THE STATEMENTS THEREIN CONCERNING THE COMPANY, ITS OFFICERS AND MEMBERS AND ITS PROPERTY NOT MISLEADING IN ANY MATERIAL RESPECT. THE FOREGOING IS IN ADDITION TO ANY OTHER RIGHTS, INCLUDING RIGHTS TO INDEMNIFICATION, TO WHICH THE TRUSTEE MAY OTHERWISE BE ENTITLED.

Section 5.2 Removal of Liens. If any lien, encumbrance or charge of any kind based on any claim of any kind (including, without limitation, any claim for income, franchise or other taxes, whether federal, state or otherwise) shall be asserted or filed against the Trust Estate, or any Loan Payment paid or payable by the Company under or pursuant to this Agreement, or any order (whether or not valid) of any court shall be entered with respect to the Trust Estate, or any such Loan Payment by virtue of any claim of any kind, in any case so as to:

(a) interfere with the due payment of such amount to the Trustee or the due application of such amount by the Trustee or any Paying Agent pursuant to the applicable provisions of the Indenture,

(b) subject the Bondholders to any obligation to refund any money applied to payment of principal (premium, if any) and interest on any Bond, or

(c) result in the refusal of the Trustee or any Paying Agent to make such due application because of its reasonable determination that liability might be incurred if such due application were to be made,

then the Company will promptly take such action (including, but not limited to, the payment of money) as may be necessary to prevent, or to nullify the cause or result of, such interference, obligation or refusal, as the case may be.

Section 5.3 Tax Covenants. The Company will not, through any act or omission, adversely affect the exclusion from gross income of interest paid or payable on Bonds for federal income tax purposes, and, in the event of such action or omission, it will use all reasonable efforts to cure the effect of such action or omission. Certain terms used in this Section are defined in Section 5.3(r). With the intent not to limit the generality of the foregoing, the Company covenants and agrees that prior to the final Maturity of the Bonds, unless it has received and filed with the Issuer and the Trustee a Favorable Opinion of Bond Counsel:

(a) Maintenance of Exempt Status. The Company will (i) conduct its operations in a manner that will result in its continued qualification as an organization described in Section 501(c)(3) of the Code as represented in Section 2.2(i)(1) through 2.2(i)(11) of this Agreement, and (ii) timely file or cause to be filed all materials, returns, reports and other documents which are required to be filed with the IRS.

(b) Diversion of Funds for Unrelated Purposes. The Company will not divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated as represented in Section 2.2(i)(1) through 2.2(i)(10) of this Agreement.

(c) Notification of the Internal Revenue Service. The Company will timely notify the IRS of any changes in its organizational documents or method of operations to the extent that the IRS does not already have knowledge of any such changes.

(d) Ownership of Project. All of the property financed or refinanced with the Net Proceeds of the Bonds will, at all times prior to final Maturity of the Bonds or prior to the expiration of the useful life of such property, be owned for federal income tax purposes by the Company or by another Exempt Person.

(e) Use of Net Proceeds. The Company will not use or permit to be used, directly or indirectly, in any trade or business carried on by any Person who is not an Exempt Person, more than the lesser of (i) 5 percent of the Net Proceeds of the Bonds, or (ii) $15,000,000. For purposes of the preceding sentence, (w) use of Net Proceeds by an organization described in Section 501(c)(3) of the Code with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute a use by an Exempt Person; (x) use of any property financed with the Net Proceeds of the Bonds constitutes use of such proceeds to the extent of the cost of such property financed with such Net Proceeds; (y) any use of the Net Proceeds of the Bonds in any manner contrary to the guidelines set forth in Revenue Procedure 2017-13 shall constitute the use of such proceeds in the trade or business of a Person who is not an Exempt Person; and (z) any use of the Net Proceeds to pay Costs of Issuance shall constitute the use of such proceeds in the trade or business of a Person who is not an Exempt Person.

(f) Loans of Proceeds. The Company will not use or permit the use of any portion of the Sale Proceeds of the Bonds, directly or indirectly, to make or finance loans to persons who are not Exempt Persons. For purposes of the preceding sentence, (i) a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute a loan to an Exempt Person, and (ii) any transaction which constructively transfers ownership of property financed with Sale Proceeds of the Bonds for federal income tax purposes constitutes a loan of such Sale Proceeds.

(g) Limit on Nonhospital Bonds. The Company will expend at least 95 percent of the Net Proceeds of the Bonds for Capital Expenditures incurred after September 5, 1997. Accordingly, Bonds are not subject to the $150,000,000 limit on nonhospital bonds imposed by Section 145(b) of the Code.

