OFFICIAL STATEMENT DATED APRIL 23, 2025

NEW ISSUES – BOOK-ENTRY ONLY

RATINGS: S&P "AAA" (Underlying "BBB-")
Moody's "Aaa" (Underlying "Baa2")
(See "RATINGS" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

In the opinion of Bond Counsel to the Issuer (as defined below), Interest on the Series 2025A Bonds (as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations. See "TAX MATTERS" herein. Interest on the Series 2025B Bonds (as defined below) is not exempt from federal income tax. See "TAX MATTERS" herein.

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

$21,725,000 EDUCATION REVENUE BONDS (UPLIFT EDUCATION) SERIES 2025A

$300,000 TAXABLE EDUCATION REVENUE BONDS (UPLIFT EDUCATION) SERIES 2025B

Dated: Date of Initial Delivery **Due: December 1, as shown on inside cover**

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 (the "Act"), is issuing its $21,725,000 Education Revenue Bonds (Uplift Education) Series 2025A (the "Series 2025A Bonds") and its $300,000 Taxable Education Revenue Bonds (Uplift Education) Series 2025B (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 Bonds will be dated the Date of Initial Delivery (defined below) to the Underwriter named below (the "Underwriter"), will be in authorized denominations of $5,000 and integral multiples thereof, and will mature on December 1 of the years as shown on the front inside cover hereof. The Series 2025 Bonds will accrue interest payable semi-annually on June 1 and December 1 each year, commencing December 1, 2025, until stated maturity or earlier redemption. Interest on the Series 2025 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will accrue, initially, from the Date of Initial Delivery.

The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2025 (the "Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Bond Trustee"). The proceeds of the sale of the Series 2025 Bonds will be loaned to Uplift Education ("Uplift" or the "Borrower"), a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a Loan Agreement dated as of May 1, 2025 (the "Loan Agreement") between the Issuer and the Borrower. The Borrower's obligations under the Loan Agreement will be evidenced by two promissory notes (respectively, the "Series 2025A Note" and the "Series 2025B Note," and together, the "Series 2025 Notes") issued by the Borrower, each in an amount equal to the principal amount of the related series of Series 2025 Bonds. The Series 2025 Notes are issued under and are entitled to the security provided in an Amended and Restated Master Trust Indenture and Security Agreement, dated as of April 1, 2010 and effective as of April 8, 2010, as amended and supplemented (the "Amended and Restated Master Indenture") between the Borrower and The Bank of New York Mellon Trust Company, National Association, as master trustee (the "Master Trustee"). An application has been filed by the Borrower with, and conditional approval has been received from, the Texas Education Agency for the Series 2025 Bonds to be guaranteed under the Charter District Bond Guarantee Program of the Permanent School Fund of the State of Texas (the "State"), which will be effective when the Attorney General of the State approves the Series 2025 Bonds. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM."

The Series 2025 Notes constitute additional indebtedness under the Amended and Restated Master Indenture, and are issued on a parity with certain promissory notes previously issued under the Amended and Restated Master Indenture by the Borrower (the "Prior Notes" and, together with the Series 2025 Notes and any future promissory notes issued under the Amended and Restated Master Indenture, the "Master Notes"). After the issuance of the Series 2025 Bonds and the application of the proceeds thereof, the Master Notes will be outstanding in the aggregate principal amount of $475,325,000. See "PLAN OF FINANCE – Prior Notes Secured by the Amended and Restated Master Indenture."

The Series 2025A Bonds are subject to optional redemption, mandatory sinking fund redemption, extraordinary optional redemption and extraordinary mandatory redemption prior to maturity. The Series 2025B Bonds are subject to extraordinary optional redemption prior to maturity. The Series 2025 Bonds are subject to purchase in lieu of optional redemption. See "THE SERIES 2025 BONDS – Redemption."

The Borrower will use the proceeds of the Series 2025 Bonds for the following purposes: (i) to finance or refinance the acquisition, improvement, construction or equipment of certain properties and facilities to be used for educational, administrative, athletic, science and classroom purposes of the Uplift network and at the following specific campuses of Uplift: (a) Ascend Preparatory, located at 3301 Turf Paradise Pkwy., Fort Worth, TX; (b) Atlas Preparatory, located at 4600 Bryan St., Dallas, TX; (c) Crescendo Preparatory, located at 1200 Cooks Lane, Fort Worth, TX; (d) Elevate Preparatory, located at 10800 Chapin Rd, Fort Worth, TX; (e) Gradus Preparatory, located at 121 Seahawk Dr., DeSoto, TX; (f) Grand Preparatory, located at 300 East Church St., Grand Prairie, TX; (g) Hampton Preparatory, located at 8915 South Hampton Rd., Dallas, TX; (h) Heights Primary, located at 2202 Calypso Street, Dallas, TX; (i) Heights Secondary, located at 2650 Canada Drive, Dallas, TX; (j) Infinity Preparatory, located at 1401 S. MacArthur Blvd., Irving, TX; (k) Luna Preparatory, located at 9743 E. R.L. Thornton Freeway, Dallas, TX; (l) Meridian Preparatory, located at 1801 S. Beach St., Fort Worth, TX; (m) Mighty Preparatory, located at 3700 Mighty Mite Drive, Fort Worth, TX; (n) North Hills Preparatory, located at 606 E. Royal Lane, Irving, TX; (o) Pinnacle Preparatory, located at 2510 S. Vernon Ave., Dallas, TX; (p) Summit Preparatory, located at 1305 North Center St., Arlington, TX; (q) Triumph Preparatory, located at 9411 Hargrove Drive, Dallas, TX; (r) Uplift Education Central Office, located at 3000 Pegasus Park Drive, Suite 1100, Dallas, TX; (s) White Rock Hills Preparatory, located at 7370 Valley Glen Dr., Dallas, TX; (t) Williams Preparatory, located at 1750 Viceroy Drive, Dallas, TX; (u) Wisdom Preparatory, located at 301 W. Camp Wisdom Road, Dallas, TX (collectively, the "Series 2025 Projects"); and (ii) to pay costs of issuance for the Series 2025 Bonds. See "PLAN OF FINANCE." Uplift currently operates 45 charter schools on 20 campuses throughout the Dallas/Fort Worth area (the "Charter Schools"). See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS." Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS."

Each series of the Series 2025 Bonds are special, limited obligations of the Issuer payable solely from payments to be made by the Borrower under the Loan Agreement on the Series 2025 Notes, 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 Amended and Restated Master Indenture. The Borrower has granted a Deed of Trust and Security Agreement, dated October 27, 2005 (as supplemented, the "Deed of Trust") in favor of the Master Trustee, as additional security for the Master Notes under the Amended and Restated Master Indenture. See "SECURITY FOR THE SERIES 2025 BONDS." The Series 2025 Bonds shall never be payable out of any funds of the Issuer except with such revenues and in such amounts as provided in the Loan Agreement. **THE BORROWER MAY NOT CHARGE TUITION AND HAS NO TAXING AUTHORITY.**

THE SERIES 2025 BONDS ARE NOT OBLIGATIONS OF THE STATE, THE CITY OF ARLINGTON, TEXAS (THE "CITY"), OR ANY ENTITY OTHER THAN THE ISSUER. NONE OF THE STATE, THE CITY, OR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE SERIES 2025 BONDS OR THE INTEREST THEREON AND NEITHER THE FULL 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, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. HOWEVER, AN APPLICATION HAS BEEN FILED BY THE BORROWER WITH, AND CONDITIONAL APPROVAL HAS BEEN RECEIVED FROM, THE TEXAS EDUCATION AGENCY FOR THE SERIES 2025 BONDS TO BE GUARANTEED UNDER THE BOND GUARANTEE PROGRAM OF THE PERMANENT SCHOOL FUND OF THE STATE. THE ISSUER HAS NO TAXING POWER.

The Series 2025 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 Series 2025 Bonds. Purchases of beneficial interests in the Series 2025 Bonds will be made in book-entry-only form and purchasers will not receive physical certificates representing the ownership interest in the Series 2025 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 Series 2025 Bonds are offered when, as and if issued by the Issuer and received and accepted by the Underwriter and subject to the approval of certain matters by the Attorney General of the State and an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the Issuer. Certain legal matters will be passed upon by Troutman Pepper Locke LLP, Houston, Texas, as counsel to the Issuer; by Winstead PC, San Antonio, Texas, as counsel to the Borrower; and by Quarles & Brady LLP, Milwaukee, Wisconsin, as counsel to the Underwriter. It is expected that the Series 2025 Bonds will be available for delivery through the facilities of DTC on or about May 13, 2025 (the "Date of Initial Delivery").

BAIRD

MATURITY SCHEDULE

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

$21,725,000
EDUCATION REVENUE BONDS
(UPLIFT EDUCATION) SERIES 2025A

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[(1)]
2028	$235,000	5.000%	3.610%	104.590	041807MM7
2029	285,000	5.000%	3.700%	105.396	041807MN5
2030	300,000	5.000%	3.760%	106.157	041807MP0
2031	315,000	5.000%	3.790%	106.958	041807MQ8
2032	335,000	5.000%	3.890%	107.199	041807MR6
2033	350,000	5.000%	3.920%	107.779	041807MS4
2034	370,000	5.000%	4.030%	107.624	041807MT2
2035	390,000	5.000%	4.090%[c]	107.132	041807MU9
2036	410,000	5.000%	4.180%[c]	106.400	041807MV7
2037	430,000	5.000%	4.240%[c]	105.915	041807MW5
2038	450,000	5.000%	4.270%[c]	105.673	041807MX3
2039	475,000	5.000%	4.340%[c]	105.112	041807MY1
2040	500,000	5.000%	4.450%[c]	104.238	041807MZ8

$2,870,000 Term Bond Due December 1, 2045 Interest Rate 4.625% Yield 4.850% Price 97.091 CUSIP[(1)] 041807NA2

$3,615,000 Term Bond Due December 1, 2050 Interest Rate 4.625% Yield 4.900% Price 96.014 CUSIP[(1)] 041807NB0

$4,575,000 Term Bond Due December 1, 2055 Interest Rate 4.750% Yield 4.940% Price 97.017 CUSIP[(1)] 041807NC8

$5,820,000 Term Bond Due December 1, 2060 Interest Rate 4.875% Yield 5.000% Price 97.929 CUSIP[(1)] 041807ND6

$300,000
TAXABLE EDUCATION REVENUE BONDS
(UPLIFT EDUCATION) SERIES 2025B

$300,000 Term Bond Due December 1, 2028 Interest Rate 4.750% Yield 4.750% Price 100.000 CUSIP[(1)] 041807NE4

[(1)] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Borrower, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2025 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 Series 2025 Bonds.

[c] Yield shown is yield to the first optional redemption date of December 1, 2034.

NOTICE TO INVESTORS OF THE SERIES 2025 BONDS

Purchasers of the Series 2025 Bonds or any interest therein, are hereby given notice as follows:

(a) Each series of the Series 2025 Bonds are a special, limited obligation of the Issuer payable solely from payments to be made by the Borrower under the Loan Agreement on the Series 2025 Notes, 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 Amended and Restated Master Indenture. The Borrower has granted a Deed of Trust and Security Agreement, dated October 27, 2005 (as supplemented, the "Deed of Trust") in favor of the Master Trustee, as additional security under the Amended and Restated Master Indenture. See "SECURITY FOR THE SERIES 2025 BONDS." The Series 2025 Bonds shall never be payable out of any funds of the Issuer except with such revenues and in such amounts as provided in the Loan Agreement. THE SERIES 2025 BONDS ARE NOT OBLIGATIONS OF THE CITY, THE STATE OR ANY ENTITY OTHER THAN THE ISSUER. NONE OF THE STATE, THE CITY OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE SERIES 2025 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 SERIES 2025 BONDS. HOWEVER, AN APPLICATION HAS BEEN FILED WITH, AND THE BORROWER HAS RECEIVED CONDITIONAL APPROVAL FROM, THE TEXAS EDUCATION AGENCY FOR THE PAYMENT OF THE SERIES 2025 BONDS TO BE GUARANTEED UNDER THE BOND GUARANTEE PROGRAM OF THE PERMANENT SCHOOL FUND OF THE STATE OF TEXAS. SEE "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." 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) Each purchaser must review this entire Official Statement and the Appendices hereto, including the information relating to the sources of repayment of the Series 2025 Bonds, the projects financed and refinanced with proceeds of the Series 2025 Bonds, and the Borrower (including financial and operating data). The Official Statement is not guaranteed as to its accuracy or completeness, and is not a representation by and is not to be construed as a representation by the Underwriter.

(d) Each purchaser must be able to bear the economic risk associated with a purchase of securities such as the Series 2025 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 Series 2025 Bonds on the basis of the information and review described herein.

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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 Series 2025 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Borrower, the Bond Trustee, the Master Trustee or the Underwriter. 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, the Borrower, the Bond Trustee, the Master Trustee or the Underwriter 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.

TABLE OF CONTENTS

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being provided in connection with the sale of the Series 2025 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" has been obtained from the Texas Education Agency. The Issuer, Borrower, the Bond Trustee, the Master Trustee, and Underwriter take no responsibility for the accuracy thereof. Specifically, and not by way of limitation, the information set forth in "APPENDIX G – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" contains references to certain Web Site Materials (as defined herein). To the extent such information or material is deemed to be incorporated herein, such information or materials are incorporated only to the extent it relates to and/or is the responsibility of the TEA. The Issuer, Borrower, the Bond Trustee, the Master Trustee, and Underwriter take no responsibility for the accuracy thereof.

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. The information set forth under "BOOK-ENTRY-ONLY SYSTEM" has been obtained from The Depository Trust Company. All other information set forth herein has been obtained from the Borrower 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 Series 2025 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Borrower or the Underwriter. 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, the Borrower or the Underwriter 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 Series 2025 Bonds are not being registered with the United States Securities and Exchange Commission in reliance upon an exemption from the Securities Act of 1933, as amended, nor has the Bond Indenture 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 Series 2025 Bonds in accordance with applicable provisions of securities laws of the states in which the Series 2025 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. None of the State or any state in which the Series 2025 Bonds have been registered, qualified, or exempted, or any of their agencies have passed upon the merits of the Series 2025 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 THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2025 BONDS 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 UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 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 Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has 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 Underwriter does not guarantee the accuracy or completeness of such information.

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ARLINGTON HIGHER EDUCATION FINANCE CORPORATION

$21,725,000
EDUCATION REVENUE BONDS
(UPLIFT EDUCATION) SERIES 2025A

$300,000
TAXABLE EDUCATION REVENUE BONDS
(UPLIFT EDUCATION) SERIES 2025B

INTRODUCTION

General

The purpose of this Official Statement is to provide certain information concerning the issuance and sale by Arlington Higher Education Finance Corporation (the "Issuer") of its $21,725,000 aggregate principal amount of Education Revenue Bonds (Uplift Education) Series 2025A (the "Series 2025A Bonds") and its $300,000 aggregate principal amount of Taxable Education Revenue Bonds (Uplift Education) Series 2025B (the "Series 2025B Bonds" and, together with the Series 2025A Bonds, the "Series 2025 Bonds").

The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2025 (the "Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, National Association as trustee (the "Bond Trustee").

The proceeds of the sale of the Series 2025 Bonds will be loaned to Uplift Education ("Uplift" or the "Borrower"), a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to a Loan Agreement dated as of May 1, 2025 (the "Loan Agreement") between the Issuer and the Borrower. The Borrower's obligations under the Loan Agreement will be evidenced by two promissory notes (respectively, the "Series 2025A Note" and the "Series 2025B Note", and together, the "Series 2025 Notes") issued by the Borrower, each in an amount equal to the respective principal amount of the related series of Series 2025 Bonds. The Series 2025 Notes are issued under and are entitled to the security provided in an Amended and Restated Master Trust Indenture and Security Agreement, dated as of April 1, 2010 and effective as of April 8, 2010, as amended and supplemented (the "Amended and Restated Master Indenture") between the Borrower and The Bank of New York Mellon Trust Company, National Association, as master trustee (the "Master Trustee"). An application has been filed by the Borrower with, and conditional approval has been received from, the Texas Education Agency for the Series 2025 Bonds to be guaranteed under the Bond Guarantee Program of the Permanent School Fund of the State of Texas (the "State"), which will become effective when the Attorney General of the State approves the Series 2025 Bonds. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM."

The Series 2025 Notes constitute additional indebtedness under the Amended and Restated Master Indenture, and are issued on a parity with certain promissory notes previously issued under the Amended and Restated Master Indenture by the Borrower (the "Prior Notes" and, together with the Series 2025 Notes and any future promissory notes issued under the Amended and Restated Master Indenture, the "Master Notes"). After the issuance of the Series 2025 Bonds and the application of the proceeds thereof, the Master Notes will be outstanding in the aggregate principal amount of $475,325,000. See "PLAN OF FINANCE – Prior Notes Secured by the Amended and Restated Master Indenture."

The offering of the Series 2025 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 Series 2025 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 Amended and Restated Master Indenture and the Loan Agreement, as applicable. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS."

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

General

The Series 2025 Bonds are special, limited obligations of the Issuer, payable solely from and secured exclusively by certain payments to be made by the Borrower under the Loan Agreement, the Series 2025 Notes and certain other funds held by the Bond Trustee under the Bond Indenture and not from any other funds or source of the Issuer.

The Issuer is a public nonprofit corporation created by the City of Arlington, Texas (the "City"), and existing as an instrumentality of the City pursuant to Chapters 53 and 53A of the Texas Education Code, as amended (collectively, the "Act"). Pursuant to the Act, the Issuer is authorized to issue revenue bonds and to lend the proceeds thereof to accredited institutions of higher education, primary schools and secondary schools and to authorized charter schools for the purpose of aiding such schools in financing or refinancing "educational facilities" and "housing facilities" (as such terms are defined in the Act) and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith.

All of the Issuer's property and affairs are controlled by and all of its power is exercised by a board of directors (the "Board") consisting of seven members, each of whom has been appointed by the City Council of the City. The Board members serve two-year terms, and each Board member may serve an unlimited number of two-year terms. Board members serve until their successors have been appointed. All vacancies on the Board are filled by the City Council of the City. No officer or employee of the governing body of the City may serve as a Board member.

The officers of the Issuer consist of a president, a vice president, a secretary, and a treasurer, each selected by the Board, whose duties are described in the Issuer's bylaws. All officers are subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Board. Vacancies may be filled by the Board. Neither Board members nor officers receive compensation for serving as such, but they are entitled to reimbursement for expenses incurred in performing such service.

The Issuer has no material assets, property or employees. 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 $20,000 plus expenses in connection with the issuance of the Series 2025 Bonds. After provision has been made for expenses of the Issuer, the remainder of such fee may be used by the Issuer or the City for any lawful purpose.

Except for the issuance of certain revenue bonds for the benefit of the Borrower, the Issuer is not in any manner related to or affiliated with the Borrower. The Issuer has issued the Series 2025 Bonds and loaned the proceeds to the Borrower pursuant to the Loan Agreement solely to carry out the Issuer's statutory purpose. The Borrower has agreed to indemnify the Issuer and the City for certain matters.

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.

Limited Involvement of the Issuer

The Issuer has no obligation to review, control or oversee the activities of the Bond Trustee or the Borrower 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 Series 2025A Bonds.

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 matters relating to the Issuer contained under this caption and under the caption "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 Series 2025A Bonds for purposes of Section 147(f) of the Code (as defined herein), the City does not endorse in any manner, directly or indirectly, guarantee or promise to pay the Series 2025 Bonds from any source of funds of the City or guarantee, warrant or endorse the creditworthiness or credit standing of the Borrower, or in any manner guarantee, warrant, or endorse the investment quality or value of the Series 2025 Bonds. The Series 2025 Bonds are payable solely as described in this Official Statement 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 Series 2025 Bonds, the Issuer does not in any manner, directly or indirectly, guarantee, warrant or endorse the creditworthiness or credit standing of the Borrower or the investment quality or value of the Series 2025 Bonds. The Issuer has no taxing power.

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 SERIES 2025 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 SERIES 2025 BONDS. HOWEVER, AN APPLICATION HAS BEEN FILED BY THE BORROWER WITH, AND CONDITIONAL APPROVAL HAS BEEN RECEIVED FROM, THE TEXAS EDUCATION AGENCY FOR THE SERIES 2025 BONDS TO BE GUARANTEED UNDER THE BOND GUARANTEE PROGRAM OF THE PERMANENT SCHOOL FUND OF THE STATE. THE ISSUER HAS NO TAXING POWER.

THE BORROWER

Uplift is a Texas nonprofit corporation which was incorporated on February 29, 1996 as an organization described under Section 501(c)(3) of the Code. Uplift currently operates 45 charter schools on 20 campuses throughout the Dallas/Fort Worth area (the "Charter Schools"). Historically, Uplift operated as a network of five separate charters; however, on April 1, 2015, Uplift received approval by the Commissioner of the State Board of Education to consolidate, effective July 1, 2015 all its schools under its then-named North Hills charter. The North Hills charter was renamed Uplift Education and all the Uplift schools now operate under that charter. The Uplift charter was renewed on July 31, 2021, and is required to be renewed with the Texas Education Agency ("TEA") every ten years. The next renewal date is July 31, 2031. The respective schools operating under the Uplift Education charter contract collectively constitute a "District." For more information regarding Uplift and the Charter Schools, see generally "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS."

Uplift considers each K-5, 6-8 and 9-12 school as a separate school (even if there is only one grade level in each type of school). Effective July 31, 2021, the Uplift charter has an authorized enrollment limit of 30,000 students from Pre-Kindergarten to 12th grade. Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's expansion plans. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. See "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections" and "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – History and Expansion Plans."

The expansion plan is subject to ongoing review by Uplift, and Uplift expects to execute on the plan only if it determines that then-prevailing conditions support expansion. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – History and Expansion Plans" and "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections."

SOURCES AND USES

	Series 2025A Bonds	Series 2025B Bonds	Total
Sources			
Par Amount	$21,725,000.00	$300,000.00	$22,025,000.00
Net Original Issue Discount	(187,991.10)		(187,991.10)
Total	$21,537,008.90	$300,000.00	$21,837,008.90
Uses			
Project Fund Deposit	$20,510,578.07		$20,510,578.07
PSF Guarantee Reserve Fee	600,690.65	$1,681.06	602,371.71
Costs of Issuance[(1)]	425,740.18	298,318.94	724,059.12
Total	$21,537,008.90	$300,000.00	$21,837,008.90

(1) Includes, among other costs, legal and accounting fees, underwriter's discount, regulatory fees and underwriter expenses, initial fees of the Bond Trustee and the Master Trustee, publication costs, printing expenses and contingency amount.

PLAN OF FINANCE

General

Uplift will use the proceeds of the Series 2025 Bonds for the following purposes: (i) to finance or refinance the acquisition, improvement, construction or equipment of certain properties and facilities to be used for educational, administrative, athletic, science and classroom purposes of the Uplift network and at the following specific campuses of Uplift: (a) Ascend Preparatory, located at 3301 Turf Paradise Pkwy., Fort Worth, TX; (b) Atlas Preparatory, located at 4600 Bryan St., Dallas, TX; (c) Crescendo Preparatory, located at 1200 Cooks Lane, Fort Worth, TX; (d) Elevate Preparatory, located at 10800 Chapin Rd, Fort Worth, TX; (e) Gradus Preparatory, located at 121 Seahawk Dr., DeSoto, TX; (f) Grand Preparatory, located at 300 East Church St., Grand Prairie, TX; (g) Hampton Preparatory, located at 8915 South Hampton Rd., Dallas, TX; (h) Heights Primary, located at 2202 Calypso Street, Dallas, TX; (i) Heights Secondary, located at 2650 Canada Drive, Dallas, TX; (j) Infinity Preparatory, located at 1401 S. MacArthur Blvd., Irving, TX; (k) Luna Preparatory, located at 9743 E. R.L. Thornton Freeway, Dallas, TX; (l) Meridian Preparatory, located at 1801 S. Beach St., Fort Worth, TX; (m) Mighty Preparatory, located at 3700 Mighty Mite Drive, Fort Worth, TX; (n) North Hills Preparatory, located at 606 E. Royal Lane, Irving, TX; (o) Pinnacle Preparatory, located at 2510 S. Vernon Ave., Dallas, TX; (p) Summit Preparatory, located at 1305 North Center St., Arlington, TX; (q) Triumph Preparatory, located at 9411 Hargrove Drive, Dallas, TX; (r) Uplift Education Central Office, located at 3000 Pegasus Park Drive, Suite 1100, Dallas, TX; (s) White Rock Hills Preparatory, located at 7370 Valley Glen Dr., Dallas, TX; (t) Williams Preparatory, located at 1750 Viceroy Drive, Dallas, TX; (u) Wisdom Preparatory, located at 301 W. Camp Wisdom Road, Dallas, TX (collectively, the "Series 2025 Projects"); and (ii) to pay costs of issuance for the Series 2025 Bonds.

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Prior Notes Secured by the Amended and Restated Master Indenture

After the issuance of the Series 2025 Bonds and the application of the proceeds thereof, in addition to the Series 2025 Notes, the following promissory notes of Uplift (the "Prior Notes") will remain issued and outstanding under the Amended and Restated Master Indenture:

Prior Notes	Original Amount	Outstanding Amount
Taxable Master Indenture Note (Uplift Education) Series 2012Q (the "Series 2012Q Notes")	$20,000,000	$5,050,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2013A (the "Series 2013A Note")	44,960,000	35,745,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2014A (the "Series 2014A Note")	41,750,000	35,640,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2015A (the "Series 2015A Note")	43,470,000	38,480,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2016A (the "Series 2016A Note")	42,980,000	36,675,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2017A (the "Series 2017A Note")	74,405,000	64,605,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2017B (the "Series 2017B Note")	25,380,000	23,130,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2018A (the "Series 2018A Note")	39,450,000	36,660,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2019A (the "Series 2019A Note")	24,760,000	23,230,000
Taxable Master Indenture Note (Uplift Education) Series 2019B (the "Series 2019B Note," and together with the Series 2019A Note, the "Series 2019 Notes")	66,330,000	63,825,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2020A (the "Series 2020A Note")	28,725,000	26,845,000
Tax-Exempt Master Indenture Note (Uplift Education) Series 2023A (the "Series 2023A Note")	64,160,000	63,415,000
Regions 2022A Taxable Master Indenture Note, as amended (the "Regions 2022A Master Note")	30,000,000	-*
Regions 2022B Taxable Master Indenture Note, as amended (the "Regions 2022B Master Note" and together with the Regions 2022A Master Note, the "Regions Master Notes")	20,000,000	-**
Total Amount	$566,370,000	$453,300,000

Source: Uplift.

* The Regions 2022A Master Note, as amended, evidences Uplift's revolving line of credit for capital expenditures with Regions Commercial Equipment Finance, LLC, in the original principal amount of $30,000,000. Uplift may borrow, prepay, and re-borrow on the Regions 2022A Master Note with the maximum amount outstanding at any time limited to $30,000,000. Unless Uplift elects to redeem and terminate the Regions 2022A Master Note prior to maturity, this revolving line of credit expires on April 9, 2028.

** The Regions 2022B Master Note, as amended, evidences Uplift's revolving line of credit for working capital expenditures and operating cash flow needs with Regions Commercial Equipment Finance, LLC, in the original principal amount of $20,000,000. Uplift may borrow, prepay, and re-borrow on the Regions 2022B Master Note with the maximum amount outstanding at any time limited to $20,000,000. Unless Uplift elects to redeem and terminate the Regions 2022B Master Note prior to maturity, this revolving line of credit expires on April 9, 2028.

The Series 2012Q Notes, the Series 2013A Note, the Series 2014A Note, the Series 2015A Note, the Series 2016A Note, the Series 2017A Note, the Series 2017B Note, the Series 2018A Note, the Series 2019 Notes, the Series 2020A Note, the Series 2023A Note, the Regions Master Notes and the Series 2025 Notes are designated as Senior Notes under the Amended and Restated Master Indenture ("Senior Notes"). Under the terms of the Amended and Restated Master Indenture, Uplift may issue additional Senior or Subordinate Notes secured thereby.

THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated as of their date of initial delivery to the Underwriter (the "Date of Initial Delivery"), will be issued in the aggregate principal amounts and will bear interest at the rates and will mature on the dates, subject to redemption as described below, as set forth on the inside front cover page hereof. The Series 2025 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof (an "Authorized Denomination"). Interest on the Series 2025 Bonds is payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2025 (each an "Interest Payment Date") to the Registered Owners (as defined in the Loan Agreement) of the Series 2025 Bonds. Interest on the Series 2025 Bonds will be paid on each Interest Payment Date until stated maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will accrue, initially, from the Date of Initial Delivery.

The principal of and premium, if any, on the Series 2025 Bonds will be payable at the corporate trust office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and surrender of the Series 2025 Bonds. Payment of interest on any Series 2025 Bonds will be made to the person who is the Registered Owner thereof at the close of business on the last day of the calendar month (whether or not a Business Day) next preceding each regularly scheduled Interest Payment Date (the "Regular Record Date") by check or draft mailed by the Bond Trustee to such Registered Owner at his or her address as it appears on the registration records kept by the Bond Trustee or by wire transfer of same day funds to an account located in the United States upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of $1,000,000 or more in aggregate principal amount of Series 2025 Bonds. The CUSIP number and appropriate dollar amounts for each CUSIP number are required to accompany all payments of principal, premium, if any, and interest on the Series 2025 Bonds. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owners of any Series 2025 Bonds and the Bond Trustee. All such payments are required to be made in lawful money of the United States of America.

Permanent School Fund Guarantee

In connection with the sale of the Series 2025 Bonds, an application has been filed by Uplift with, and Uplift has received conditional approval from, the TEA for the payment of the Series 2025 Bonds to be guaranteed under the Charter District Bond Guarantee Program of the Permanent School Fund of the State, which becomes effective when the State Attorney General approves the Series 2025 Bonds (Chapter 45, Subchapter C, of the Texas Education Code). See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein.

No Acceleration

Pursuant to the legislation authorizing the use of the Permanent School Fund to guarantee bonds, the Series 2025 Bonds may not be accelerated as a remedy upon an event of default under the Bond Indenture or Loan Agreement. However, the Series 2025 Notes are subject to acceleration upon an Event of Default under the Master Indenture. In such an event, the ratable portion of any foreclosure proceeds attributable to the Trust Estate collateral then securing the Series 2025 Bonds are required to be paid by the Master Trustee to the Bond Trustee and applied as directed by the Texas Commissioner of Education (the "Commissioner"). If the Commissioner fails to direct the application of such proceeds within thirty (30) days of a request for direction from the Bond Trustee, the Bond Trustee is required to optionally redeem the related Series 2025 Bonds if then subject to optional redemption or, if not then subject to optional redemption, to defease all or a portion of the related Series 2025 Bonds in each case in inverse order of maturity. See "THE SERIES 2025 BONDS – Redemption" herein.

Redemption

Optional Redemption

The Series 2025A Bonds are subject to optional redemption prior to maturity by the Issuer (at the written direction of the Borrower) in whole or in part on December 1, 2034 or any date thereafter, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, together with accrued interest to the redemption date. The redemption price of the Series 2025A Bonds subject to optional redemption will not be payable from the Permanent School Fund.

The Series 2025B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption

The Series 2025A Bonds maturing on December 1, in the years 2045, 2050, 2055 and 2060 are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the mandatory sinking fund redemption date in the years and in the principal amounts specified in the mandatory sinking fund redemption schedules set forth below:

Series 2025A Bonds
Maturing December 1, 2045

December 1	Principal Amount
2041	$520,000
2042	545,000
2043	575,000
2044	600,000
2045†	630,000

† Final Maturity

Series 2025A Bonds
Maturing December 1, 2050

December 1	Principal Amount
2046	$660,000
2047	690,000
2048	720,000
2049	755,000
2050†	790,000

† Final Maturity

Series 2025A Bonds
Maturing December 1, 2055

December 1	Principal Amount
2051	$830,000
2052	870,000
2053	915,000
2054	955,000
2055†	1,005,000

† Final Maturity

Series 2025A Bonds
Maturing December 1, 2060

December 1	Principal Amount
2056	$1,055,000
2057	1,105,000
2058	1,160,000
2059	1,220,000
2060†	1,280,000

† Final Maturity

The Series 2025B Bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the mandatory sinking fund redemption date in the years and in the principal amounts specified in the mandatory sinking fund redemption schedules set forth below:

Series 2025B Bonds
Maturing December 1, 2028

December 1	Principal Amount
2027	$260,000
2028†	40,000

† Final Maturity

At the option of the Borrower to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth (45th) calendar day next preceding any mandatory sinking fund redemption date for a maturity, it may (i) deliver to the Bond Trustee for cancellation Series 2025A Bonds or portions thereof of the same maturity, in an Aggregate Principal Amount desired by the Borrower or (ii) specify a principal amount of Series 2025A Bonds or portions thereof of the same maturity, which prior to said date have been redeemed (otherwise than through the operation of the mandatory sinking fund) and canceled by the Bond Trustee at the request of the Borrower and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2025A Bond or portion thereof so delivered or previously redeemed is required to be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem Series 2025A Bonds on such mandatory sinking fund redemption date. Any excess is required to be credited against the next mandatory sinking fund redemption obligation to redeem Series 2025A Bonds.

Mandatory Redemption Upon Determination of Taxability

The Series 2025A Bonds are also subject to extraordinary mandatory redemption in whole on any date specified by the Borrower in a notice to the Bond Trustee given at least sixty (60) days prior to such redemption date, at their principal amount, plus accrued interest to the date of redemption, upon the occurrence of a Determination of Taxability; provided, however, that the Bond Trustee may not give a notice to redeem the Series 2025A Bonds unless the Bond Trustee has on deposit, at the time of mailing such notice, funds in the amount sufficient to pay the principal and accrued interest on the Series 2025A Bonds to be redeemed to the date of such redemption. As used herein, "Determination of Taxability" means a written determination of the Internal Revenue Service that interest on the Series 2025A Bonds is includible in the gross income of the Registered Owners.

The redemption price of the Series 2025A Bonds subject to redemption upon a Determination of Taxability will not be payable from the Permanent School Fund.

Extraordinary Optional Redemption

The Series 2025 Bonds are subject to extraordinary optional redemption by the Issuer at the direction of the Borrower prior to their scheduled maturities, in whole or in part at any time at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events: (i) the facilities of the Borrower or a substantial portion thereof have been damaged or destroyed to such an extent that, in the opinion of the Borrower (a) the required restoration and repair could not reasonably be expected to be completed within a reasonable period of time, (b) the Borrower is prevented or would likely be prevented from using the facilities or a substantial portion thereof for its normal purposes, or (c) the cost of restoration and repair would not be economically practical or desirable; or (ii) title to the whole or any part of the facilities of the Borrower or the use of possession thereof has been taken or condemned by a competent authority to such an extent that, in the opinion of the Borrower, the Borrower is prevented or would likely be prevented from using the facilities or a substantial portion thereof for its normal purposes; or (iii) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Borrower under the Loan Agreement have become, as established by an Opinion of Counsel (as defined in the Loan Agreement), void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan

Agreement; or (iv) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of the Borrower, to the extent that the net proceeds of insurance or condemnation award exceeds $500,000, and the Borrower has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment of the Borrower.

The redemption price of the Series 2025 Bonds subject to extraordinary optional redemption will not be payable from the Permanent School Fund.

Purchase in Lieu of Redemption

If any Series 2025 Bond is called for optional redemption as described above under the caption "THE SERIES 2025 BONDS – Redemption – Optional Redemption" in whole or in part, the Borrower may elect to have such Series 2025 Bonds purchased in lieu of redemption in accordance with the Bond Indenture. Purchase in lieu of redemption will be available to all Series 2025 Bonds called for optional redemption as described above under the caption "THE SERIES 2025 BONDS – Redemption – Optional Redemption" (or for such lesser portion of such Series 2025 Bonds as constitute Authorized Denominations). The Borrower may direct the Bond Trustee to purchase all or such lesser portion of the Series 2025 Bonds so called for redemption.

Any such direction to the Bond Trustee must: (i) be in writing; (ii) state either that all the Series 2025 Bonds called for redemption are to be purchased or, if less than all of the Series 2025 Bonds called for redemption are to be purchased, identify those Series 2025 Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and (iii) be received by the Bond Trustee no later than 12:00 noon, Central Time, one (1) Business Day prior to the scheduled redemption date thereof. If so directed, the Bond Trustee is required to purchase such Series 2025 Bonds on the date which otherwise would be the redemption date of such Series 2025 Bonds in accordance with the standard policies and procedures of DTC. Any of the Series 2025 Bonds called for redemption that are not purchased in lieu of redemption are required to be redeemed as otherwise required by the Bond Indenture on such redemption date. No notice of the purchase in lieu of redemption is required to be given to the Registered Owner other than the notice of redemption otherwise required under the Bond Indenture.

On or prior to the scheduled redemption date, any direction given to the Bond Trustee to purchase in lieu of redemption pursuant to the Bond Indenture may be withdrawn by the Borrower by written notice to the Bond Trustee. Subject generally to the Bond Indenture, should a direction to purchase in lieu of redemption be withdrawn, the scheduled redemption of such Series 2025 Bonds will still occur (unless also withdrawn).