(h) Project Useful Life. Taking into account the Issue Price (as defined in Section 5.3(r) of this Agreement) of the Stated Maturity of the Bonds, the average term of the Bonds will not exceed 120 percent of the average reasonably expected economic life of the Project to be financed or refinanced by Bonds, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the Net Proceeds (as defined in Section 5.3(r) of this Agreement) of the Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of: (A) the Closing Date for the Bonds, or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property, except that, in the event 25 percent or more of the collective Net Proceeds of the Bonds, directly or indirectly, have been expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of such property.

(i) Prohibited Facilities. None of the Proceeds of the Bonds will be used to provide any airplane, sky-box or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(j) Public Approval. The Company covenants and agrees that the Proceeds of the Bonds will not be used in a manner that deviates other than in an insubstantial degree from the Project described in the written notice of public hearing regarding the Bonds posted by the Issuer on February 17, 2025 on their public website.

(k) Limit on Costs of Issuance. The Sale Proceeds of the Bonds will be expended for the purposes set forth in this Agreement and in the Indenture and no portion thereof in excess of 2 percent of the Sale Proceeds of the Bonds, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Issuance with respect to the Bonds.

(l) No Arbitrage. The Company will not use or invest the Proceeds of the Bonds such that the Bonds become "arbitrage bonds" within the meaning of Section 148 of the Code, and as evidence of this intent, a representative of the Company has reviewed the Issuer's Federal Tax Certificate prepared in connection with the Bonds and the Company understands, and will take (or request the Trustee or the Issuer to take), the actions described therein.

(m) Yield on Investment of Gross Proceeds. The Company will restrict the cumulative, blended Yield on the investment of the Gross Proceeds of the Bonds, to the Yield of such issue, other than amounts (i) not subject to yield restriction due to any applicable temporary period under Section 148(c) of the Code, or as a result of being on deposit in a Reasonably Required Reserve or Replacement Fund, the Rebate Fund, a bona fide debt service fund (including the Debt Service Fund), or as a minor portion, or (ii) invested at a restricted yield by virtue of being invested in obligations described in Section 103(a) of the Code that are not "specified private activity bonds" within the meaning of Section 57(a)(5) of the Code to the extent required by the Code or the Regulations.

(n) Rebate. The Company agrees to take all steps necessary to compute and pay any Rebate Amount in accordance with Section 148(f) of the Code, including:

(1) Delivery of Documents and Money on Computation Dates. The Company shall deliver to the Trustee, within 45 days after each Computation Date,

(A) a statement, signed by an officer of the Company, stating the Rebate Amount as of such Computation Date; and

(B) (1) if such Computation Date is an Installment Computation Date, an amount which, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount in respect of the Bonds as of such Installment Computation Date, less any prior payments of Rebate Amount made to the United States in respect of the Bonds, or (2) if such Computation Date is the Final Computation Date, an amount which, together with any amount then held for the credit of the Rebate Fund in respect of the Bonds, is equal to the Rebate Amount as of such Final Computation Date, less any prior payments of Rebate Amount made to the United States in respect of the Bonds; and

(C) an IRS Form 8038-T completed as of such Computation Date.

(2) Correction of Underpayment. If the Company shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to the Indenture of an amount described in Section 5.3(n) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Company, the Issuer, or the Trustee), the Company shall (1) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States Treasury from the Rebate Fund the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Trustee an IRS Form 8038-T completed as of such date. If such Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations the Company shall take such steps as are necessary to prevent the Bonds from becoming arbitrage bonds, within the meaning of Section 148 of the Code. Additionally, the Company agrees that if at any point the Rebate Fund incurs losses from investment, the Company will repay amounts equaling such losses into the Rebate Fund.

(3) Records. The Company shall retain all of its accounting records relating to the Debt Service Fund, the Project Fund and the Rebate Fund and the investment and expenditure of the Proceeds of the Bonds and all calculations made in preparing the statements described in this Section 5.3(n) for at least six years after the later of the final Maturity of the Bonds or the first date on which no Bonds are Outstanding.

(4) Fees and Expenses. The Company agrees to pay all of the fees and expenses of Bond Counsel, a certified public accountant and any other necessary consultant employed by the Company, the Trustee or the Issuer in connection with computing the Rebate Amount.

(5) No Diversion of Rebate Amount. The Company will not indirectly pay any amount otherwise payable to the United States Treasury pursuant to the foregoing

requirements to any Person other than the United States Treasury by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value or includes terms that the Company would not have included if Bonds were not subject to Section 148(f) of the Code.