The purchase price of the Series 2025 Bonds is required to be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Series 2025 Bonds on the scheduled redemption date for such redemption. To pay the purchase price of such Series 2025 Bonds, the Bond Trustee is required to use such funds (A) deposited by the Borrower with the Bond Trustee into the Bond Fund or a separate fund created for such purpose and (B) funds, if any, in Funds (as defined in the Loan Agreement) held under the Bond Indenture, if any, that the Bond Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Series 2025 Bonds on the scheduled redemption date. The Bond Trustee may not purchase the Series 2025 Bonds if by no later than the redemption date, sufficient money has not been deposited with the Bond Trustee, or such money is deposited, but is not available.

Redemption in Part

If less than all of the outstanding Series 2025 Bonds or portions thereof are redeemed as described above under the captions "THE SERIES 2025 BONDS – Redemption – Optional Redemption" and "– Extraordinary Optional Redemption," the Borrower may select the particular maturities to be redeemed. If less than all Series 2025 Bonds or portions thereof of a single maturity are to be redeemed, such portions are required to be selected by the securities depository or by lot or by other method deemed reasonable by the Bond Trustee. In case a fully registered Series 2025 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2025 Bond may be redeemed, but Series 2025 Bonds may be redeemed only in the principal amount of an Authorized Denomination. Upon surrender of any fully registered Series 2025 Bond for redemption in part only, the Issuer must execute and the Bond Trustee must authenticate and deliver to the Registered Owner thereof, at the expense of the

Borrower, a new Series 2025 Bond or Series 2025 Bonds of the same maturity of Authorized Denominations in an Aggregate Principal Amount equal to the unredeemed portion of the Series 2025 Bond surrendered.

Notice of Redemption

Series 2025 Bonds are required to be called for redemption by the Bond Trustee upon receipt by the Bond Trustee at least forty-five (45) calendar days prior to the redemption date (or a shorter period as may be agreed to by the Bond Trustee) of a certificate of the Borrower directing the redemption of the Series 2025 Bonds and specifying the series, principal amount and maturities of Series 2025 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Bond Indenture pursuant to which such Series 2025 Bonds are to be called for redemption. The provisions of the preceding sentence do not apply to the redemption of Series 2025 Bonds pursuant to the mandatory sinking fund redemption provisions described under the caption "THE SERIES 2025 BONDS – Redemption – Mandatory Sinking Fund Redemption" and such Series 2025 Bonds are required to be called for redemption by the Bond Trustee without the necessity of any action by the Borrower or the Issuer.

In the case of every redemption, the Bond Trustee must cause notice of such redemption to be given by mailing by first-class mail, postage prepaid, a copy of the redemption notice to the Registered Owners of the Series 2025 Bonds designated for redemption in whole or in part, at their addresses as the same last appears upon the registration books, in each case not more than sixty (60) nor less than thirty (30) calendar days prior to the redemption date. An additional notice of redemption is required to be given by certified mail, postage prepaid, mailed not less than sixty (60) nor more than ninety (90) calendar days after the redemption date to any Registered Owner of Series 2025 Bonds selected for redemption that has not surrendered the Series 2025 Bonds called for redemption, at the address as the same shall last appear upon the registration books.

All notices of redemption are required to state: (i) the redemption date, (ii) the redemption price, (iii) the identification, including complete designation (including series) and issue date of the Series 2025 Bonds and the CUSIP number (and in the case of partial redemption, certificate number and the respective principal amounts, interest rates and maturity dates) of the Series 2025 Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Series 2025 Bonds, and that interest thereon will cease to accrue from and after said date, and (v) the name and address of the Bond Trustee and any paying agent for such Series 2025 Bonds, including the place where such Series 2025 Bonds are to be surrendered for payment of the redemption price and the name and phone number of a contact person at such address, provided, however, that failure to give any such notice, or any defect therein, will not affect the validity of any proceedings for the redemption of such Series 2025 Bonds.

On or before the Business Day immediately prior to the redemption date specified in the notice of redemption, an amount of money sufficient to redeem all Series 2025 Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, is required to be deposited with the Bond Trustee. If at the time of mailing of notice of any optional redemption in connection with a refunding of all or a portion of the Series 2025 Bonds the Borrower has not deposited with the Bond Trustee money sufficient to redeem all of the Series 2025 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of sufficient proceeds to redeem such Series 2025 Bonds with the Bond Trustee not later than the redemption date, and such notice will be of no effect unless such money is so deposited.

On the redemption date, the principal amount of each Series 2025 Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, will become due and payable. From and after such date, notice having been given and deposit having been made in accordance with the provisions of the Bond Indenture, then, regardless of whether any Series 2025 Bonds called for redemption have not been surrendered, no further interest will accrue on any such Series 2025 Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Series 2025 Bonds to be redeemed will not be deemed to be Outstanding (as defined in the Loan Agreement) under the Bond Indenture, and the Issuer will be under no further liability in respect thereof.

Registration and Exchange of Bonds

Upon surrender for transfer of any fully registered Series 2025 Bond at the designated office of the Bond Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or the

Registered Owner's attorney duly authorized in writing, the Issuer is required to execute and the Bond Trustee is required to authenticate and deliver in the name of the transferee or transferees a new fully registered Series 2025 Bond or Series 2025 Bonds for a like principal amount, maturity and interest rate.

The Bond Trustee will not be required to transfer or exchange any Series 2025 Bond after the mailing of notice calling such Series 2025 Bond or any portion thereof for redemption has been given, nor during the period beginning at the opening of business fifteen (15) calendar days before the day of mailing by the Bond Trustee of a notice calling such Series 2025 Bond or any portion thereof for redemption and ending at the close of business on the day of such mailing.

As to any Series 2025 Bond, the person in whose name the same is registered will be deemed and regarded as to the absolute owner thereof for all purposes, and payment of principal of or interest on any Series 2025 Bond may be made only to or upon the written order of the Registered Owner thereof or the Registered Owner's legal representative, but such registration may be changed as provided above. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums paid.

Registered Owners requesting exchange or transfer are required to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

TEA's Rights under the Financing Documents

As a condition for the guarantee of the Series 2025 Bonds under the Bond Guarantee Program of the Permanent School Fund of the State, the 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 Registered Owners 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 "EXHIBIT F – EXCERPTS OF CERTAIN DOCUMENTS").

Additional Bonds

Upon compliance with and subject to the terms and conditions of the Loan Agreement and the Bond Indenture, the Issuer may authorize the issuance of Additional Bonds (as defined in the Loan Agreement) to pay the costs of a Project and/or to the extent permitted by law, to refund any bonds theretofore issued.

SECURITY FOR THE SERIES 2025 BONDS

General

Each series of the Series 2025 Bonds are special, limited obligations of the Issuer payable solely from payments to be made by the Borrower under the Loan Agreement, the Series 2025 Notes, 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 Amended and Restated Master Indenture. As further security for the Series 2025 Notes, the Borrower has granted to the Master Trustee a Deed of Trust with respect to certain real property and leases. See "SECURITY FOR THE SERIES 2025 BONDS – Deed of Trust." The Series 2025 Bonds will be secured on a parity basis under the Master Indenture with all other Debt secured by a Senior Note, now or hereafter outstanding.

THE SERIES 2025 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, THE CITY, OR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE SERIES 2025 BONDS OR THE INTEREST THEREON AND NEITHER THE FULL 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, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS. HOWEVER, AN APPLICATION HAS BEEN FILED WITH, AND THE BORROWER HAS RECEIVED CONDITIONAL APPROVAL FROM, THE TEA FOR THE PAYMENT OF THE SERIES 2025 BONDS TO BE GUARANTEED

BY THE CORPUS OF THE PERMANENT SCHOOL FUND OF THE STATE. THE ISSUER HAS NO TAXING POWER.

Permanent School Fund Guarantee

The Borrower has received conditional approval from the TEA for the payment of the Series 2025 Bonds to be guaranteed under the Charter District Bond Guarantee Program (Chapter 45, Subchapter C, of the Texas Education Code). See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM."

Amended and Restated Master Indenture

To evidence its obligations under the Loan Agreement, the Borrower will execute and deliver to the Bond Trustee, as the assignee of the Issuer, the Series 2025 Notes, each in a principal amount equal to the aggregate principal amount of the related series of Series 2025 Bonds. Payments under the Series 2025 Notes are scheduled to be made at the times and in the amounts required to pay debt service on the Series 2025 Bonds and will be credited against the loan payments required to be made by the Borrower under the Loan Agreement. The Series 2025 Notes are duly authorized promissory notes of the Borrower issued pursuant to and entitled to the benefit of the Amended and Restated Master Indenture. The Series 2025 Notes constitute additional indebtedness under the Amended and Restated Master Indenture, and are issued on a parity with the other Senior Notes issued by the Borrower.

All Master Notes are secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses (as defined in the Amended and Restated Master Indenture) of the Amended and Restated Master Indenture. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS – AMENDED AND RESTATED MASTER INDENTURE – Granting Clauses" and "– Section 210. Security for Notes; Subordination." Under the Amended and Restated Master Indenture, the Trust Estate consists of:

(i) all Adjusted Revenues (as defined in the Amended and Restated Master Indenture) of the Borrower except items which by their terms or by reason of applicable law would be void or voidable if granted by the Borrower, or which cannot be granted 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 Amended and Restated Master Indenture, or which otherwise may not be lawfully and effectively granted, pledged, and assigned by the Borrower;

(ii) all money and securities, if any, at any time held by the Master Trustee in the Revenue Fund (as defined in the Amended and Restated Master Indenture) and any other fund or account established under the terms of the Amended and Restated 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 and securities entitlements and, with respect to book-entry securities, in the applicable Federal Book Entry Regulations, carried in or credited to such fund or account;

(iii) 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 Amended and Restated Master Indenture by the Borrower or by anyone on its behalf to the Master Trustee, subject to the terms thereof, including, without limitation, funds of the Borrower held by the Master Trustee as security for the Master Notes;

(iv) the lien of the Deed of Trust; and

(v) proceeds of the foregoing.

In addition, the Trust Estate under the Amended and Restated Master Indenture 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 paragraphs above.

Revenue Fund

The Amended and Restated Master Indenture provides for the creation of a Revenue Fund, which contains a principal account and an interest account, and requires the Master Trustee, upon a payment default under the Amended and Restated Master Indenture, to deposit in the Revenue Fund any money received under the Amended and Restated Master Indenture, including loan payments from the Borrower with respect to the Master Notes.

The Amended and Restated Master Indenture provides that, upon the occurrence of an Event of Default with respect to the payment of the principal of (premium, if any) or interest or any other amount due on any Master Notes when due (giving effect to any applicable period of grace, if any), then the Borrower is required to 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 the Deposit Account Control Agreement for which a notice of exclusive control has been delivered, (except as otherwise provided in the Amended and Restated Master Indenture) as well as any insurance and condemnation proceeds, during each succeeding month, beginning on the first (1st) day thereof and on each day thereafter, until no such default exists. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS – AMENDED AND RESTATED MASTER INDENTURE – Section 406. Revenue Fund" for additional information relating to the Revenue Fund, including the disposition of money held in the Revenue Fund.

Limitations on Incurrence of Debt

Under the Amended and Restated Master Indenture, the Borrower may not incur, assume, guarantee, or otherwise become liable in respect of any Debt other than:

(i) Satisfaction of Coverage. Upon satisfaction of the following conditions:

(a) No Default: Delivery of an Officer's Certificate (as defined in the Amended and Restated Master Indenture) stating that no Event of Default is then existing under the Amended and Restated Master Indenture or any Debt Outstanding or any agreement entered into in conjunction with such Debt; and

(b) Coverage. Either clause (b)(1) and clause (b)(2) below are satisfied or clause (b)(3) below is satisfied:

1) Historical Coverage on Outstanding Debt - Delivery of an Officer's Certificate stating that, for either the Borrower's most recently completed Fiscal Year (as defined in the Amended and Restated Master Indenture) or for any consecutive twelve 12 months out of the most recent 18 months immediately preceding the issuance of the additional Debt, Available Revenues (as defined in the Amended and Restated Master Indenture) are equal to at least 1.10 times Maximum Annual Debt Service (as defined in the Amended and Restated Master Indenture) on all Debt then Outstanding; and

2) Projected Coverage for Additional Debt – An Independent Management Consultant (as defined in the Amended and Restated Master Indenture) selected by the Borrower provides a written report setting forth projections which indicate that the estimated Available Revenues for each of the three consecutive Fiscal Years beginning:

a) if provision has not been made for the payment of interest or principal of the Debt to be issued, the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Debt, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or

b) the first full Fiscal Year in which the Borrower will have scheduled payments of interest on or principal of the Debt to be issued for the

payment of which provision has not been made as indicated in the report of such Management Consultant from proceeds of such Debt, investment income thereon or from other appropriated sources (other than Available Revenues),

are equal to at least 1.20 times Maximum Annual Debt Service on all Debt then Outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the additional Debt to be issued. The report of the Management Consultant shall take into account the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and shall assume that the proposed additional Debt shall have been outstanding for the entire year; or

3) Alternate Coverage for Additional Debt – The Borrower shall deliver an Officer's Certificate stating that, based on the audited results of the operations for the most recently completed Fiscal Year, Available Revenues are equal to at least 1.10 times Maximum Annual Debt Service on all Debt then Outstanding as well as the additional Debt.

The satisfaction of the conditions set forth in clauses (i)(a) through (i)(b) of this Section shall be evidenced to the Master Trustee in a manner (which may include certificates and opinions) satisfactory to the Master Trustee; or

(ii) Refunding Debt. If additional Debt is being issued for the purpose of refunding any Outstanding Debt, such Debt may be issued upon the delivery of an Officer's Certificate referenced in clause (i)(a) of this Section; or

(iii) Completion Debt. In the event such Debt is being issued or incurred for the purpose of completing any Related Project, such Debt may be issued in amounts not to exceed 10% of the principal amount of the Debt originally issued for such Related Project upon delivery of an Officer's Certificate that such additional Debt is required to fund the costs of completion.

(iv) Debt with Bond Insurer Consent. Any Debt, with the prior written consent of each Bond Insurer.

Minimum Liquidity Covenant

Under the Amended and Restated Master Indenture, the Borrower has covenanted that, so long as any Series 2025 Note remains Outstanding, the Borrower will maintain unrestricted cash and restricted cash (which restricted cash is available to be used to pay operating expenses of the Borrower relating to the operation of charter schools and debt service on Debt) and receivables from the State of Texas of one hundred (100) days.

This "Minimum Liquidity Covenant" is required to be tested as of June 30 (a "Test Date") of each year based on the results of the annual audit of the Borrower for such Fiscal Year upon the release of such audit. If the Borrower is unable to comply with the requirements of this Minimum Liquidity Covenant by the Test Date next following a Test Date showing non-compliance, then the Holders (as defined in the Amended and Restated Master Indenture) of two-thirds in principal amount of the Outstanding Series 2025 Notes will have the right to direct the Master Trustee to require the Borrower to engage, at the Borrower's expense, a Management Consultant acceptable to the Master Trustee to evaluate ways to increase the unrestricted and restricted cash reserves and receivables from the State of Texas as required above. A failure to satisfy the Minimum Liquidity Covenant will not constitute a default or Event of Default under the Amended and Restated Master Indenture.

Rate Covenant

Under the Amended and Restated Master Indenture, the Borrower has covenanted that, so long as any Series 2025 Note remains Outstanding, the Available Revenues for each Fiscal Year of the Borrower must be equal to at least 1.10x the Annual Debt Service Requirements as of the end of each Fiscal Year after the date of issuance of the Series 2025 Notes. The Borrower's failure to achieve the required debt service coverage ratio shall not constitute an

Event of Default under the Amended and Restated Master Indenture if the Borrower timely engages a Management Consultant, such consultant timely prepares a report (to be delivered to the Borrower and the Master Trustee) with recommendations for meeting the required ratio and the Borrower, to the extent legally permissible, commences to timely implement the consultant's recommendations. The preceding sentence notwithstanding, in no event may the foregoing ratio fall below 1.00x Annual Debt Service Requirements.

Cash On Hand Covenant

Under the Amended and Restated Master Indenture, the Borrower has covenanted that for so long as any Series 2025 Note remains Outstanding, it will maintain cumulative unrestricted cash and restricted cash (which restricted cash is available to be used to pay operating expenses of the Borrower relating to the operation of charter schools and debt service on Debt) in an amount equal to at least sixty (60) days of its operating expenses as calculated by multiplying the total operating expenses of the Borrower for the prior Fiscal Year (or the prior 12-month trailing period, as applicable) by 60/365, compliance with which is to be tested as of December 31 and June 30 of each year. If the Borrower fails to maintain the required amount of cash on hand as set forth above, then the Holders of two-thirds in principal amount of the Outstanding Series 2025 Notes will have the right to direct the Master Trustee to require the Borrower to engage, at the Borrower's expense, a Management Consultant acceptable to the Master Trustee to evaluate ways to increase the cash on hand as required above. A failure to maintain the required amount of cash on hand will not constitute a default or Event of Default under the Amended and Restated Master Indenture.

Release of Property

Under the Amended and Restated Master Indenture, at the request of a majority of the Holders of the Notes and the consent of each Bond Insurer, if any, the Master Trustee shall execute and deliver in recordable form any releases of Property encumbered by the Amended and Restated Master Indenture or by a Deed of Trust.

Notwithstanding the foregoing, Property shall be released as security by the Master Trustee in the following circumstances:

(a) In return for other Property of equal or greater value and usefulness, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(b) In the ordinary course of business upon fair and reasonable terms, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(c) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of the Borrower stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;

(d) Upon fair and reasonable terms no less favorable to the Borrower than would be obtained in a comparable arm's length transaction, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(e) The Property sold, leased, donated, transferred or otherwise disposed of does not, for any consecutive 12 month period, exceed 3% of the total Book Value or, at the option of the Borrower, the Current Value of all Property of the Borrower, if there is delivered to the Master Trustee an Officer's Certificate to such effect; or

(f) To any Person if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Master Notes, if there is delivered to the Master Trustee an Officer's Certificate to such effect.

In connection with any sale, lease or other disposition of Property, to the extent the Borrower receives Property in return for such sale, lease or disposition, the Property which is sold, leased or disposed of shall be treated,

for purposes of the provisions of the Amended and Restated Master Indenture as having been transferred in satisfaction of the provisions of clause (a) above to the extent of the fair market value of the Property received by the Borrower. The Borrower shall be required, however, to satisfy the conditions contained in one of the other provisions of the Amended and Restated Master Indenture with respect to the remaining value of such Property in excess of the fair market value of the Property received by the Borrower in return therefor prior to any such sale, lease or other disposition.

Upon request of the Borrower accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in the Amended and Restated Master Indenture have been satisfied, the rights, title, liens, security interests and assignments granted under the Amended and Restated Master Indenture shall cease, determine and be void as to such property only and the lien of the Amended and Restated Master Indenture is required to be released by the Master Trustee as to such property in due form at the expense of the Borrower.