(6) Modification of Requirements. If at any time during the term of this Agreement the Issuer, the Trustee, or the Company desires to take any action that would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Favorable Opinion of Bond Counsel. The Company will hire a Rebate Analyst to perform the calculations required in this Section 5.3(n); provided, however, this shall not absolve the Company of any of the covenants of this Section 5.3(n).

(o) "Federally Guaranteed" Obligations. The Company will not cause or permit Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.

(p) Information Reporting Requirements. The Company will cause the Issuer to comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Bonds to be filed with the IRS within prescribed time limits.

(q) Bonds are Not Hedge Bonds. The Company covenants and agrees that not more than 50 percent of the Proceeds of the Bonds will be invested in Non-purpose Investments having a substantially guaranteed Yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Company reasonably expects that at least 85 percent of the spendable proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Closing Date.

(r) Definitions. The following terms have the meanings assigned to them below whenever they are used in this Agreement:

"***Bond Year***" means, with respect to the Bonds, each one-year period (or shorter period from the Closing Date) that ends at the close of business on the day selected by the Company. The first and last Bond Years may be short periods. If no day is selected by the Company before the earlier of the final Maturity of such issue of Bonds or the date that is five years after the Closing Date, Bond Years end on each anniversary of the Closing Date and on the date of final Maturity. Unless notified in writing to the contrary, the Trustee may conclusively presume that Bond Years end on each anniversary of the Closing Date and the date of final maturity.

"***Computation Date***" means each Installment Computation Date and the Final Computation Date.

"***Costs of Issuance***" means issuance costs with respect to the Bonds within the meaning of Section 147(g) of the Code.

"***Exempt Person***" means a state or local governmental unit or an organization exempt from federal income taxation under Section 501(a) of the Code by reason of being described in Section 501(c)(3) of the Code.

"***Final Computation Date***" means the final Maturity of the Bonds.

"***Gross Proceeds***" means any Proceeds and Replacement Proceeds of the Bonds.

"***Installment Computation Date***" means the last day of the fifth (5th) and each succeeding fifth Bond Year.

"***Investment Proceeds***" means any amounts actually or constructively received from investing Proceeds.

"***Investment Property***" means (i) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code), (ii) any obligation, (iii) any annuity contract, (iv) any investment-type property, or (v) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

"***Issue Price***" means, with respect to the Bonds, "issue price" as defined in Sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1.148-0 through 1.148-11 of the Regulations and, generally, is the aggregate initial offering price to the public (excluding bond houses, brokers and other intermediaries acting in the capacity of wholesalers or underwriters) at which a substantial number of each Maturity of the Bonds is sold.

"***Net Proceeds***" means, any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"***Net Sale Proceeds***" means the Sale Proceeds less any Sale Proceeds deposited into a Reasonably Required Reserve or Replacement Fund.

"***Non-purpose Investments***" means Investment Property acquired with the Gross Proceeds of the Bonds.

"***Proceeds***" means, any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"***Qualifying Costs***" means the Project Costs (excluding the costs for funding a debt service reserve fund, if any), that will be used, directly or indirectly in any trade or business carried on by any Person who is an Exempt Person. For purposes of the preceding sentence, (i) use by an organization described in Section 501(c)(3) of the Code with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute use by an Exempt Person, and (ii) any use in any manner contrary to the guidelines set forth in Revenue Procedures 97-13, 1997-1 C.B. 632 (as modified by Revenue Procedure 2001-39, 2001-2 C.B. 38), or the Regulations promulgated under Section 141 of the Code, shall constitute use by a Person who is not an Exempt Person.

"***Reasonably Required Reserve or Replacement Fund***" means any fund described in Section 148(d) of the Code provided that the amount thereof allocable to Bonds invested at a Yield materially higher than the Yield on Bonds does not exceed the least of (i) 10 percent of the stated principal amount of the Bonds; (ii) the maximum annual debt service on Bonds; or (iii) 125 percent of the average annual debt service on Bonds, within the meaning of Section 1.148-2(f)(2)(ii) of the Regulations; provided that, if Bonds are sold with more than a de minimis amount of original issue discount or premium, the issue price will be used to measure the 10 percent limit.

"***Rebate Amount***" has the meaning ascribed in Section 1.148-3 of the Regulations and generally means the excess as of any date of the future value of all receipts on Non-purpose Investments over the future value of all payments on Non-purpose Investments, all as determined in accordance with Section 1.148-3 of the Regulations.