As used herein, the term "Book Value" when used with respect to Property of the Borrower, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of the Borrower that have been prepared in accordance with generally accepted accounting principles. The term "Current Value" means the aggregate fair market value of such Property as reflected in the most recent written report of an appraiser selected by the Borrower, and in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated), (a) minus the fair market value (as reflected in such most recent appraiser's report) of any Property included in such report but disposed of since the last such report; plus (b) the Book Value of any Property acquired since the last such report, minus (c) the Book Value of any such Property acquired since the last such report but disposed of.

The Bond Indenture

General

Under the Bond Indenture, the Issuer will grant to the Bond Trustee for the equal and ratable benefit of the Registered Owners of the Series 2025 Bonds, among other things, the following: (i) all of the Issuer's right, title, and interest in and to the Series 2025 Notes delivered by the Borrower to the Issuer pursuant to the Loan Agreement; (ii) all of the Issuer's right, title, and interest in and to the Loan Agreement (except for the rights of the Issuer to receive payments, if any, under certain provisions of the Loan Agreement relating to indemnification, Issuer's fees and expenses), together with all powers, privileges, options and other benefits of the Issuer contained in the Loan Agreement; provided, however, that nothing in this sentence shall impair, diminish or otherwise affect the Issuer's obligations under the Loan Agreement or, except as otherwise provided in the Bond Indenture, impose any such obligations on the Bond Trustee; (iii) amounts on deposit from time to time in the Bond Fund, Construction Fund (as defined in the Amended and Restated Master Indenture) and Costs of Issuance Fund (as defined in the Amended and Restated Master Indenture), but excluding the Rebate Fund (all as defined in the Loan Agreement), subject to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Indenture; and (iv) any and all property of every kind or description which may from time to time be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with the Bond Trustee as additional security by the Issuer or anyone on its part or with its written consent, or which pursuant to any of the provisions of the Bond Indenture or of the Loan Agreement or any Master Note may come into the possession of or control of the Bond Trustee or a receiver appointed pursuant to the Bond Indenture, as such additional security. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS – BOND INDENTURE."

Bond Fund

The Bond Indenture establishes a Bond Fund with two separate accounts designated as the Principal Account and the Interest Account (each as defined in the Loan Agreement). Money on deposit in the Principal Account will be used to pay the principal of and premium, if any, on the Series 2025 Bonds, when due and payable. Money on deposit in the Interest Account will be used to pay the interest on the Series 2025 Bonds. Under the Bond Indenture, all accrued interest received from the sale of the Series 2025 Bonds to the initial purchasers thereof, if any, must be deposited into the Interest Account. In addition, there is also required to be deposited into the Principal Account or

the Interest Account, as appropriate and when received, (i) all payments on the Series 2025 Notes, (ii) all money transferred to the Bond Fund from the Funded Interest Account (as defined in the Loan Agreement), (iii) all other money required to be deposited pursuant to the Loan Agreement, and (iv) all other money received by the Bond Trustee when accompanied by written directions that such money is to be paid into the Principal Account or the Interest Account.

The Loan Agreement

The Series 2025 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, the Borrower agrees to make Loan Payments sufficient to provide funds to make required payments of principal, premium, if any, and interest on the Series 2025 Bonds in full. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS – LOAN AGREEMENT."

Deed of Trust

The Borrower has granted a Deed of Trust and Security Agreement, dated October 27, 2005 (as supplemented, the "Deed of Trust") in favor of the Master Trustee. The Deed of Trust assigns certain mortgaged property, as defined in the Deed of Trust ("Mortgaged Property"), and collateral, as defined in the Deed of Trust ("Collateral"), in favor of the Master Trustee. Such Mortgaged Property and Collateral includes certain of the Borrower's real estate and premises as described in the Deed of Trust, as well as existing or future buildings and improvements on such real estate, related fixtures and equipment, and other Collateral described in the Deed of Trust. A copy of the Deed of Trust is available upon request as provided under "MISCELLANEOUS – Additional Information." Uplift leases or will lease certain of the properties from which it operates or will operate its Charter Schools and conducts its operations. Under the Deed of Trust, the Mortgaged Property includes a leasehold mortgage in the leasehold estate held by Borrower under its lease with respect to Uplift Luna Primary Preparatory and Uplift Heights Preparatory, but not the Central Office, the Fort Worth Administration Office or the Operations Storage Facility. See "TABLE 3: FACILITIES" in "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS."

The Borrower has the right to release certain collateral from the lien of the Deed of Trust. See "SECURITY FOR THE SERIES 2025 BONDS – Amended and Restated Master Indenture – Release of Property."

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 for traditional school districts. Accordingly, those and other related aspects of the State and local funding for traditional school districts is set forth below. A summary of certain additional funding provisions applicable specifically to open-enrollment charter schools is subsequently provided below under "STATE FUNDING FOR OPEN ENROLLMENT CHARTER SCHOOLS."

Overview

During the 2019 Legislative Session, the Texas State Legislature (the "Legislature") made numerous changes to the Texas public school finance system (the "Finance System"), the levy and collection of ad valorem taxes, and the calculation of defined tax rates, including particularly those contained in House Bill 3 ("HB 3") and Senate Bill 2 ("SB 2"). During the 2021 Legislative Session, the 87th Legislature introduced House Bill 1525 ("HB 1525"), which was originally intended as a "HB 3 cleanup" bill, but covered many school finance and education-related matters. The Borrower continues to monitor the ongoing guidance provided by TEA in connection with recent legislation. The information contained herein under the captions "STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS" and "STATE FUNDING FOR OPEN-ENROLLMENT CHARTER SCHOOLS" is subject to change, and only reflects the Borrower's understanding based on information available to the Borrower as of the date of this Official Statement. Prospective investors are encouraged to review HB 3, SB 2, HB 1525, Chapters 43 through 49 of the Texas Education Code, as amended, and Chapter 12 of the Texas Education Code, as amended.

Local funding is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: a maintenance and operations

("M&O") tax to pay current expenses and an 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 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 not to exceed $0.50 per $100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount. 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.

2023 Legislative Sessions

The regular session of the 88th Legislature (the "88th Regular Session") began on January 10, 2023 and adjourned on May 29, 2023. The Legislature meets in regular session in odd numbered years for 140 days. 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 Governor has called and the Legislature has concluded four special sessions during the 88th Legislature (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions").

During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2024-2025 State fiscal biennium and increased the State guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "- State Funding for School Districts - Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus. The Legislature set aside approximately $4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during either the first, second or third called special sessions of the 88th Legislature.

During the second called special session, legislation was passed that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately $0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from $40,000 to $100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibits school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at $5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. At an election held on November 7, 2023, voters approved a State constitutional amendment effectuating the legislative changes. The legislation adopted during the second called special session reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

During the third and fourth called special sessions, the Legislature considered, but did not pass legislation affecting public schools. The proclamation for the fourth called special session included the consideration of (i) "legislation relating to primary and secondary education, including the establishment of an education savings account program, the certification, compensation, and health coverage of certain public school employees, the public school

finance system, special education in public schools, measures to support the education of public school students that include certain educational grant programs, reading instruction, and early childhood education, the provision of virtual education, and public school accountability"; and (ii) "legislation related to school safety measures and related state funding mechanisms." The Governor may call additional special sessions and the Legislature may enact laws that materially change current law as it relates to the funding of public schools, including the Borrower. The Borrower can make no representations or predictions regarding the scope of additional legislation that may be considered during any additional called special sessions or the potential impact of such legislation at this time.

2025 Legislative Sessions

The regular session of the 89th Legislature began on January 14, 2025, and is scheduled to conclude June 2, 2025. Thereafter the Texas Governor may call one or more additional special sessions. During this time, the 89th Texas Legislature may enact laws that materially change current law as it relates to the school finance system and the TEA. No representation is made regarding any actions the 89th Texas Legislature may take, but the Borrower intends to monitor proposed legislation for any developments applicable thereto.

Local Funding for School Districts

A school district's M&O tax rate is composed of two distinct parts: the "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 formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed 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. The discussion in this subcaption "Local Funding for School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements. Such distinctions are discussed under the subcaption "Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage. The "State Compression Percentage" or "SCP" is the lesser of three alternative calculations: (i) 93% or a lower percentage set by appropriation for a school year; (ii) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (iii) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2024, the SCP is set at 68.80%.

Maximum Compressed Tax Rate. The "Maximum Compressed Tax Rate" or 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 (described below) 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's MCR). However, each year the 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 instead equal to the school district's prior year 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. For the 2023-2024 school year, the Legislature reduced the maximum MCR, establishing $0.6880 as the maximum rate and $0.6192 as the floor.

Tier One Tax Rate. 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; 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 such 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 School Districts – *Tier Two*" herein.

State Funding for School Districts

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district's Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide "Tier One" funding or "Tier Two" funding, respectively, to fund the difference between the school district's entitlements and the calculated M&O revenues generated by the school district's respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as amended (see "Local Revenue Level In Excess of Entitlement" herein), and in some instances is required to be used for that purpose, Tier Two funding may not be used for the payment of debt service or capital outlay.

The Finance System also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school 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 school districts. For the 2024-2025 State fiscal biennium, the Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school 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 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 Legislature.

Tier One. Tier One funding is the basic level of programmatic funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon the unique school district characteristics, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

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 school districts by various weights to account for differences among school 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 school 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 the State's goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher compensation incentive allotment to increase teacher retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by $6,160, is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

The fast growth allotment weights are 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 $315 million for the 2023-2024 school year.

Tier Two. 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 (96^{th}) 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 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $126.21 per student in WADA in 2024 and $129.52 per student in WADA in 2025 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 the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $49.28 per student in WADA for each Copper Penny levied. 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.

Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school 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 the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Education Commissioner in accordance with rules adopted by the 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 Education 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 Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the 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 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 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, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from $40,000 to $100,000. See "2023 Legislative Sessions." Hold-harmless applies only to bonds authorized by voters prior to September 1, 2023.

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. During the 2023 Legislative Sessions, the 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 Education Commissioner may proportionally reduce the amount of funding a school district receives under the Foundation School Program and the ADA calculation if the school district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Education Commissioner may also adjust a school district's ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a school district's attendance.

Furthermore, "property-wealthy" school districts that received additional State funds under the Finance System prior to the enactment of certain legislation passed during the 86th Legislature are entitled to an equalized wealth transition grant on an annual basis, which will be phased out in 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. Additionally, school districts and open-enrollment charter schools may be entitled to receive an allotment in the form of a formula transition grant, but they will not be entitled to an allotment beginning with the 2024-2025 school year. This grant is meant to ensure a smooth transition into the funding formulas enacted by the 86th Legislature. Furthermore, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds $400 million, the Education Commissioner shall proportionately reduce each district's or school's allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero.

Local Revenue Level in Excess of Entitlement

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school 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 school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue in excess of entitlement, Chapter 49 school districts are generally subject to a process known as "recapture", which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district's funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption "Options for Local Revenue Levels in Excess of Entitlement" below. Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Options for Local Revenue Levels in Excess of Entitlement. Under Chapter 49, a school district has six (6) options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a

school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters.

Furthermore, a school 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 school district fails to exercise a permitted option, the Education Commissioner must reduce the school district's local revenue level to the level that would produce the school district's guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Education Commissioner do not provide for assumption of any of the transferring school district's existing debt.

STATE FUNDING FOR OPEN-ENROLLMENT CHARTER SCHOOLS

As noted above, 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". The following description of additional State funding provisions applicable to open-enrollment charter schools 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.

Tier One Funding for Open-Enrollment 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 WADA, excluding (i) the adjustment under Section 48.052 of the Texas Education Code, as amended, (ii) the funding under Sections 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.

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) 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 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, and (2) $125. 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 48.110 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.

Tier Two Funding for Open-Enrollment 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. Open-enrollment charter schools are also entitled to funds that are available to school districts from the 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.

State Facilities Funding for Open-Enrollment 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: (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) New Instructional Facilities Allotment (Section 48.152 of the Texas Education Code, as amended); (iii) Dropout Recovery School and Residential Placement Facility Allotment (Section 48.153 of the Texas Education Code, as amended); and (iv) Tuition Allotment for Districts Not Offering All Grade Levels (Section 48.154 of the Texas Education Code, as amended).

Timing of State Funding

Open-enrollment charter schools that have experienced a 10% or greater increase in enrollment year-over-year have the option to petition for an accelerated payment of Foundation School Program funding. Eligible charter schools that choose the accelerated payment schedule will receive accelerated payments for three (3) school years and then must reestablish eligibility. The Borrower is not eligible for accelerated payments, and receives Foundation School Program funding payments monthly in approximately even amounts. The amount of any installment can be modified to provide the proper amount to which the Borrower may be entitled and to correct errors in the allocation or distribution of funds.

LITIGATION RELATED TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM

General

On seven occasions in the last 30 years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Finance System. The litigation has primarily focused on whether the Finance System, as amended by 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*., 490 S.W.3d 826 (Tex. 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 State Constitution. In its 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.

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 the Borrower. 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 THE BORROWER NOR ANY OTHER PARTY TO THE SERIES 2025 BOND TRANSACTION CAN MAKE ANY REPRESENTATIONS OR PREDICTIONS CONCERNING THE EFFECT FUTURE CHANGES TO THE SCHOOL FINANCE SYSTEM MAY HAVE ON THE BORROWER'S FINANCIAL CONDITION, REVENUES OR OPERATIONS.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry-only system has been obtained from DTC. The Issuer, the Borrower, the Bond Trustee, the Master Trustee, and Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered bonds 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 in typewritten form will be issued for each stated maturity of the Series 2025 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, as amended (the "1934 Act"). 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 bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond 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. bond brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 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 Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 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 Series 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the certificate documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 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 Series 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 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 District 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 the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2025 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 detailed information from the District or the Registrar, 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 Series 2025 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 Registrar, or Uplift, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of all payments on the Series 2025 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Uplift or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 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, certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND THE DTC BOOK-ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. THE ISSUER, THE BORROWER, THE BOND TRUSTEE, THE MASTER TRUSTEE AND THE UNDERWRITER 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*

The following table sets forth the debt repayment schedule for Uplift's outstanding Senior Notes after the issuance of the Series 2025 Bonds and the application of the proceeds thereof.

Period Ending June 30	Existing Debt Service	Series 2025 Principal	Series 2025 Interest	Series 2025 Total	Aggregate Total
2025	$28,906,771	-	-	-	$28,906,771
2026	28,909,935	-	$1,110,342	$1,110,342	30,020,277
2027	28,908,913	-	1,057,469	1,057,469	29,966,382
2028	28,869,862	$260,000	1,051,294	1,311,294	30,181,156
2029	28,868,231	275,000	1,038,294	1,313,294	30,181,524
2030	28,866,279	285,000	1,024,344	1,309,344	30,175,623
2031	28,852,849	300,000	1,009,719	1,309,719	30,162,568
2032	28,872,540	315,000	994,344	1,309,344	30,181,883
2033	28,887,961	335,000	978,094	1,313,094	30,201,055
2034	28,883,885	350,000	960,969	1,310,969	30,194,854
2035	28,872,508	370,000	942,969	1,312,969	30,185,476
2036	28,868,771	390,000	923,969	1,313,969	30,182,740
2037	28,873,795	410,000	903,969	1,313,969	30,187,764
2038	28,881,944	430,000	882,969	1,312,969	30,194,913
2039	28,215,564	450,000	860,969	1,310,969	29,526,533
2040	28,227,194	475,000	837,844	1,312,844	29,540,038
2041	28,223,049	500,000	813,469	1,313,469	29,536,518
2042	28,226,017	520,000	788,944	1,308,944	29,534,961
2043	28,232,116	545,000	764,316	1,309,316	29,541,432
2044	28,240,956	575,000	738,416	1,313,416	29,554,371
2045	28,245,364	600,000	711,244	1,311,244	29,556,608
2046	28,245,456	630,000	682,800	1,312,800	29,558,256
2047	24,955,833	660,000	652,969	1,312,969	26,268,801
2048	24,953,959	690,000	621,750	1,311,750	26,265,709
2049	18,238,460	720,000	589,144	1,309,144	19,547,604
2050	18,233,606	755,000	555,034	1,310,034	19,543,641
2051	15,865,319	790,000	519,306	1,309,306	17,174,625
2052	11,804,138	830,000	481,325	1,311,325	13,115,463
2053	9,786,131	870,000	440,950	1,310,950	11,097,081
2054	7,121,875	915,000	398,556	1,313,556	8,435,431
2055	4,810,594	955,000	354,144	1,309,144	6,119,738
2056	3,571,078	1,005,000	307,594	1,312,594	4,883,672
2057	3,569,031	1,055,000	258,009	1,313,009	4,882,041
2058	3,570,859	1,105,000	205,359	1,310,359	4,881,219
2059	3,566,344	1,160,000	150,150	1,310,150	4,876,494
2060	-	1,220,000	92,138	1,312,138	1,312,138
2061	-	1,280,000	31,200	1,311,200	1,311,200
TOTAL	**$780,227,185**	**$22,025,000**	**24,734,371**	**46,759,371**	**826,986,556**

* Net of assumed federal subsidy for the Series 2012Q Qualified School Construction Bonds including reduction of 5.7% subsidy reduction due to Sequestration.

RISK FACTORS

General

This Official Statement contains summaries of pertinent portions of the Series 2025 Bonds, the Bond Indenture, the Amended and Restated Master Indenture, the Loan Agreement, the Deed of Trust, 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 Series 2025 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 State Constitution provides that the State Legislature by law may provide for using the Permanent School Fund to guarantee bonds issued by school districts. In 2013, the State Legislature enacted a law providing a method for State charter schools to be designated as "charter districts" and to avail themselves of the guarantee of the Permanent School Fund. An application has been filed by the Borrower with the TEA for the Series 2025 Bonds to be guaranteed under the Bond Guarantee Program of the Permanent School Fund of the State. 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 and Bond Counsel will deliver an opinion with respect to the validity of the Series 2025 Bonds, neither party will opine with respect to the enforceability of, or constitutionality of, the Permanent School Fund guarantee of the Series 2025 Bonds. Additionally, no other party, including the TEA, will give any opinions with respect to the enforceability or constitutionality of the guarantee of the Series 2025 Bonds.

Sufficiency of Revenues

The Series 2025 Bonds are payable solely from certain payments, revenues and other amounts derived by the Issuer pursuant to the Loan Agreement and the Series 2025 Notes, 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, the Borrower believes it will generate sufficient revenues to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and other Outstanding Master Notes. However, the Borrower's charter may be revoked, or the bases of the assumptions used by the Borrower to formulate its beliefs may otherwise change. No representation or assurance can be made that the Borrower will continue to generate sufficient revenues to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and other Outstanding Master Notes.

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

State charter schools such as the Charter Schools operated by the Borrower may not charge tuition and have no taxing authority. Payments from the State that the Borrower receives for educating students comprise the primary source of revenue generated by the Borrower. The amount of such State payments the Borrower 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 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 the Borrower to generate sufficient revenue to meet its operating expenses and to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and other bonds that could be issued for the benefit of the Borrower. 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. Furthermore, the TEA is empowered by State law to withhold funds, suspend funds or require repayment/reimbursement of funds for a number of reasons and circumstances, and the Borrower has limited appeal rights under statute and rule. If the State were to withhold funds, suspend funds or require repayment/reimbursement of funds, such State payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, the Borrower could be forced to cease operations. Any future decreases in State revenues

or increases in State expenditures may adversely affect education appropriations made by the Legislature. Neither the Borrower nor any other party to the transaction contemplated herein can predict how State revenues or State education funding will vary over the entire term of the Series 2025 Bonds.

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 the Borrower 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 Texas charter schools. See "STATE FUNDING FOR OPEN-ENROLLMENT CHARTER SCHOOLS" and "LITIGATION RELATED TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM" herein.

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 non-renewal and the respective rights of the parties. See "STATE FUNDING FOR TRADITIONAL SCHOOL DISTRICTS" and "STATE FUNDING FOR OPEN-ENROLLMENT CHARTER SCHOOLS" below. The law affecting charter schools is subject to additional changes. Changes to applicable law by the Legislature could be adverse to the financial interests of the Borrower and could adversely affect the security of the Series 2025 Bonds. 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 Series 2025 Bonds. Adverse State budget considerations could increase the likelihood that the 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 FUNDING FOR OPEN-ENROLLMENT CHARTER SCHOOLS" and "CURRENT PUBLIC SCHOOL FINANCE LITIGATION" herein. Further, federal laws and regulations applicable to charter schools may also change over time.

Competition for Students

Uplift serves students in the Dallas/Fort Worth metropolitan area. Uplift's students generally reside within portions of the "Region 10 Education Service Center" ("Region 10 ESC"), with the exception of Uplift Summit International Preparatory, Uplift Meridian Preparatory, Uplift Mighty Preparatory, Uplift Elevate Preparatory, Uplift Ascend Preparatory and Uplift Crescendo Preparatory which are part of the "Region 11 Education Service Center" ("Region 11 ESC"), within close proximity to the schools they attend. Region 10 ESC is located in north Texas and serves the 10-county area of Collin County, Dallas County, Ellis County, Fannin County, Grayson County, Henderson County, Hunt County, Kaufman County, Rockwall County and a part of Van Zandt County. There are currently 39 charter school districts (with over 212 individual campuses), approximately 83 traditional public school districts, and 115 private schools serving grades pre K-12 in the Region 10 ESC. Region 11 ESC is located in north Texas and serves the 10-county area of Cooke County, Denton County, Erath County, Hood County, Johnson County, Palo Pinto County, Parker County, Somervell County, Tarrant County and Wise County. There are currently 17 charter schools (with 105 individual campuses), approximately 76 traditional public school districts, and 160 private schools serving grades pre K-12 in the Region 11 ESC. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Service Area and Surrounding Schools." Potential purchasers should be aware that the Borrower faces constant competition for students and there can be no assurance that the Borrower will continue to attract and retain the number of students that are needed to generate revenues sufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes.

Nonrenewal or Revocation of Charters

Historically, Uplift operated as a network of five separate charters; however, on April 1, 2015, Uplift received approval by the Commissioner of the State Board of Education to consolidate, effective July 1, 2015 all its schools under its then-named North Hills charter. The North Hills charter was renamed Uplift Education and all the Uplift schools now operate under that charter. The Uplift charter was renewed on July 31, 2021, and is required to be renewed with the TEA every ten years. The next renewal date is July 31, 2031. Effective July 1, 2015, the name of each charter school was revised to add the word "Uplift" to the beginning of each name. The respective schools operating under the Uplift Education charter contract collectively constitute a "District." See "RISK FACTORS -

Operating History; Reliance on Projections; Expansion Plan and Effect on Projections" and "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Charters."

Under State law, the Commissioner of Education (the "Commissioner") is required to revoke the charter of, 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 (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 of the Texas Education Code, as amended; (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 rules.

The Commissioner shall also revoke the charter of an open-enrollment charter school if (i) the charter holder has been assigned an unacceptable performance rating ("Accountability Rating") under Subchapter C, Chapter 39 of the Texas Education Code for the three (3) preceding school years; (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 for the three (3) preceding school years; or (iii) the charter holder has been assigned any combination of the ratings described in (i) or (ii) for the three (3) preceding school years.

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 the charter holder has been assigned an unacceptable Accountability Rating for any three (3) of the five (5) preceding school years; (ii) the charter holder has been assigned a FIRST Rating that is lower than satisfactory for any three (3) of the five (5) preceding school years; (iii) the charter holder has been assigned any combination of the ratings described in (i) or (ii) for any three (3) of the five (5) preceding school years; or (iv) any campus operating under the charter has been assigned an unacceptable performance rating as its Accountability Rating for the three (3) preceding school years and such campus has not been closed. A determination by the Commissioner that the charter is not permitted to be renewed and must be allowed to expire is final and not appealable.

There can be no assurance the Borrower will be able to satisfy the academic and/or financial accountability standards described above in the future. If the Borrower's charter is revoked or if the charter is not renewed, the Borrower may be forced to cease operations. The taking of any actions by the Commissioner as described in this subsection may have a material adverse effect on the ability of the Borrower to pay the Series 2025 Notes and sufficient to pay debt service on the Series 2025 Bonds and other bonds issued for the benefit of the Borrower. For additional discussion regarding the revocation and non-renewal of charters by the Commissioner, see APPENDIX A and APPENDIX B to this Official Statement.

Certain Uplift campuses have received Accountability Ratings of "NR," meaning some schools were not rated. The State of Texas did not issue any ratings below a C with the first administration of STARR post-pandemic to allow schools additional time for students to catch up academically. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Charters – Revocation and Nonrenewal" and "–Accountability Rating." Future Accountability Ratings indicating unacceptable performance could have a material adverse effect on Uplift's operations and its ability to pay the Master Notes and thus to make payment of debt service on prior bonds issued for the benefit of Uplift and the Series 2025 Bonds.

Project Approvals and Construction Process

The Borrower will use a portion of the proceeds of the Series 2025 Bonds to finance certain construction projects. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Series 2025 Projects." Any failure by the Borrower to obtain necessary approvals, consents, certificates and permits could result in delay with respect to completion of construction, and any such delay could adversely affect the Borrower's operations and its ability to generate revenues sufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Enrollment."

Flood Zone

According to certain F.E.M.A. Flood Insurance Rate Map, certain portions of certain of Uplift's sites lie within Special Flood Hazard categories. The Borrower designs and constructs buildings on such sites in a way to either not locate buildings on the site within the flood zone or locate the buildings on the highest point of the site. Pursuant to the Amended and Restated Master Indenture, the Borrower is required to keep all its property and operations of an insurable nature and of the character usually insured by companies operating similar properties and engaged in similar operations insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies. Accordingly, the Borrower maintains flood insurance for the properties, as applicable. However, there can be no assurance that the amount of flood insurance required to be obtained or actually obtained with respect any such schools will be adequate, or that the cause of any damage or destruction to a school will be as a result of a risk which is insured.

Operating History; Reliance on Projections; Expansion Plan and Effect on Projections

The Borrower has conducted operations at its flagship Uplift North Hills Preparatory school since the 1997-98 school year; at Uplift Atlas Preparatory since the 2004-05 school year; at Uplift Summit International Preparatory, Uplift Hampton Preparatory and Uplift Williams Preparatory since the 2007-08 school year; at Uplift Luna Preparatory and Uplift Heights Preparatory since the 2010-11 school year; at Uplift Infinity Preparatory and Uplift Pinnacle Preparatory since the 2011-12 school year; at Uplift Mighty Preparatory, Uplift Meridian Preparatory and Uplift Luna Secondary Preparatory since the beginning of the 2012-13 school year; at Uplift Triumph Preparatory since the beginning of the 2013-14 school year; at Uplift Grand Preparatory since the beginning of the 2014-15 school year; and at Uplift Gradus Preparatory and Uplift Lee since the beginning of the 2015-16 school year. The Borrower began operations at Uplift Wisdom Preparatory (formerly known as Uplift Pinnacle Destination Preparatory) and Uplift White Rock Hills Preparatory in the 2017-18 school year and at Uplift Ascend Preparatory (formerly referred to as Fort Worth #3) in the 2018-19 school year. The Borrower began operations at Uplift Elevate primary and middle schools and Uplift Wisdom high school in the 2019-20 school year. The Borrower began operations at Uplift Crescendo Preparatory in the 2021-22 school year. In 2023-24, Uplift completed its new Luna Preparatory Campus consolidating Luna Primary and Luna Secondary and expanded Uplift Gradus Preparatory to include Pre-Kindergarten. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS."

Pertinent to the Borrower's projections and as noted elsewhere herein, Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. Effective July 31, 2021, the current Uplift charter has an authorized enrollment limit of 30,000 students from Pre-Kindergarten to 12th grade. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. The projections contained in "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS" included in "TABLE 8: HISTORICAL AND FUTURE PROJECTED ENROLLMENT" and "TABLE 15: PROJECTED REVENUES AND EXPENSES" reflect assumptions corresponding to contemplated enrollment growth.

In August 2013, Uplift received a donation for $12.5 million with a matching grant in a like amount from the Jake and Nancy Hamon Charitable Foundation, and Uplift completed raising the full match in 2015-16 through gift and pledges of $12.5 million. In 2015, Uplift received a $10.3 million U.S. Department of Education Charter Expansion Grant to help start new schools over the next 5 years. In 2016, Uplift closed its prior capital campaign, raising $72 million over seven years. In 2017, Uplift launched a $42 million campaign focused on innovation and moderate growth of its educational footprint. The campaign successfully concluded after five years raising $49 million dollars from supporters such as Charter School Growth Fund, Sid Richardson Foundation, John Kleinheinz, Rainwater Charitable Foundation, and the Morris Foundation.

With the implementation of Uplift's strategy through 2028, Uplift's fundraising efforts have shifted to programmatic support of core flagship initiatives and supporting small capital projects to support positive school cultures. Uplift's goal is to raise $8-10 million per year supporting those efforts. This year, to date, Uplift has raised $11 million in both pledges and collected donations. Donors include the Hamon Charitable Foundation, Bloomberg Philanthropies, and new individual major gift donors Warren Huff and Kent McGaughy supporting Uplift's career pathways and athletic facilities. See "Additional Debt and Additional Bonds" below for additional discussion of Uplift's future growth plans. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Fundraising."

The financial projections included herein have been prepared by the Borrower, with assistance from its financial advisor, and have not been independently verified by any party. No feasibility studies have been conducted with respect to the Borrower's projections. Such projections relate only to a limited number of fiscal years and do not cover the entire period that the Series 2025 Bonds will be outstanding. The Underwriter has not independently verified the Borrower's projections, and makes no representation and gives no assurance that such projections or the assumptions underlying them, are complete or correct. The Borrower's financial projections are based on assumptions made by the Borrower (on matters such as future enrollment, revenues and anticipated expenses). There can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. The Borrower's projections are "forward-looking statements" and are subject to the general qualifications and limitations described under "INTRODUCTION – Forward-Looking Statements" with respect to such 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 UNDERLYING SUCH PROJECTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, UNANTICIPATED INCREASES IN COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND LOCAL OR GENERAL ECONOMIC CONDITIONS.

Construction Costs and Completion of Construction

Uplift has engaged Project Management Services, Inc., Austin, Texas ("PMSI") to assist it with management of the planning, design and construction process regarding the new construction portion of the Series 2025 Projects. PMSI is overseeing a competitive sealed proposal ("CSP") process to select a contractor for each campus site where construction will occur. According to PMSI, the CSP process entails, first, after the design phase is complete, the publication of a request for proposals ("RFP") that includes relevant construction documents, details and selection criteria. Once RFP responses are received, a contractor for each campus site is selected (the same contractor may be selected for more than one campus site) based on which contractor is judged by Uplift, with assistance from PMSI, as providing the best value. After selection has been made, construction contracts and project elements are negotiated with the selected contractor(s). In each case, Uplift will have the ability to select the next best value bidder if negotiations with the "best" value bidder do not meet Uplift's objectives.

The Borrower expects PMSI to take certain measures to help ensure that the amount borrowed by the Borrower for construction will be sufficient to finance the construction of the related projects. All of the projects listed in the Series 2025 Projects are currently in the design phase and once design is complete, Uplift will bid the projects out using the CSP process and will also be contracting using the AIA A-101 -2017 Standard Form of Agreements Between Owner and Contractor where the basis of payment is a Stipulated Sum. For projects with respect to which Uplift does not secure payment and performance bonds, the related construction contracts are expected to require Uplift to set aside a retention amount (established at a statutory minimum limit of 10% of the total construction contract value). For more information, see "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Project Construction."

There can be no guarantee that these measures will completely protect the Borrower against construction risks. For example, set aside retention amounts may not be sufficient to fully cover additional costs incurred with transferring a project to a new contractor if that becomes necessary with respect to a project. Moreover, neither payment and performance bonds nor retained amounts can protect against timing delays when projects run into difficulty. Therefore, there remains a risk that construction will not be completed on time or on budget. See "TABLE 3: FACILITIES" in "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS."

Factors Associated with Education

There are a number of factors affecting schools in general, including the Charter Schools, that could have an adverse effect on the Borrower's financial position and the ability of the Borrower to generate sufficient revenues to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes. These factors include, but are not limited to, the Borrower's ability to successfully execute its expansion plan; the Borrower's ability to attract and retain a sufficient number of students; 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; changes in existing statutes pertaining to the powers of the Borrower and legislation or regulations which may affect funding. The Borrower cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

During the 2024 presidential election and his second term, President Donald Trump ("President Trump") has proposed or issued various executive orders related to public school education in the United States, including (i) dismantling the United States Department of Education and transferring its functions to other federal agencies or deferring its functions to individual states; (ii) restricting or eliminating federal funding for policies and programs that do not align with President Trump's education policy, including eliminating federal funding for various curricula; (iii) pausing the disbursement of all federal funds, including existing grants, loans, and federal financial assistance programs; (iv) allocating federal funds to support K-12 educational choice initiatives, including prioritizing education freedom in discretionary grant programs; and (v) restructuring teacher certification requirements and payment for public school teachers. Furthermore, President Trump has proposed changes to the tax code and may propose or implement additional changes to other federal policies in the future. It is unclear at this time which currently enacted policies and executive orders will remain in place and for how long, and how both currently enacted and proposed policies will ultimately be implemented by the United States Department of Education or any other federal agency. Accordingly, there can be no assurance whether any proposed or enacted policies or executive orders will have a material adverse effect on each Charter School's operations or the ability of the Borrower to generate sufficient revenues to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes.

Failure to Provide Ongoing Disclosure

The Borrower will enter into a Continuing Disclosure Agreement pursuant to United States Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "Rule") in connection with the issuance of the Series 2025 Bonds. Failure to comply with the Continuing Disclosure Agreement or prior undertakings may adversely affect the liquidity of the Series 2025 Bonds and their market price and marketability 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. As noted, the Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "RISK FACTORS – Dependence on State Payments that are Subject to Biennial Appropriation and Political Factors" above.

Any future decreases in State revenues or increases in State expenditures may adversely affect education appropriations made by the Legislature. Neither Uplift 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 Series 2025 Bonds.

No parties to the bond transaction take any responsibility for informing Registered Owners of the Series 2025 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 this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

COVID-19 and Other Similar Outbreaks

Infectious disease outbreaks, like the recent COVID-19 pandemic, can cause significant disruptions to the global, national and State economy. The extent to which such events impact the Borrower and its financial condition are highly uncertain and cannot be predicted by the Borrower, including the duration of the outbreak and measures taken to address the outbreak.

In addition, such events could have an adverse effect on future enrollment. For example, if it is perceived that competitors of the Borrower, including traditional public schools or other charter schools, are better equipped to handle the spread of future outbreaks or to provide virtual learning, it could lead to lower enrollment in the future (see "RISK FACTORS - Competition for Students" and "- Operating History; Reliance on Projections; Expansion Plan and Effect on Projections").

Value of Facilities May Fluctuate

The value of the Borrower'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 the Borrower's educational facilities subject to the Deed of Trust and the Outstanding principal amount of Master Notes outstanding under the Amended and Restated Master Indenture, and that difference may be material and adverse to Registered Owners. 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 with the Borrower'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 the Borrower are insufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding 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 the Borrower'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.

The mortgaged property subject to the Deed of Trust will include leasehold mortgage interests in the leasehold estates held by Borrower under its leases with respect to, Uplift Luna Primary Preparatory and Uplift Heights Preparatory (but not the CMO Lease or the Fort Worth Administration Office lease). If the Master Trustee seeks to foreclose on the Deed of Trust, there can be no assurance that a new tenant or tenants would be found to operate at such respective educational facilities. This risk is heightened by the fact that such leases (but not the CMO Lease or the Fort Worth Administration Office lease) restrict the use of such facilities to educational purposes.

Key Personnel

The Borrower's creation, curriculum, educational philosophy and operations have depended on the vision and commitment of a few, key personnel who comprise the senior leadership of the Borrower. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Governance and Management – Uplift Management." Loss of any such key personnel could adversely affect the Borrower's growth plans, operations, ability to attract and retain students and ultimately its financial results. For more information regarding the Borrower's key personnel, see "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Governance and Management – Uplift Management."

Special, Limited Obligations

The Series 2025 Bonds are special, limited obligations of the Issuer payable solely from payments to be made by the Borrower under the Loan Agreement and the Series 2025 Notes, 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 Loan Agreement, the Bond Indenture and the Amended and Restated Master Indenture. The Borrower has granted a Deed of Trust and Security Agreement, dated October 27, 2005 (as supplemented, the "Deed of Trust") in favor of the Master Trustee, as additional security under the Amended and Restated Master Indenture. See "SECURITY FOR THE SERIES 2025 BONDS."

The Series 2025 Bonds shall never be payable out of any funds of the Issuer except with such revenues and in such amounts as provided in the Loan Agreement. The Series 2025 Bonds are not obligations of the City, the State or any entity other than the Issuer. None of the State, the City, or any other political corporation, subdivision, or agency of the State shall be obligated to pay the Series 2025 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 Series 2025 Bonds. The Issuer has no taxing power.

Damage or Destruction of the Facilities

The Amended and Restated Master Indenture requires that the Borrower's educational facilities be insured against certain risks. See "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS – THE AMENDED AND RESTATED MASTER INDENTURE – Section 409. Insurance." 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 the Borrower'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 the Borrower 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, 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 in APPENDIX A — "THE BORROWER AND THE CHARTER SCHOOLS— Accountability Rating."