"***Rebate Analyst***" means an independent certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected, retained and compensated by the Company pursuant to this Section 5.3(n) to make the computations and give the directions required under Section 404 of the Indenture.

"***Replacement Proceeds***" has the meaning set forth in Section 1.148-1(c) of the Regulations.

"***Sale Proceeds***" means, any amounts actually or constructively received from the sale (or other disposition) of any Bond, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include, but are not limited to, certain amounts derived from the sale of a right that is associated with any Bond, as described in Section 1.148-4(b)(4) of the Regulations, and certain amounts received upon termination of certain hedges, as described in Section 1.148-4(h)(5) of the Regulations.

"***Transferred Proceeds***" means, with respect to the portion of the Bonds that is a refunding issue, proceeds that have ceased to be proceeds of a refunded issue and are transferred proceeds of the refunding issue by reason of Section 1.148-9 of the Regulations.

"***Yield***" means yield as determined in accordance with Section 148(h) of the Code and the Regulations, and generally, is the yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the Issue Price of such obligation.

To the extent that published rulings of the IRS, or amendments to the Code or the Regulations modify the covenants of the Company which are set forth in this Section 5.3 or which are necessary to preserve the excludability from gross income of interest on Bonds for federal income tax purposes, the Company and the Issuer will comply with such modifications.

Section 5.4 Further Assurances and Corrective Instruments; Recordation. The Issuer and the Company agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further

instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement, the Master Indenture and the Indenture.

The Company covenants that it will act and cooperate so that this Agreement, the Master Indenture, the Indenture, any financing statements, and all supplements thereto, and any other instruments as may be required from time to time to be kept, will be recorded and filed in such manner and in such places as may from time to time be required by law in order fully to preserve and protect the security of the Bondholders and the rights of the Trustee under the Indenture.

Section 5.5 Environmental Indemnity. The Company hereby agrees to indemnify and hold harmless the Master Trustee, the Trustee, the Issuer and their successors, assigns, officers, affiliates and employees (collectively referred to in this Section 5.5 as the "***Indemnified Parties***") for, from and against any and all losses, costs, damages, exemplary damages, natural resources damages, liens, and expenses (including, but not limited to, attorneys' fees and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Parties may incur as a result of or in connection with the assertion against Indemnified Parties, of any claim, civil, criminal or administrative, which:

(a) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); or

(b) actually or allegedly arises out of the use of any Regulated Chemical, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated Chemical or of any soil, water, surface water or groundwater containing any Regulated Chemical; or

(c) arises out of the actual or alleged existence of any Regulated Chemical on, in, under, or affecting all or a portion of the Project; or

(d) arises out of any misrepresentations of the Company concerning any matter involving Regulated Chemicals; or

(e) arises out of the Company's failure to provide all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable environmental law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted.

The obligations under this Section 5.5 shall not be affected by any investigation by or on behalf of Indemnified Parties, or by any information which Indemnified Parties may have or obtain with respect thereto.

Notwithstanding anything to the contrary contained in this Section 5.5, no indemnification shall be required for any damages under this Section incurred solely as the result of the gross

negligence or willful misconduct of any other party seeking indemnification. **The indemnification of the Indemnified Parties as provided in this Section 5.5 shall remain in full force and effect if any such Losses directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, or arisen out of, or related to the sole or contributory negligence of any of the Indemnified Parties.**

Section 5.6 Existence of the Company. While any of the Bonds remain Outstanding, the Company shall maintain its corporate existence and qualification to do business in the State and, if different, the state of the Company's incorporation, and shall not merge or consolidate with any other corporation or entity or sell or dispose of all or substantially all of its assets, unless (and subject to the provisions of Section 501 of the Master Indenture and Section 5.3) (a) either the Company shall be the surviving corporation in the case of a merger, or the surviving, resulting, or transferee corporation, as the case may be, shall expressly and unconditionally assume, in a written instrument delivered to the Issuer and the Trustee, the punctual performance and observance of all of the covenants and conditions of this Agreement to be performed by the Company; (b) the Company or such surviving, resulting, or transferee corporation, as the case may be, shall not, immediately after such merger or consolidation, or sale or disposition, be in default in the performance of any covenant or condition hereunder; (c) the surviving, resulting, or transferee corporation, as the case may be, shall be duly authorized to transact business in the State; (d) the Company or such surviving, resulting, or transferee corporation, as the case may be, shall have a net worth at least equal to the net worth of the Company immediately preceding such merger or consolidation, or sale or disposition, with net worth being determined in accordance with generally accepted accounting principles; and (e) the Trustee shall have received such other information, documents, certificates and opinions as the Trustee may reasonably require. Prior to the consummation of any such merger, sale, conveyance or transfer, (y) the Company shall deliver to the Issuer and the Trustee a Favorable Opinion of Bond Counsel and an Opinion of Counsel to the effect that such act does not violate the Act or the Code and (z) the surviving, resulting, or transferee entity's certification to the Issuer and the Trustee to the effect that each of the conditions stated in clauses (a) through (e) of the preceding sentence is and will remain satisfied as of the date of such consummation and that such consummation will not cause any such condition to not be satisfied. Furthermore, the Company or any surviving, resulting or transferee corporation shall, at all times during the term of this Agreement, qualify as an "accredited primary or secondary school" or "authorized charter school" as such terms are defined in Section 53.02, Texas Education Code.