Any failure of the Borrower to meet the requirements of ESSA or the Texas Plan may have a material adverse effect on the ability of the Borrower to generate revenues sufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes.

Various other sections of this Official Statement discuss Uplift's performance under the State's accountability system. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Charter – Revocation and Nonrenewal" and "– Accountability Rating"; see also "RISK FACTORS – Nonrenewal or Revocation of Charters." The Uplift District has not received an "Improvement Required" Accountability Rating. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS –Uplift's FIRST Rating and Accountability Rating and – Accountability Rating." If the performance of an Uplift campus (that receives Title I, Part A funds) under the State's accountability framework were to result in its failure to meet applicable standards, that campus would be subject to certain requirements such as offering supplemental education services, offering school choice and/or taking other corrective actions. Also, if the Borrower failed to close an underperforming school, the Borrower's charter could be revoked. Any such failure in this regard may have a material adverse effect on the Borrower and its ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2025 Bonds.

Environmental Regulation

The Borrower's educational facilities 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 facilities, 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 facilities. Costs incurred with respect to environmental remediation or liability could adversely affect the Borrower's financial condition and its ability to generate revenues sufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes. 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 a general matter, environmental assessments were performed for the purpose of developing information to identify recognized environmental conditions ("RECs") in connection with the respective sites, or to perform additional assessments with respect to identified RECs. Most of the initial assessments conclude by stating that no RECs were identified, and most assessments performed after (and at the recommendation of) an initial assessment conclude by stating that, for various reasons, identified RECs pose low environmental risk and/or do not warrant additional assessment.

Potential investors should note that each report is subject to the limitations specified in such report, including that the report may only be relied upon only by Uplift (not investors), and only under certain conditions specified in the report. Accordingly, information regarding the reports are included herein for informational purposes only. More generally, no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions, and related costs, in connection with a subject property. Further, the reports and records prepared in connection with such assessments and investigations speak only as of their dates, and no additional assessments have been requested or performed. Potential investors must refer to the complete reports for a full understanding of such limitations, and for additional information pertinent to the assessments. Copies of the environmental reports and records are available as described under "MISCELLANEOUS – Additional Information."

Risks Regarding Bankruptcy and Similar Laws

No representation can be made regarding whether the Borrower is, or would be, eligible for voluntary relief, or could have relief involuntarily ordered against it, under the United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code") or under any similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors (any such proceeding, an "Insolvency Proceeding"). If the Borrower were to commence, or have commenced against it, an Insolvency Proceeding, such an Insolvency Proceeding may include, without limitation, a full or partial liquidation of the Borrower or a restructuring of the Borrower's obligations. The commencement of such an Insolvency Proceeding under the Bankruptcy Code would stay the commencement or continuation of many types of action against the Borrower or its property, including, without limitation, a proceeding to foreclose on the Deed of Trust, unless a court with jurisdiction over the Insolvency Proceeding were to order otherwise. There can be no guaranty that creditors of the Borrower, including the Registered Owners of the Series 2025 Bonds, will be paid in full or in part in an Insolvency Proceeding involving the Borrower. In such an Insolvency Proceeding, it is possible that the property pledged as security for the Series 2025 Bonds would come under the supervision or control of a court with jurisdiction over the Insolvency Proceeding and that such property, in whole or in part, would not be available to satisfy the obligations of the Borrower as contemplated by the principal documents described in this Official Statement, including, without limitation, the Bond Indenture, the Amended and Restated Master Indenture, the Loan Agreement, and the Deed of Trust. Moreover, an Insolvency Proceeding may limit, modify, restrict, or otherwise affect the availability of remedies to the Master Trustee or to the Registered Owners of the Series 2025 Bonds. See "RISK FACTORS – Enforcement of Remedies" below.

It is impossible to predict with certainty the ways in which an Insolvency Proceeding might affect creditors of the Borrower, including, without limitation, the Master Trustee, the Registered Owners of the Series 2025 Bonds, in part, because the outcome of any particular matter considered in an Insolvency Proceeding may depend upon the specific facts of the particular case, and because the matter may be subject to the exercise of discretionary equitable powers by a state or federal court (including a federal bankruptcy court), which powers such a court may exercise in furtherance of goals or policies other than those that would favor creditors of the Borrower, including, without limitation, the Master Trustee and the Registered Owners of the Series 2025 Bonds.

Additional Debt and Additional Bonds

The Amended and Restated Master Indenture permits the issuance of additional Debt (including additional Debt on a parity with the Series 2025 Notes or subordinate to the Series 2025 Notes) if certain conditions are met. See "SECURITY FOR THE SERIES 2025 BONDS – Amended and Restated Master Indenture – Limitations on Incurrence of Debt" and "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS."

As described elsewhere herein, Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's expansion plans. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. Further, this expansion plan is subject to ongoing review by Uplift, and Uplift expects to execute on the plan only if and to the extent it determines that then-prevailing conditions support the particular expansions. Uplift reserves the right to pursue future expansion plans. See "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – History and Expansion Plans." The issuance of additional Debt in connection with future expansion may adversely affect Uplift's ability to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes.

Risk of Amendment

Most of the provisions of the Amended and Restated Master Indenture may be amended with the consent of the Holders of a majority in principal amount of Outstanding Master Notes. If additional Master Notes are issued in an amount greater than the previously Outstanding Master Notes, such new Master Notes could be voted to cause the Master Indenture to be amended in material ways. Additionally, such amendment could result if the underwriter for the related 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 their further distribution to the general public.

Enforcement of Remedies

The remedies available to Registered Owners of the Series 2025 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 Amended and Restated Master Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Tax-Exempt Status of the Series 2025A Bonds

The Code imposes a number of requirements that must be satisfied in order for interest on state and local obligations, such as the Series 2025A 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"). The Borrower 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 Series 2025A Bonds as taxable. Such adverse treatment may be retroactive to the date of issuance. See "TAX MATTERS."

If a Determination of Taxability (as defined in the Bond Indenture) were to occur, the Series 2025A Bonds would be subject to extraordinary mandatory redemption, in whole on a written notice to the Bond Trustee given at least sixty (60) days prior to such redemption date, at their principal amount, plus accrued interest to the date of redemption, subject to certain conditions and notice requirements. See "THE SERIES 2025 BONDS – Redemption – Mandatory Redemption Upon Determination of Taxability."

Tax-Exempt Status of the Borrower

The tax-exempt status of the Series 2025A Bonds presently depends upon maintenance by the Borrower 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 the Borrower could result in loss of tax exemption of the Series 2025A Bonds and defaults in covenants regarding the Series 2025A Bonds and other obligations would likely be triggered. Loss of tax-exempt status by the Borrower could also result in substantial tax liabilities on its income. For these reasons, loss of tax-exempt status of the Borrower could have material adverse consequences on the financial condition of the Borrower.

The Borrower 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 the Borrower, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2025A Bonds and any other tax-exempt debt issued for the benefit of the Borrower.

Risk of Failure to Comply with Certain Covenants

Failure of the Issuer to comply with certain covenants contained in the Bond Indenture or of the Borrower with certain covenants in the Loan Agreement on a continuing basis prior to the maturity of the Series 2025A Bonds could result in interest on the Series 2025A Bonds becoming taxable retroactive to the date of original issuance. See "TAX MATTERS."

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 the Borrower of federal tax exemption also would trigger a challenge to the State or local tax exemption of the Borrower. Depending on the circumstances, such event could be adverse and material.

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 the Borrower by requiring the Borrower to pay income or local property taxes.

Risks Relating to Qualified School Construction Bonds

The North Texas Education Finance Corporation issued its Education Revenue Bonds (Uplift Education), Series 2012Q Bonds, which were issued as "Qualified School Construction Bonds." The North Texas Education Finance Corporation, as issuer of the Series 2012Q Bonds, has elected to receive a subsidy payment from the United States Treasury equal to the lesser of (i) 100% of the interest payable on an interest payment date or (ii) the amount of interest which would have been payable under the Series 2012Q Bonds on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code with respect to such Series 2012Q Bonds. The subsidy amounts the North Texas Education Finance Corporation expects to receive constitute Available Revenues of Uplift and is therefore pledged to the payment of the Series 2012Q Bonds. If the issuer of the Series 2012Q Bonds (or another party to be designated by the issuer) fails to make the required filings, it will not be eligible to receive the subsidy payments. Additionally, the federal government can refuse to pay subsidy payments to offset amounts owed by the issuer of the Series 2012Q Bonds to the federal government. It is also possible that the subsidy

payments could be reduced or eliminated as a result of a change in law. Any reduction or loss of the subsidy could have an adverse effect on Uplift.

More specifically, the Balanced Budget and Emergency Deficit Control Act of 1985 (the "BBEDCA") requires the President of the United States to order a sequestration of 2025 direct spending resources and the Office of Management and Budget ("OMB") to report those reductions to the United States Congress ("Congress") with the transmittal of the Budget. BBEDCA requires that, for 2025, the sequestration for other non-exempt nondefense mandatory programs, including payment to issuers of Qualified School Construction Bonds, is 5.7 percent. Under current law, the sequestration percent will be applied in each fiscal year through 2031. The United States Congress may still alter the sequester, and if such action is taken, the percentage may change or be eliminated. Such reductions to the subsidies may be avoided or mitigated if Congress takes further action to change the provisions of the BBEDCA. Uplift cannot predict whether any such cuts to the subsidy amounts the North Texas Education Finance Corporation expects to receive will occur in the future.

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"). The Borrower may participate in activities that generate UBTI. An investigation or audit could lead to a challenge that could result in taxes, interest, and penalties with respect to UBTI and, in some cases, ultimately could affect the tax-exempt status of the Borrower as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series 2025A Bonds.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Series 2025 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2025 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2025 Bonds.

Risk of Loss from Nonpresentment upon Redemption

The rights of the Registered Owners of the Series 2025 Bonds to receive interest will terminate on the date, if any, on which the Series 2025 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the applicable Bond Indenture.

No Acceleration

Pursuant to the legislation authorizing the use of the Permanent School Fund to guarantee bonds, the Series 2025 Bonds may not be accelerated as a remedy upon an event of default under the Bond Indenture or Loan Agreement. However, the Series 2025 Notes are subject to acceleration upon an Event of Default under the Amended and Restated Master Indenture. In such an event, the ratable portion of any foreclosure proceeds attributable to the Trust Estate collateral then securing the Series 2025 Bonds are required to be paid by the Master Trustee to the Bond Trustee and applied as directed by the Commissioner of Education. If the Commissioner of Education fails to direct the application of such proceeds within thirty (30) days of a request for direction from the Bond Trustee, the Bond Trustee is required to optionally redeem the related Series 2025 Bonds if then subject to optional redemption or, if not then subject to optional redemption, to defease all or a portion of the related Series 2025 Bonds in each case in inverse order of maturity. See "THE SERIES 2025 BONDS – Redemption" herein.

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.

Reputational Risk

The Borrower is subject to financial and other risks, which risks may differ from those of other private, charter or district schools. For example, changes in the reputation of the Charter Schools and/or schools' faculty or student body, either generally or with respect to certain academic or extracurricular areas, may affect the ability of the Charter Schools to attract students to projected enrollment levels, and may affect the ability of the Charter Schools to attract quality teachers and staff at competitive salaries. In addition, litigation brought against the Borrower by parents, civil authorities, students, or former or potential employees may have a materially adverse impact on the reputation of the Charter Schools. There can be no assurance that these or other factors will not adversely affect Charter Schools' ability to generate adequate funds for the Borrower to generate revenues sufficient to make payments on the Series 2025 Notes representing debt service on the Series 2025 Bonds and to make payments on other Outstanding Master Notes.

Litigation

Schools are often the subject of litigation. Actions alleging wrongful conduct that seek punitive damages often are filed against education providers such as the Borrower. Litigation may also arise from the corporate and business activities of the Borrower, 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 the Borrower if determined or settled adversely. Although the Borrower maintains insurance policies covering educator's professional and general liability, management of the Borrower is unable to predict the availability, cost or adequacy of such insurance in the future. There is no known litigation pending or threatened against the Borrower as of the date of this Official Statement. Additionally, management of the Borrower has no knowledge of any litigation threatened against the Borrower, (i) which in any way questions or affects the validity of the Series 2025 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 the Borrower. See also "LEGAL MATTERS" herein.

Cybersecurity

The Borrower 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"). The Borrower mitigates this Systems Technology risk via a multi-pronged approach. First, the Borrower uses multiple layers of third-party tools to protect the systems including internet firewalls, email filters, multi-factor authentication, direct internet access at each location, and cloud-based authentication services. The Borrower also deploys multiple tools to identify if any such intrusion occurs. This includes third-party end-point detection/engagement tools and vigilant monitoring. The Borrower has also invested in solutions to recover in the event of an attack. This includes the use of cloud-based digital data storage services of third-party providers that maintain cybersecurity protection policies. Lastly, the Borrower has invested in a training program to keep staff aware of such threats, including monthly email phishing tests for employees and annual required cybersecurity training. Despite these measures, as a recipient and provider of personal, private, or sensitive information, the Borrower may be the target of cybersecurity incidents that could result in adverse consequences to the Borrower 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 the Borrower's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. Cybersecurity breaches could cause material disruption to the Borrower'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 the Borrower to material litigation and other legal risks, which could cause the Borrower to incur material costs related to such legal claims or proceedings.

State Teacher Shortage

In recent years, the State, like various other states, has suffered from a public school teacher shortage. The Teacher Vacancy Task Force ("TVTF") was established in March 2022 by the Governor to examine teacher retention and recruitment challenges across the State. The TVTF met from March 2022 to February 2023 with the primary objectives of understanding challenges school systems are facing related to teacher vacancies and developing recommendations for regulatory or other policy changes for the TEA, the Legislature, and local school systems. The TVTF's final report, *Developing a Thriving Teacher Workforce in Texas*, can be found on the TEA's website. A shortfall in future years could require the Uplift to pay increased salaries or incur increased costs in recruiting new teachers. Teacher salary adjustments made by Uplift in the summer of 2021 with the use of State ESSER dollars leveled teacher salaries to be competitive with other large public school districts in the Dallas Forth Worth metroplex, and Uplift has maintained its teacher salaries in order stay competitive in the market. Teacher salaries and benefits are significant operating expenses for the Charter Schools and increases in such expenses may decrease the revenues available to the Borrower to meet its payment obligations representing debt service on the Series 2025 Bonds.

School Choice Initiatives

States are increasingly considering and, in some states, enacting legislation that would expand the educational choices for its student residents beyond the traditional public school system. Charter schools are one such example. As charter schools become more commonplace, and as existing charter schools demonstrate a track record of providing an attractive educational choice, the number of charter schools may increase, which could lead to increased competition for existing charter schools such as the Charter Schools.

School choice programs could provide significant competition to charter schools because parents who may not have previously been able to afford private tuition at a private, independent school would, under such a system, have financial resources available to cover all or a significant portion of the tuition cost at such private, independent schools. This is likely to increase demand for enrollment in private, independent schools and could adversely affect enrollment at other schools, including charter schools and district schools.

The Borrower cannot determine the specific impact the implementation of such education choice initiatives in the State would have on the operation or financial performance of the Charter Schools.

Campus Security

Schools are subject to risks relating to campus security. These include but are not limited to bullying, abuse, and, in extreme cases, physical violence. Instances of breaches of campus security may have a materially adverse effect on the operation of the Charter Schools and/or on the Borrower's reputation, and may result in financial liability and/or litigation, any of which events could adversely affect the Borrower's ability to generate revenues from the operation of the Charter Schools necessary for the Borrower to meet its payment obligations representing debt service on the Series 2025 Bonds.

Extreme Weather Events and Climate Change

The State is susceptible to the effects of extreme weather events and natural disasters, including hurricane, fire, earthquake, tornado, severe storms and droughts, which could result in negative economic impacts on the Borrower. Such effects may also be exacerbated by a longer-term shift in the climate over several decades, including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage the Charter Schools or the local infrastructure that provides essential services to the Charter Schools. Such events may have a severe effect on the Borrower by virtue of damage or destruction of the Charter Schools and delays in repairing, reconstructing or replacing the Charter Schools, delays in receiving insurance proceeds and Federal Emergency Management Administration Payments, interruption of utility service, and long-term population and employment losses following significant weather events. The economic impacts resulting from weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. There can be no assurance that resulting damage or destruction would be partially or fully covered by insurance. More generally, no assurances can be made future extreme weather events, which may increase in light of climate change, will not adversely affect the operations of the Borrower or the Charter Schools.

LEGAL MATTERS

General

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2025 Bonds by the Issuer are subject to the approval of the Attorney General of the State and the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the Issuer, to the effect that the Series 2025 Bonds have been duly authorized, executed and delivered in accordance with Texas law and constitute valid and legally binding obligations of the Issuer, and to the effect that interest on the Series 2025A Bonds is excludable from the gross income of the Registered Owners as stated below. The proposed form of such opinion is set forth in "APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL." 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 Series 2025 Bonds. Bond Counsel has not assumed any responsibility with respect to the preparation of this Official Statement or undertaken to verify any information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under "THE SERIES 2025 BONDS," "SECURITY FOR THE SERIES 2025 BONDS" (but excluding the information contained under the subcaption "Deed of Trust"), and "TAX MATTERS" appearing in this Official Statement and the definitions and summaries of certain principal documents in "APPENDIX F – EXCERPTS OF CERTAIN DOCUMENTS" for the purpose of verifying that such information and summaries conform to the matters described therein.

Certain legal matters will be passed upon by Troutman Pepper Locke LLP, Houston, Texas, as counsel to the Issuer; by Winstead PC, San Antonio, Texas, as counsel to the Borrower; by Quarles & Brady LLP, Milwaukee, Wisconsin, as counsel to the Underwriter; and by Troutman Pepper Locke LLP, Houston, Texas, as counsel to the Bond Trustee and Master Trustee.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 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 Series 2025 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 the Borrower

In connection with the issuance of the Series 2025 Bonds, the Borrower will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2025 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 the Borrower, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Indenture, the Amended and Restated Master Indenture, the Loan Agreement, and the Bond Purchase Agreement (referred to in "MISCELLANEOUS – Underwriting"), or this Official Statement, the validity and enforceability of the Bond Indenture, the Amended and Restated Master Indenture, the Loan Agreement, the Bond Purchase Agreement or the Series 2025 Bonds or the operations (financial or otherwise) of the Borrower.

No Proceedings Against the Issuer

In connection with the issuance of the Series 2025 Bonds, the Issuer will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2025 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 Series 2025 Bonds, questioning or affecting the validity of the Series 2025 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 moneys, revenues or security provided for the payment of the Series 2025 Bonds or 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

Certain Federal Income Tax Considerations

General

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Series 2025 Bonds and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Series 2025 Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Series 2025 Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Series 2025 Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2025 Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Series 2025 Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE SERIES 2025 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2025 BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2025 BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Series 2025 Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Series 2025A Bonds

Opinion

On the Date of Initial Delivery of the Series 2025A Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Issuer, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Series 2025A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2025A Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the Issuer will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Series 2025A Bonds. See "APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL."

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the opinion of Winstead PC relating to the qualification of the Borrower as an organization descried in Section 501(c)(3) of the Code, (b) certain information furnished by the Borrower, and particularly written representations of officers and agents of the Borrower with respect to certain matters, including arbitrage and the use of the proceeds of the Series 2025A Bonds and the property financed or refinanced therewith, (c) representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, and (d) the certificate with respect to arbitrage by the Commissioner of Education regarding the allocation and investment of certain investments in the Permanent School Fund. Failure by the Issuer or Borrower to observe the aforementioned representations or covenants could cause the interest on the Series 2025A Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order for interest on the Series 2025A Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2025A Bonds to be included in gross income retroactively to the date of issuance of the Series 2025A Bonds. The opinion of Bond Counsel to the Issuer is conditioned on compliance by the Issuer with such requirements, and Bond Counsel to the Issuer has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2025A Bonds.

Bond Counsel's opinion regarding the Series 2025A Bonds represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion related to the Series 2025A Bonds is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2025A Bonds.

A ruling was not sought from the IRS by the Issuer with respect to the Series 2025A Bonds or property financed with the proceeds of the Series 2025A Bonds. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2025A Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the Corporation as the taxpayer

and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Series 2025A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2025A Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Series 2025A Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any U.S. Holder who has purchased a Series 2025A Bond as an Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

All U.S. Holders of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

Interest on the Series 2025A Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2025A Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Series 2025A Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case

of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2025A Bonds under Federal or state law and could affect the market price or marketability of the Series 2025A Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2025B Bonds

Certain U.S. Federal Income Tax Consequences to U.S. Holders

Periodic Interest Payments and Original Issue Discount. The Series 2025B Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2025B Bonds or any original issue discount accruing on the Series 2025B Bonds will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Series 2025B Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Series 2025B Bonds. Generally, a U.S. Holder's tax basis in the Series 2025B Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Series 2025B Bonds has been held for more than one year.

Defeasance of the Series 2025B Bonds. Defeasance of any Series 2025B Bonds may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences.

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Series 2025B Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Series 2025B Bonds. PROSPECTIVE PURCHASERS OF THE SERIES 2025B BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Series 2025B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Series 2025B Bonds, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Series 2025B Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Series 2025 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 Series 2025 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

The Borrower will enter into and deliver a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with respect to the Series 2025 Bonds. The Continuing Disclosure Agreement is made for the benefit of the Registered Owners of the Series 2025 Bonds and in order to assist the Underwriter in complying with its obligations pursuant to Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Borrower's continuing disclosure annual report for the fiscal year ended June 30, 2024 did not include the "Uplift Education Annual Report" required to be provided by the Borrower's continuing disclosure undertakings. A failure to file notice was timely filed, and said document was filed two (2) days late. Also in its previous continuing disclosure undertakings, the Borrower stated its intent to file certain interim reports, and certain such interim reports have not been filed in the past five years. The prior continuing disclosure undertakings provide that failure to cause such interim reports to be filed does not give rise to a requirement to provide notice to the MSRB or otherwise, and does not provide the basis for any remedy or enforcement action under the undertakings. Except to the extent the preceding is deemed to be material, in the previous five years, the Borrower has not failed to comply in all material respects with any previous undertakings under the Rule. The Borrower has reviewed its previous undertakings and related responsibilities to help ensure compliance in the future. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT." See also "APPENDIX G – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking."

FINANCIAL STATEMENTS

The annual financial report of the Borrower, as of June 30, 2024, included in this Official Statement in "APPENDIX C – FINANCIAL STATEMENTS," has been audited by Weaver and Tidwell, L.L.P., Dallas, Texas (the "Auditor"), to the extent and for the periods indicated in their report thereon. Potential purchasers should read such financial statements in their entirety for more complete information concerning the Borrower's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Borrower has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statement since the date thereof. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the Borrower since the date of the financial statements, in connection with the issuance of the Series 2025 Bonds, the Borrower represents that there has been no material adverse change in the financial position or results of operations of the Borrower, nor has the Borrower incurred any material liabilities, which would make such financial statements misleading.

RATINGS

S&P Global Ratings ("S&P") has assigned the rating of "AAA" to the Series 2025 Bonds based on the Permanent School Fund Guarantee. S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State "AAA." The S&P underlying unenhanced rating of the Series 2025 Bonds is "BBB-." Such ratings reflect only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York 10041. Moody's Investors Service, Inc. ("Moody's") has assigned the rating of "Aaa" to the Series 2025 Bonds based on the Permanent School Fund Guarantee. Moody's generally rates all bond issues guaranteed by the Permanent School Fund of the State "Aaa." The Moody's underlying unenhanced rating of the Series 2025 Bonds is "Baa2." Such ratings reflect only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's. 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 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 or marketability of the Series 2025 Bonds.

Additional information relating to the S&P and Moody's ratings is available in the respective S&P and Moody's reports for the Series 2025 Bonds. Copies of the S&P and Moody's reports are available as described under "MISCELLANEOUS–Additional Information."

Such ratings are not to be construed as a recommendation of the rating agencies to buy, sell or hold the Series 2025 Bonds, and the rating assigned by the rating agencies should be evaluated independently. Except as may be required by the Continuing Disclosure Agreement described under the heading "CONTINUING DISCLOSURE AGREEMENT" none of the Issuer, the Borrower, Buck Financial Advisors (as defined below) or the Underwriter undertake responsibility to bring to the attention of the Registered Owners of the Series 2025 Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

MISCELLANEOUS

Underwriting

Subject to the terms and conditions of a bond purchase agreement (the "Bond Purchase Agreement") entered into by and among the Issuer, the Borrower and Robert W. Baird & Co. Incorporated (the "Underwriter"), the Series 2025 Bonds are being sold by the Issuer to the Underwriter at an underwriting discount of $181,706.25 ($179,231.25 with respect to the Series 2025A Bonds and $2,475 with respect to the Series 2025B Bonds). Expenses associated with the issuance of the Series 2025 Bonds are being paid from proceeds of the Series 2025 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2025 Bonds is contingent upon the actual sale and delivery of the Series 2025 Bonds. The Underwriter has initially offered the Series 2025 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 Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2025 Bonds to the public.

Financial Advisor

Buck Financial Advisors LLC, Englewood, Colorado ("Buck Financial Advisors") is serving as financial advisor to the Borrower. Buck Financial Advisors 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.

The Bank of New York Mellon Trust Company, National Association

The Bank of New York Mellon Trust Company, National Association, in each of its capacities including, but not limited to, Master Trustee, Bond Trustee, paying agent and bond registrar, has not participated in the preparation of this Official Statement and assumes no responsibility for its content.

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 Underwriter, 210 University Blvd., 8th Floor, Denver, CO 80206.

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Certification

The preparation of this Official Statement and its distribution have been authorized by the Borrower and the Issuer. This Official Statement is not to be construed as an agreement or contract between the Borrower or the Issuer and any purchaser or Registered Owner of any of the Series 2025 Bonds.

UPLIFT EDUCATION

By: /s/ Leslie Berlin

Chief Financial Officer

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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 and is scheduled to conclude on June 2, 2025, 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 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 Uplift, and with respect to the Foundation School Program, which is the funding scheme for charter schools.

Charter Applicants (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 school under Subsection (b-4)(2) up to 18 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.

Charter 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) Notwithstanding Subsection (a), a campus of an open-enrollment charter school located in whole or in part in a municipality with a population of 20,000 or less is not subject to a municipal zoning ordinance governing public schools.

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 38;

(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 37.108, 37.1081, 37.1082, 37.109, 37.113, 37.114, 37.1141, 37.115, 37.207, and 37.2071

(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

(X) 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)

Open-enrollment charter schools are 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.

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.

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.

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 18 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.

Procedure 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.

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 AND EVALUATION

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).

GOVERNANCE

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 must 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 expires 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) The commissioner by rule shall require each school district and open-enrollment charter school to report through the Public Education Information Management System information disaggregated by campus and grade regarding:

(1) the number of 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;

(2) the number of students for whom the district initiates a truancy prevention measure under Section 25.0915(a-4); and

(3) the number of parents of students against whom an attendance officer or other appropriate school official has filed a complaint under Section 25.093.

(b-2) The commissioner by rule shall require each school district and open-enrollment charter school to annually report through the Public Education Information Management System information regarding 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:

(1) are at least 18 years of age and under 26 years of age;

(2) have not previously been reported to the agency as dropouts; and

(3) enroll in the program at the district or school after not attending school for a period of at least nine months.

(b-3) A student reported under Subsection (b-2) 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.

Text of subsection as added by Acts 2021, 87th Leg., R.S., Ch. 972 (S.B. 2050), Sec. 2

(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.

Text of subsection as added by Acts 2021, 87th Leg., R.S., Ch. 806 (H.B. 1525), Sec. 22

(b-4) 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.

(c) The agency shall maintain the information provided in accordance with this section.

(d) Not later than January 1, 2020, the commissioner shall adopt rules requiring the Public Education Information Management System (PEIMS) to include pregnancy as a reason a student withdraws from or otherwise no longer attends public school.

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 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.

BASIC AND REGULAR PROGRAM ALLOTMENT

General (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), college, career, or military readiness outcomes bonus (Texas Education Section 48.110), fast growth allotment (Texas Education Code Section 48.111), new instructional facility allotments (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), allotments for small and mid-sized districts (Texas Education Code Section 48.101), allotments for certain special-purpose school districts (Texas Education Code Section 48.053), and school safety allotment (Texas Education Code Section 42.168).

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 Chapter 313, Tax 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).

Text of subsection effective on approval by the voters of S.J.R. 2, 87th Leg., 2nd C.S.

(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 under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax 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 B or C, Chapter 313, Tax Code, before the expiration of the subchapter. 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.

(e) Subsection (d) does not apply to property that was the subject of an application under 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 F;

(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;

(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.

Equalized Wealth Transition Grant (Texas Education Code Section 48.278)

(a) Subject to Subsection (b), a school district is entitled to receive an annual allotment in an amount equal to the amount of additional revenue a school district received for the 2018-2019 school year under former Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

(b) For purposes of calculating a district's allotment under Subsection (a), the commissioner shall reduce the amount to which a district is entitled under Subsection (a) by:

(1) for the 2020-2021 school year, 20 percent;

(2) for the 2021-2022 school year, 40 percent;

(3) for the 2022-2023 school year, 60 percent; and

(4) for the 2023-2024 school year, 80 percent.

(c) This section expires September 1, 2024.

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
UPLIFT AND THE CHARTER SCHOOLS

General

Uplift Education ("Uplift") is a Texas nonprofit corporation which was incorporated on February 29, 1996 to operate schools and other educational support operations that benefit schools. Uplift is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). As of the 2024-25 school year, Uplift operates 45 charter schools on 20 campuses throughout the Dallas/Fort Worth, Texas area (the "Charter Schools"). Uplift maintains a central office located at 3000 Pegasus Park Drive, Suite 1100, Dallas, TX 75247 (the "Central Office"). Pursuant to the bylaws, Uplift is governed by a Board of Directors (the "Uplift Board"), and those members on the Executive Committee (the "Executive Committee") are the voting members of the Uplift Board. See "Governance and Management" below. The Charter Schools currently operate pursuant to an open-enrollment charter granted by the Texas State Board of Education (the "State Board of Education") under Subchapter D, Chapter 12 of the Texas Education Code (the "Charter Schools Act"). See "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections" and "Charter" below.

TABLE 1: UPLIFT EDUCATION – CHARTER SCHOOLS[1]

Charter School[2]	Year Opened	Grades	Expansion Plans	Current Enrollment As of 10/25/2024	Waiting List As of 12/11/2024	Free & Reduced Lunch
Uplift North Hills Preparatory	1997-98	K-12	n/a	1,668	2,285	16%
Uplift Atlas Preparatory	2004-05	K-12	n/a	1,568	127	88%
Uplift Summit International Preparatory	2007-08	PreK-12	n/a	1,634	93	83%
Uplift Hampton Preparatory	2007-08	PreK-12	n/a	1,636	234	86%
Uplift Williams Preparatory	2007-08	PreK-12	n/a	1,633	103	89%
Uplift Heights Preparatory[3]	2010-11	PreK-12	n/a	1,889	95	90%
Uplift Luna Preparatory[4]	2010-11	PreK-12	n/a	1,782	852	86%
Uplift Infinity Preparatory	2011-12	K-12	n/a	1,203	338	77%
Uplift Pinnacle Preparatory	2011-12	PreK-5	n/a	486	7	89%
Uplift Mighty Preparatory	2012-13	PreK-12	n/a	1,472	66	90%
Uplift Meridian Preparatory	2012-13	PreK-5	n/a	461	11	93%
Uplift Triumph Preparatory	2013-14	PreK-5	n/a	480	6	95%
Uplift Grand Preparatory	2014-15	PreK-12	n/a	1,558	122	84%
Uplift Gradus Preparatory	2015-16	PreK-5	n/a	597	118	84%
Uplift Wisdom Preparatory	2016-17	PreK-12	n/a	1,437	159	88%
Uplift White Rock Hills Preparatory	2017-18	PreK-5	n/a	640	105	86%
Uplift Ascend Preparatory	2018-19	PreK-12	n/a	1,583	123	82%
Uplift Elevate Preparatory	2019-20	PreK-12	n/a	1,126	39	76%
Uplift Crescendo Preparatory	2021-22	PreK-5	n/a	532	81	81%
Totals:				23,385	4,964	81%

Source: Uplift.

[1] Each K-5, 6-8 and 9-12 school is counted as a separate school (even if there is only one grade level in each type of school). Does not include partnership schools with Grand Prairie ISD.
[2] Effective July 1, 2015, the name of each Charter School was revised to add the word "Uplift" to the beginning of each name.
[3] Uplift Heights Preparatory consists of two (2) separate schools.
[4] For the 2023-24 school year, Luna Primary and Luna Secondary sites merged into the newly constructed Luna Preparatory Campus.

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Recent Accomplishments

Uplift's mission is to create and sustain public schools of excellence that empower students to reach their highest potential in college and the global marketplace and that inspire in students a life-long love of learning, achievement, and service in order to positively change their world. Uplift points to the following as highlights:

- All of Uplift's graduates have been accepted to college for the past 20+ years.
- Uplift graduates earn college degrees at 3x the national average for like peers.
- State Accountability
  - Earned a "B" rating (86) by the Texas Education Agency, surpassing many of the surrounding districts particularly on Domain 1 related to overall student achievement.
- International Baccalaureate
  - Currently, 100% of Uplift's eligible primary, middle and high schools are International Baccalaureate® authorized, making Uplift the largest IB® district in Texas and the second largest in the nation.
  - All of Uplift's high schools are authorized for the IB® Diploma Programme.
  - Based on the senior class of 2022's performance on IB® exams, they earned over 6,000 college credit hours.
- Class of 2024
  - 1,024 graduates made over 9,000 college applications and received 4500+ acceptances to over 525 colleges and universities throughout the nation.
  - $125 million awarded in scholarships and grants.
  - 78% will be first in their family to attend college.
- 100% of Uplift's eligible high schools were named among the Best High Schools in the nation by the U.S. News & World Report.
- All eligible high schools were named in the top 300 in nation by Jay Matthews Challenge Index (11 high schools).

Educational Philosophy

Uplift's model for education delivery is grounded in a culture of high expectations for students and staff; dedicated school leaders and teachers who use data to measure scholar progress towards their academic goals and to individualize instruction; extended hours and school years to ensure more "time on task"; a formal "Road to College" program with dedicated staff who strive to ensure that Uplift students are accepted to and can pay for college and are persisting in college; a rigorous academic program grounded in International Baccalaureate, and a board structure with the Uplift Board to support local culture and focus on school and student performance.

Each Uplift Charter School shares a common set of core values in its education that sees each learner as an individual and supports their academic, social and emotional well-being. Known as "The Whole Scholar," they are:

- **IB For All:** Uplift's globally-focused academics through International Baccalaureate® prepare all its scholars for the rigors of college. Uplift schools are authorized International Baccalaureate® World Schools. All high schools offer the prestigious IB® Diploma Programme. Uplift is the second largest IB® District in the nation.
- **Strong Scholar Culture:**
  - Exemplary and caring teachers and school leaders
  - A variety of sports, clubs and extracurricular activities
  - Safe Space Antibullying Program
  - Safe and secure schools including gated perimeters and key card access
  - Licensed mental health professionals at each grade level
  - Strong Social-Emotional Learning (SEL) programs

- **Road to College & Career:**
    - A four-person team at each high school dedicated solely to academic and college success
    - Essay writing and ACT test prep
    - Individualized application and financial aid support
    - 1:50 senior to college counselor ratio
    - Career exposure through corporate partnerships
    - Alumni support into college and beyond

- **Connected Families:**
    - Volunteers in Partnership (VIP) parent group
    - Volunteer opportunities communicated through Voly
    - Ed For All- free GED and associate degree classes for parents
    - Guidance and support through the college application and selection process

History and Expansion Plans

Background

Uplift opened its flagship school, Uplift North Hills Preparatory, in 1997. During the period from 2002 through 2007-08, Uplift sought to build on that success in selected communities which it identified for growth: Irving, East Dallas, West Dallas, Southwest Dallas and Arlington. During this period, Uplift opened Uplift Atlas Preparatory (serving East Dallas), Uplift Summit International Preparatory (serving Arlington), Uplift Hampton Preparatory (serving Southwest Dallas) and Uplift Williams Preparatory (serving West Dallas).

During the second phase of Uplift's growth (beginning in approximately 2010), Uplift has focused on increasing its presence in East Dallas, West Dallas and Irving. In 2010-11, Uplift opened Uplift Luna Primary Preparatory (serving East Dallas) and Uplift Heights Preparatory (serving West Dallas). In 2011-12, Uplift opened Uplift Infinity Preparatory (serving Irving) and Uplift Pinnacle Preparatory (serving East Dallas). In 2012-13, Uplift expanded into Fort Worth with two campuses, Uplift Mighty Preparatory and Uplift Meridian Preparatory, as well as a secondary campus in downtown Dallas for Luna Secondary Preparatory. In 2013-14, Uplift opened Uplift Triumph Preparatory (serving Northwest Dallas). In 2014-15, Uplift opened Uplift Grand Preparatory (serving Grand Prairie and Arlington). In 2015-16, Uplift opened Uplift Gradus Preparatory (serving DeSoto) and Uplift Lee Preparatory (K-5th) (inside Lee Elementary, a Grand Prairie ISD school). In 2016-17, Uplift opened Uplift Wisdom Preparatory (serving South Dallas). In 2017-18, Uplift opened Uplift White Rock Hills (serving East Dallas). In 2018-19, Uplift opened Uplift Ascend Preparatory (serving Fort Worth). In 2019-20, Uplift opened Uplift Elevate primary and middle schools (serving West Fort Worth) and Uplift Wisdom high school (serving South Dallas). Uplift began operations at Uplift Crescendo Preparatory (serving Fort Worth) in the 2021-22 school year. In 2023-24, Uplift completed its new Luna Preparatory Campus consolidating Luna Primary and Luna Secondary and expanded Uplift Gradus Preparatory to include Pre-Kindergarten.