ARTICLE VI
PERMANENT SCHOOL FUND GUARANTEE

Section 6.1 Permanent School Fund Guarantee. The Company has applied for and received approval from the Commissioner of Education, subject to compliance with the Commissioner of Education's rules and regulations, for payment of the principal of and interest on the Bonds to be guaranteed by the Permanent School Fund. If the Bonds are defeased, the Guarantee will be removed in its entirety and, in case of payment default and in accordance with Texas Education Code §45.061, the Comptroller of Public Accounts will withhold the amount paid, plus interest, from the first state money payable to the Company in the following order: foundation school fund, available school fund. In connection with the Guarantee, the Company, hereby certifies and covenants that:

(a) a certified copy of the Indenture and copies of the Final Official Statement shall be furnished to the Division of State Funding, School Facilities and Transportation, within ten (10) calendar days following the pricing of the Bonds;

(b) following any determination by the Company that it is or will be unable to pay maturing or matured principal or interest on the Bonds, the Company will take all action required by Subchapter C of Chapter 45 of the Texas Education Code, including, but not limited to, the giving of timely notice of such determination to the Commissioner; and

(c) the Company will notify the Division of State Funding in writing within ten (10) calendar days of the defeasance of any Bonds.

Section 6.2 TEA Reimbursement Amounts. The Company agrees to pay to TEA (i) a sum equal to the total of all amounts paid by TEA under the Guarantee ("***TEA Guarantee Payments***"); and (ii) interest on such TEA Guarantee Payments payable to TEA at the interest rate on the Bonds as specified in the Indenture (the "***TEA Reimbursement Amounts***"), with such interest compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, TEA Reimbursement Amounts shall be, and the Issuer and Company hereby covenant and agree that the TEA Reimbursement Amounts are, payable from and secured by a lien on and pledge of the Trust Estate.

Section 6.3 Non-Impairment of Rights. No contract shall be entered into or any action taken by the Company by which the rights of TEA or security for or source of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of TEA.

Section 6.4 Conflicting Provisions. So long as the Guarantee is effective, the Guarantee shall be in addition to and, to the extent possible, reconciled with other provisions in the Bond Documents; provided, however, that, if there has been any draw upon the Guarantee, then the Guarantee provisions, including those set forth in Sections 701, 702, 703, 705, 713, 714, 1101, 1102 and 1103 of the Indenture and Sections 4.6, 6.1, 6.2 and 6.3 of this Agreement, shall supersede any conflicting or inconsistent provisions in the Bond Documents.

ARTICLE VII.

EVENTS OF DEFAULT; REMEDIES

Section 7.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "***Event of Default***" or "***Events of Default***" shall mean, whenever used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay the Loan Payments when due pursuant to Section 4.1 of this Agreement; provided that, such Event of Default shall terminate (i) upon timely receipt of two successive payments of the amounts then required under Section 4.1 and (ii) at such time as the balance in the Debt Service Fund equals the amount that is then required to be on deposit.

(b) Any representation or warranty made or deemed made by the Company under the Bond Documents shall be false, misleading or erroneous in any material respect when made or deemed made, or a failure by the Company to observe and perform any covenant, condition, or agreement on its part to be observed or performed under this Agreement or the Indenture, other than as referred to in subsection (a) of this Section, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the Issuer or the Trustee; provided that if such default can be cured by the Company but cannot be cured within the sixty (60)-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by the Company within such sixty (60)-day period and diligently pursued until the default is corrected.

(c) The occurrence and continuance of any "Events of Default" specified in the Bond Documents or the Master Indenture that have not been waived or cured.

The foregoing provisions of this Section (except subsection (a) of this Section) are subject to the following limitations: If by reason of Force Majeure the Company is unable in whole or in part to carry out its agreements contained herein, other than the obligations on the part of the Company to make Loan Payments, the Company shall not be deemed in default during the continuance of such inability. The Company agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Company from carrying out its agreements by reason of such Force Majeure.

Section 7.2 Remedies Upon An Event of Default. Whenever any Event of Default shall have happened and be continuing, the Issuer, the Trustee as assignee of the Issuer, or TEA may, subject to Article VIII of the Indenture, take any one or more of the following remedial steps:

(a) From time to time, may take whatever action at law or in equity or under the terms of the Bond Documents as necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Company under this Agreement or any other Bond Document.

(b) From time to time take whatever actions at law or in equity as necessary or desirable to enforce the obligations of the Company under Section 4.6, Section 5.1 and Section 7.6 hereof.

Section 7.3 No Remedy to be Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

Section 7.4 No Additional Waiver Implied by One Waiver. In the event any provision, covenant, or agreement contained in this Agreement should be breached by either party and

thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.5 Remedial Rights Assigned to the Trustee. Such rights and remedies as are given the Issuer hereunder (except the Issuer's rights under Section 4.6, Section 5.1, Section 5.5 and Section 7.6 hereof) shall upon execution and delivery of the Indenture be assigned to the Trustee, and the Trustee shall have the right to exercise such rights and remedies, without the joinder or consent of the Issuer, in the same manner and under the limitations and conditions that the Trustee is entitled to exercise rights and remedies under the Indenture.

Section 7.6 Agreement to Pay Attorneys' Fees and Expenses. If the Company should default under any of the provisions of this Agreement and as a consequence the Issuer and/or the Trustee should employ attorneys or incur other expenses for the collection for amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company contained in this Agreement, the Company agrees that it will on demand therefor reimburse the Issuer and/or the Trustee for the reasonable fees of such attorneys and such other reasonable expenses so incurred. When the Trustee or the Issuer incurs expenses, attorneys' fees, or renders services after an Event of Default specified in Section 601(c) or (d) of the Master Indenture occurs that is related to the dissolution or liquidation by the Company or the filing by the Company of a voluntary petition for relief, or the entry of an order or decree for relief in an involuntary case, or the entry of an order or decree for dissolution, liquidation or winding up of the affairs of the Company under any applicable bankruptcy, insolvency, or similar law, the expenses, attorneys' fees and compensation for the services are intended to constitute post-petition expenses of administration under any bankruptcy law.

ARTICLE VIII.

MISCELLANEOUS

Section 8.1 Severability of Provisions of this Agreement. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.2 Execution of this Agreement in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.3 Captions and Preambles. The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement. The preambles hereto are hereby incorporated herein and made a part of this Agreement for all purposes.

Section 8.4 No Pecuniary Liability of the Issuer or Sponsoring Entity. No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, and/or delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or the Sponsoring Entity or a charge against their general

credit, or shall obligate the Issuer or the Sponsoring Entity financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in the Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Bonds, the Indenture or this Agreement, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Bonds, shall subject the Issuer or the Sponsoring Entity to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent the same can be paid from revenues derived under this Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses, or other monetary relief shall be recoverable from the Issuer or the Sponsoring Entity, except as may be payable from the revenues pledged under the Indenture for the payment of the Bonds or other revenue derived under this Agreement. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer or the Sponsoring Entity within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against the Issuer's or the Sponsoring Entity's general credit. In making the agreements, provisions, and covenants set forth in the Indenture and this Agreement, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in the Indenture for the payment of the Bonds or other revenues derived under this Agreement.

No provision, covenant, or agreement contained in this Agreement or breach thereof shall constitute or give rise to any pecuniary liability on the part of the Issuer or any charge upon its general credit. In making such provisions, covenants, or agreements, the Issuer has not obligated itself, except with respect to the Project and the application of the revenues of this Agreement, as hereinabove provided. It is recognized that the Issuer's only source of funds with which to carry out its commitments under this Agreement will be from the proceeds of the sale of the Bonds and payments to be made by the Company hereunder; and it is expressly agreed that the Issuer shall have no liability, obligation, or responsibility with respect to this Agreement or the Project except to the extent of funds available from such Bond proceeds and payments to be made by the Company hereunder.

Section 8.5 Payment to the Issuer. The Company agrees to pay directly to the Issuer all fees required to be paid by the Company under the Issuer's regulations as in effect as of the date hereof, Costs of Issuance reasonably incurred by the Issuer in connection with the issuance of the Bonds, and other expenses, if any, incurred from time to time by the Issuer in connection with the Project or the Bonds.

Section 8.6 Status of the Parties' Relationship. Nothing in this Agreement shall be construed to make either party the partner or joint venturer of or with the other party.

Section 8.7 Governing Law. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State.

Section 8.8 Final Agreement. THIS WRITTEN AGREEMENT AND THE OTHER BOND DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES

AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 8.9 Third Party Beneficiaries. The parties hereto expressly recognize that the Master Trustee, the Trustee and TEA are third party beneficiaries to this Agreement and may enforce any right, remedy, or claim conferred, given or granted hereunder.

(Signature Pages Follow)

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be signed in their behalf by their duly authorized representatives as of the date set forth above.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

By:_____
Title: President, Board of Directors

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RIVERWALK EDUCATION FOUNDATION, INC.

By:_____

Fawzy Shemshack
Chief Executive Officer/Superintendent

EXHIBIT A
TO
LOAN AGREEMENT

The "***Project"*** consists of the following:

a. financing and/or refinancing the costs of the acquisition, construction, renovation and equipment of educational facilities, including at the following locations:

(i) SST Sonterra located at 1819 E. Sonterra Blvd., San Antonio, TX 78259;

(ii) SST Corpus Christi Elementary located at 6633 Evans Road, Corpus Christi, TX 78413;

(iii) SST Corpus Christi College Prep HS located at 6609 Evans Road, Corpus Christi, TX 78413; and

(iv) SST Willow Creek 1 & 2 located at 22719 Kuykendahl Rd., Spring, TX 77389.

b. repaying and discharging the Borrower's $60,000,000 Amended and Restated Credit Agreement with Texas Capital Community Development; and

c. paying the costs of issuance of the Bonds.

APPENDIX G

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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The following is incorporated into the offering document to which it is attached.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

This disclosure statement provides information relating to the program (the "Guarantee Program") administered by the Texas Education Agency (the "TEA") with respect to the Texas Permanent School Fund guarantee of tax-supported bonds issued by Texas school districts and the guarantee of revenue bonds issued by or for the benefit of Texas charter districts. The Guarantee Program was authorized by an amendment to the Texas Constitution in 1983 and is governed by Subchapter C of Chapter 45 of the Texas Education Code, as amended (the "Act"). While the Guarantee Program applies to bonds issued by or for both school districts and charter districts, as described below, the Act and the program rules for the two types of districts have some distinctions. For convenience of description and reference, those aspects of the Guarantee Program that are applicable to school district bonds and to charter district bonds are referred to herein as the "School District Bond Guarantee Program" and the "Charter District Bond Guarantee Program," respectively.

Some of the information contained in this Section may include projections or other forward-looking statements regarding future events or the future financial performance of the Texas Permanent School Fund (the "PSF" or the "Fund"). Actual results may differ materially from those contained in any such projections or forward-looking statements.

The regular session of the 89th Texas Legislature (the "Legislature") convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the "SBOE"), the Permanent School Fund Corporation (the "PSF Corporation"), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State's public school system in two major ways: distributions to the constitutionally established Available School Fund (the "ASF"), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a $2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be "permanent," and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of

admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas' historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund was established and administered, which occurred on September 13, 2003 (the "Total Return Constitutional Amendment"), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions, and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the "Education Commissioner"), bonds properly issued by a school district are fully guaranteed by the PSF. See "The School District Bond Guarantee Program."

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as "charter districts" by the Education Commissioner. On approval by the Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See "The Charter District Bond Guarantee Program."

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see "Capacity Limits for the Guarantee Program"). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed by any court, nor has the Texas Attorney General (the "Attorney General") been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Corporation's Annual Comprehensive Financial Report (the "Annual Report"), which is filed with the Municipal

Securities Rulemaking Board ("MSRB"). The Texas School Land Board's (the "SLB") land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the "GLO") that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC"), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation's Investment Policy Statement (the "IPS"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the PSF Corporation's web site at https://texaspsf.org and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (*e.g.*, NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF's financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF's non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the "Prudent Person Standard"). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board's investment objectives, as well as a description of the PSFC Boards's roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation's website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with respect to the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments. TEA's General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), stating that the Total Return Constitutional Amendment does not require the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year Total Return"). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0707 (2009) ("GA-0707"), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve "intergenerational equity." The definition of intergenerational equity that the SBOE has generally followed is the maintenance of

purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon PSF Corporation and TEA staff and external investment consultants, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. The Texas Constitution limits the maximum transfer to the ASF to $600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the "PSF(SBOE)"), the PSF Corporation (the "PSF(CORP)"), and the SLB (the "PSF(SLB)").

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2015	2016	2017	2018	2019	2020	2021	2022	2023[2]	2024
PSF(CORP) Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,076	$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600[3]	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2024.
[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.
[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a $3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of $1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

State Fiscal Biennium	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25	2026-27
SBOE Distribution Rate[1]	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of $600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$3,651.3	$ 2,975.1	$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%
UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	$ 52,379.8	$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2024

Investment Type	As of 8-31-24	
Investments in Real Assets		
Sovereign Lands	$ 277.47	
Discretionary Internal Investments	457.01	
Other Lands	153.15	
Minerals [2], [3]	4,540.61	[6]
Total Investments[4]	5,428.23	
Cash in State Treasury [5]	0	
Total Investments & Cash in State Treasury	$ 5,428.23	

[1] Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.
[2] Historical Cost of investments at August 31, 2024 was: Sovereign Lands $838,730.24; Discretionary Internal Investments $318,902,420.97; Other Lands $37,290,818.76; and Minerals $13,437,063.73.
[3] Includes an estimated 1,000,000.00 acres in freshwater rivers.
[4] Includes an estimated 1,747,600.00 in excess acreage.
[5] Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
[6] Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of

the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules") limit guarantees to certain types of notes and bonds, including, with respect to refunding

bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the "CDBGP Rules"). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a "charter district" and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district's bonds must be approved by the Attorney

General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest, as applicable. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding "intercept" feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney

General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBGP Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBGP Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. The Charter District Bond Guarantee Program Capacity (the "CDBGP Capacity") is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program." Other factors that could increase the CDBGP Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the "State Capacity Limit") and that imposed by regulations and a

notice issued by the IRS (the "IRS Limit", with the limit in effect at any given time being the "Capacity Limit"). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 ("SB 389") was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBGP Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See "Valuation of the PSF and Guaranteed Bonds" below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

Changes in SBOE-determined multiplier for State Capacity Limit

Date	Multiplier
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the "IRS Notice"), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the

cost value of the Guarantee Program was $48,560,433,760 (unaudited), thereby producing an IRS Limit of $242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is $169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table "Permanent School Fund Guaranteed Bonds" below. Effective March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the "Capacity Reserve"). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation's web site at https://texaspsf.org/monthly-disclosures/, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 ("SB 1480") was enacted. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provided that the Education Commissioner's investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained $120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides $60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding "intercept" function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the "educator of last resort" for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that

are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under "The Charter District Bond Guarantee Program," the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[(1)]	Market Value[(1)]
2020	$36,642,000,738	$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024[(2)]	46,276,260,013	56,937,188,265

[(1)] SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

[(2)] At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately $13.4 million, $0.8 million, $37.2 million, and $318.9 million, respectively, and market values of approximately $4,540.6 million, $277.4 million, $153.1 million, and $457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[(1)]
2020	$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603[(2)]

[(1)] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

[(2)] At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $196,294,405,488, of which $70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were $125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of $169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was available to

the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024[2]	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

[1] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.

[2] At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were $129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating $124,794,149,121 in principal amount and 109 charter district issues, aggregating $4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was $39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was $57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

[1] Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.

[2] Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, $2.2 billion was distributed to the ASF, $600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics

provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

In addition, the SLB and GLO have established processes and controls over the administration of real estate transactions and are subject to provisions of the Texas Natural Resources Code and internal procedures in administering real estate transactions for Fund assets it manages.

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders, and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA is obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at https://emma.msrb.org/IssueView/Details/ER355077 or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The PSF Corporation, on behalf of the TEA, and the TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this offering document under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately und different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State's current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation must provide updated information by the last day of February in each year, unless the State changes its fiscal

year. If the State changes its fiscal year, the TEA and PSF Corporation will notify the MSRB of the change.

Event Notices

The TEA and the PSF Corporation will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA or the PSF Corporation will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, 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 Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption, or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA or the PSF Corporation will provide timely notice of

any failure by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

The TEA and the PSF Corporation have agreed to update information and to provide notices of material events only as described above. The TEA and the PSF Corporation have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The TEA and the PSF Corporation make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The TEA and the PSF Corporation disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the TEA and the PSF Corporation to comply with its agreement.

The continuing disclosure agreement is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the TEA or the PSF Corporation, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA or the PSF Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA or the PSF Corporation may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not

prevent an underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.

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EDUCATION REVENUE BONDS (RIVERWALK EDUCATION FOUNDATION, INC.) SERIES 2025

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