Uplift continues to evolve and develop their five-year projections and strategy through the annual planning process. Previously, the strategy for Uplift emphasized growth, the current five-year plan through 2028 prioritizes recruiting and retaining scholars and talent, key enablers of Uplift's mission, academic aspirations, and financial stability. Uplift will continue to grow by maintaining scholars as they complete grades at existing campuses, expanding PreK, and reaching full enrollment potential. Uplift anticipates that this plan will add as many scholars as were added in the last five years, without new campus expansion.

Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. Effective July 31, 2021, the current Uplift charter has an authorized enrollment limit of 30,000 students from Pre-Kindergarten to 12th grade. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the Texas Education Agency (the "TEA"). Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's enrollment growth. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. Uplift considers each K-5, 6-8 and 9-12 school as a separate school (even if there is only one grade level in each type of school). Therefore, the schools included in the enrollment growth do not necessarily contemplate construction of additional facilities. See "Charter" and "Enrollment" below. Uplift's growth strategy is subject to ongoing review by Uplift, and Uplift expects to execute future expansions only if and to the extent it determines that then-prevailing conditions support particular expansions. Uplift will take financial considerations into account as part of its diligence surrounding expansion and its expansion plan generally, and expects to pursue expansions in particular targeted areas

if it determines that then-prevailing conditions support such expansion. Additionally, future increases to Uplift's charter enrollment limit are subject to approval by the TEA.

Philanthropic Support

Since its inception, Uplift has received significant support from the community in establishing and then expanding its Charter Schools network. This support has come from nationally recognized foundations and funds, as well as locally based foundations. Also, in Fall 2015, Uplift received a Department of Education Charter School Expansion Grant for $10.3 million to continue to expand schools in North Texas over the following five years. Since 2006, Uplift has received a total of $190,200,797 million in gifts, grants and pledges. See "Future Financings" below for additional discussion of Uplift's future expansion plans and see "TABLE 14: FUNDRAISING DATA" and "TABLE 14: UPLIFT DONORS" below for more detailed information regarding fundraising and donors.

Series 2025 Projects

Uplift will use the proceeds of the Series 2025 Bonds for the following purposes: (i) to finance or refinance the acquisition, improvement, construction or equipment of certain properties and facilities to be used for educational, administrative, athletic, science and classroom purposes of the Uplift network and at the following specific campuses of Uplift: (a) Ascend Preparatory, located at 3301 Turf Paradise Pkwy., Fort Worth, TX; (b) Atlas Preparatory, located at 4600 Bryan St., Dallas, TX; (c) Crescendo Preparatory, located at 1200 Cooks Lane, Fort Worth, TX; (d) Elevate Preparatory, located at 10800 Chapin Rd, Fort Worth, TX; (e) Gradus Preparatory, located at 121 Seahawk Dr., DeSoto, TX; (f) Grand Preparatory, located at 300 East Church St., Grand Prairie, TX; (g) Hampton Preparatory, located at 8915 South Hampton Rd., Dallas, TX; (h) Heights Primary, located at 2202 Calypso Street, Dallas, TX; (i) Heights Secondary, located at 2650 Canada Drive, Dallas, TX; (j) Infinity Preparatory, located at 1401 S. MacArthur Blvd., Irving, TX; (k) Luna Preparatory, located at 9743 E. R.L. Thornton Freeway, Dallas, TX; (l) Meridian Preparatory, located at 1801 S. Beach St., Fort Worth, TX; (m) Mighty Preparatory, located at 3700 Mighty Mite Drive, Fort Worth, TX; (n) North Hills Preparatory, located at 606 E. Royal Lane, Irving, TX; (o) Pinnacle Preparatory, located at 2510 S. Vernon Ave., Dallas, TX; (p) Summit Preparatory, located at 1305 North Center St., Arlington, TX; (q) Triumph Preparatory, located at 9411 Hargrove Drive, Dallas, TX; (r) Uplift Education Central Office, located at 3000 Pegasus Park Drive, Suite 1100, Dallas, TX; (s) White Rock Hills Preparatory, located at 7370 Valley Glen Dr., Dallas, TX; (t) Williams Preparatory, located at 1750 Viceroy Drive, Dallas, TX; (u) Wisdom Preparatory, located at 301 W. Camp Wisdom Road, Dallas, TX (collectively, the "Series 2025 Projects"); and (ii) to pay costs of issuance for the Series 2025 Bonds. Uplift will also use other funds available to Uplift for the Series 2025 Projects. (See "PLAN OF FINANCE" in the Official Statement).

TABLE 2: UPLIFT EDUCATION - SERIES 2025 PROJECTS*

Series 2025 Projects	Approx. Amount
Uplift Elevate Preparatory (New A/C equipment in Primary and New Control System in Secondary)	$2,600,000
Uplift Meridian Preparatory (Replace roof)	2,800,000
Uplift Atlas Preparatory (Replace roof Secondary Building 1)	960,000
Uplift North Hills Preparatory (Parking paving)	725,000
Uplift Williams Preparatory (Replace old sewer under foundation, renovate old restrooms Secondary Building and general updates and repairs across campus)	5,800,000
Uplift Wisdom Preparatory (Turf football field)	1,300,000
Uplift Central Office (Technology upgrade ERP System)	1,000,000
Uplift Network (Replace exterior signage older than 3 years old)	550,000
Uplift Network (SPED dedicated bathrooms project)	975,000
Uplift Network (Refresh Common Areas, Exteriors, Roof, MEP and other renewal & replacements)	3,800,000
Total Estimated Cost of Series 2025 Bond Projects:	**$20,510,000**

Source: Uplift.

* Preliminary, subject to change.

A complete preliminary project list for the above projects is available upon request as provided under "MISCELLANEOUS – Additional Information" above.

Facilities

The following table provides, for each of Uplift's campuses, the approximate acreage of the related site, the approximate aggregate square footage of buildings on the site, whether the site/buildings are leased or owned, and the estimated maximum physical capacity (in terms of number of students) that the related buildings could presently accommodate.

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TABLE 3: FACILITIES

	Acreage (Site)	Aggregate Square Footage	Owned or Leased	Lease Term	Physical Capacity (Students)
Uplift North Hills Preparatory 606 E. Royal Lane, Irving, Texas	22.126	114,404	Owned	n/a	1,556
Uplift Atlas Preparatory 4600 Bryan St., Dallas, Texas	9.45	125,824	Owned	n/a	1,585
Uplift Summit International Preparatory 1305 North Center St., Arlington, Texas	18.8	122,909	Owned	n/a	1,686
Uplift Hampton Preparatory 8915 South Hampton Rd., Dallas, Texas	17.60	92,109	Owned	n/a	1,662
Uplift Williams Preparatory 1750 Viceroy Drive, Dallas, Texas	12.832	101,770	Owned	n/a	1,662
Uplift Heights Preparatory 2202 Calypso Street, Dallas, TX (Primary) 2650 Canada Drive, Dallas, TX (Secondary)	3.44 7.26	62,778 74,124	Leased[1] Leased[1]	10/31/2059 10/31/2059	980 1,086
Uplift Infinity Preparatory 1401 S. MacArthur Blvd., Irving, Texas	9.56	82,180	Owned	n/a	1,174
Uplift Pinnacle Preparatory 2510 S. Vernon Ave., Dallas, Texas	2.78	31,752	Owned	n/a	600
Uplift Mighty Preparatory 3700 Mighty Mite Drive, Fort Worth, Texas	10.0	132,125	Owned	n/a	1,662
Uplift Meridian Preparatory 1801 S. Beach St., Fort Worth, Texas	7.24	68,675	Owned	n/a	636
Uplift Triumph Preparatory 9411 Hargrove Drive, Dallas, Texas	2.45	41,275	Owned	n/a	576
Uplift Grand Preparatory 300 East Church St., Grand Prairie, Texas	8.93	126,006	Owned	n/a	1,724
Uplift Gradus Preparatory 121 Seahawk Dr., DeSoto, Texas	8.25	46,438	Owned	n/a	720
Uplift Wisdom Preparatory 301 W. Camp Wisdom Road, Dallas, Texas	18	139,737	Owned	n/a	1,686
Uplift White Rock Hills Preparatory 7370 Valley Glen Dr., Dallas, Texas	7.48	46,726	Owned	n/a	680
Uplift Ascend Preparatory 3301 Turf Paradise Pkwy., Fort Worth, Texas	22.35	180,692	Owned	n/a	2,106
Uplift Elevate Preparatory 10800 Chapin Rd, Fort Worth, Texas	56	171,399	Owned	n/a	2,106
Uplift Crescendo Preparatory 1200 Cooks Lane, Fort Worth, Texas	23.025	61,993	Owned	n/a	688
Uplift Luna 9743 E. R.L. Thornton Freeway Dallas, Texas 75228	19	160,449	Owned	n/a	1,868
Central Office 3000 Pegasus Park Drive, Suite 1100 Dallas, Texas 75247	n/a	52,904	Leased	5/31/2027	n/a
Operations Storage Facility 4010 La Reunion Parkway, Suite 100 & 120 Dallas Texas 75212	n/a	20,349	Leased	1/1/2029	n/a

Source: Uplift.

[1] The related lease restricts use of the respective facilities to operation as a school.

[2] For the 2023-24 school year, students at the Uplift Luna Primary Preparatory Campus moved into the newly constructed Uplift Luna Campus.

Flood Zone

According to certain F.E.M.A. Flood Insurance Rate Maps, portions of certain of the Charter Schools are located within Special Flood Hazard category flood zone boundaries. Pursuant to the Amended and Restated Master Indenture, Uplift is required to keep all its property and operations of an insurable nature and of the character usually insured by companies operating similar properties and engaged in similar operations insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies. See "RISK FACTOR – Flood Zone."

Project Construction

Uplift has engaged Project Management Services, Inc., Austin, Texas ("PMSI") to assist it with management of the planning, design and construction process regarding the new construction portion of the Series 2025 Projects. PMSI is overseeing a competitive sealed proposal ("CSP") process to select a General Contractor for each campus site where construction will occur. According to PMSI, the CSP process entails, first, after the design phase is complete, the publication and advertisement of a request for proposals ("RFP") that includes relevant construction contract documents, details and selection criteria. Once RFP responses are received, a contractor for each campus site is selected (the same contractor may be selected for more than one campus site) based on which contractor is judged by the published selection criteria by Uplift, with assistance from PMSI, as providing the best value. After selection has been made, construction contracts and project elements are negotiated with the selected contractor(s). In each case, Uplift will have the ability to select the next best value bidder if negotiations with the "best" value bidder do not meet Uplift's objectives.

Uplift has utilized the CSP process with respect to its prior construction projects (including projects financed with proceeds of Series 2007A Bonds, Series 2010 Bonds, Series 2012 Bonds, Series 2013 Bonds, Series 2014 Bonds, Series 2015 Bonds, Series 2016 Bonds, Series 2017A Bonds, Series 2017B Bonds, Series 2018 Bonds Series 2019 Bonds, Series 2020 Bonds and Series 2023 Bonds, successfully, and no such prior projects required any redesign of significance. All of the projects listed in the Series 2025 Projects are currently in the design phase and once design is complete, Uplift will bid the projects out using the CSP process and will also be contracting using the AIA A-101 - 2017 Standard Form of Agreements Between Owner and Contractor where the basis of payment is a Stipulated Sum.

For projects with respect to which Uplift does not secure payment and performance bonds, the related construction contracts are expected to require Uplift to set aside a retention amount of 10% of the total construction contract value. In general, for projects in which payment and performance bonds are secured, the surety issuing such bonds will guarantee the completion of the project whether through supplementing the contractor resources directly or assigning the project to another contractor if and to the extent the originally selected contractor is unable to finish or to complete a project as planned. An increased retention amount in lieu of a payment and performance bond has the benefit of allowing Uplift to recoup fees to secure the P&P bond, but the increased retained amounts may be insufficient if costs of transferring a project to a subsequent contractor exceed the retained amount. Other protections afforded in lieu of bonds are continuous lien checks and accurate approvals of contractor monthly payment applications by the Architect of Record and PMSI. Neither payment and performance bonds nor retained amounts can protect against timing delays when projects run into difficulty (due to performance of contractors or any other reason). More generally, potential investors should note that there are always risks with respect to such new construction. See "RISK FACTORS – Construction Costs and Completion of Construction."

Environmental Assessments

Various environmental assessments have been performed relating to environmental site assessments or investigations performed at Uplift school sites. The reports or records prepared in connection with such assessments or investigations speak only as of their dates, and each such report is subject to the limitations specified therein, as well as to the general limitation that no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions, and related costs, in connection with a subject property. See "RISK FACTORS – Environmental Regulation."

Most of the reports prepared in connection with the environmental assessments performed at Uplift's sites conclude by stating that no recognized environmental conditions ("RECs") were identified, and most assessments performed after (and at the recommendation of) an initial assessment conclude by stating that, for various reasons, identified RECs pose low environmental risk and/or do not warrant additional assessment.

Potential investors should note that each report is subject to the limitations specified in such report, including that the report may only be relied upon only by Uplift (not investors), and only under certain conditions specified in the report. Accordingly, information regarding the reports are included herein for informational purposes only. More generally, no environmental assessment can completely eliminate uncertainty regarding the potential for recognized environmental conditions, and related costs, in connection with a subject property. Further, the reports and records prepared in connection with such assessments and investigations speak only as of their dates, and no additional assessments have been requested or performed. Potential investors must refer to the complete reports for a full understanding of such limitations, and for additional information pertinent to the assessments.

Charter

General

The Charter Schools Act provides for the creation of charter schools in order to improve student learning, increase the choice of learning opportunities within the public school system, create professional opportunities that attract new teachers to the public school system, establish a new form of accountability for public schools and encourage different and innovative learning methods. The Charter Schools Act provides for three kinds of charters: 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." Uplift operates pursuant to an open-enrollment charter. A charter 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 is not specifically provided for under Texas law. According to the TEA, however, the current practice has been to grant open-enrollment charters for a five-year period and then generally renew such charters for additional 10-year periods.

Historically, Uplift operated as a network of five separate charters; however, on April 1, 2015, Uplift received approval by the Commissioner of the State Board of Education to consolidate, effective July 1, 2015, all its schools under its then-named North Hills charter. The North Hills charter was renamed Uplift Education and all the Uplift schools now operate under that charter. The Uplift charter was renewed on July 31, 2021, and is required to be renewed with the TEA every ten years. The next renewal date is July 31, 2031. Effective July 1, 2015, the name of each Charter School was revised to add the word "Uplift" to the beginning of each name. The respective schools operating under the Uplift Education charter contract collectively constitute a "District."

Uplift currently has an authorized enrollment limit of 30,000. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's expansion plans. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. See "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections."

A complete copy of Uplift's charter is available upon request as described under "MISCELLANEOUS – Additional Information" above.

Revocation and Nonrenewal

Under the Charter Schools Act and the terms of Uplift's charter, the Commissioner of Education (the "Commissioner") may revoke the charter or reconstitute the governing body of the charter holder of an open-enrollment charter school if the Commissioner determines that the charter recipient has:

(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 12.1811 of the Texas Education Code; or

(vi) is imminently insolvent as determined by the Commissioner.

Any action the Commissioner takes in this respect must be based on the best interest of the school's students, the severity of the violation, any previous violation the school has committed and the accreditation status of the school.

The Commissioner shall also revoke the charter of an open-enrollment charter school if:

(i) the charter holder has been assigned an unacceptable performance rating under Subchapter C, Chapter 39 of the Texas Education Code (the "Accountability Rating") for the three preceding school years;

(ii) the charter holder has been assigned a financial accountability performance rating under Subchapter D, Chapter 39 of the Texas Education Code (the "FIRST Rating") indicating performance lower than satisfactory for the three preceding school years; or

(iii) the charter holder has been assigned any combination of the ratings described in (i) or (ii) for the three preceding school years.

The Commissioner shall deny renewal of the charter of an open-enrollment charter school if:

(i) the charter holder has been assigned an unacceptable performance rating as its Accountability Rating for any three of the five preceding school years;

(ii) the charter holder has been assigned a financial accountability performance rating as its FIRST Rating indicating financial performance 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 an unacceptable performance rating as its Accountability Rating for the three preceding school years and such campus has not been closed.

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, to the extent the Commissioner determines necessary, if an open-enrollment charter school:

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

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

(iii) fails to comply with subchapter A of Chapter 12 of the Texas Education Code or another applicable rule or law.

After the Commissioner takes any such action as set forth above, the school may not receive funding and may not resume operating until a determination is made that:

(i) 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

(ii) 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 modification, placement on probation, revocation, or denial of renewal of a charter. Hence, the determination of the Commissioner is final and may not be appealed. For additional information, see "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF TEXAS CHARTER SCHOOL LAW – GENERAL – CHARTER REVISION, REVOCATION AND NON-RENEWAL," "RISK FACTORS – Nonrenewal or Revocation of Charters," "TABLE 5: ACCOUNTABILITY RATING AND FIRST RATING – LAST FIVE YEARS" and "TABLE 12: ACCOUNTABILITY RATINGS."

Accountability Ratings

General

Uplift and its Charter Schools are subject to financial and academic accountability measures. In Texas, these include annual ratings provided pursuant to (i) a financial accountability performance system under Subchapter D, Chapter 39 of the Texas Education Code ("FIRST Rating") and (ii) an academic performance accountability system under Subchapter C, Chapter 39 of the Texas Education Code (the "Accountability Rating"). These measures are important because poor performance can result in termination or non-renewal of Uplift's open-enrollment charter. See "Charter – Revocation and Nonrenewal" above. Further, these ratings are publicly available and hence are subject to scrutiny by various parties including students and parents evaluating the Charter Schools.

FIRST Rating

The FIRST Rating is a financial accountability rating. Charter Schools receive an annual FIRST Rating (at the district level) on a letter scale, as follows:

- A - Superior
- B - Above Standard
- C - Meets Standard
- F - Substandard Achievement

According to the TEA, the purpose of the FIRST Rating system is to ensure that open-enrollment charter schools are held accountable for the quality of their financial management practices. The system is designed to encourage schools to better manage their financial resources in order to provide the maximum allocation possible for direct instructional purposes. The Texas Education Code requires the system to utilize uniform indicators to measure financial management performance and future financial solvency. Each of the indicators is assigned a point value in a scoring matrix which produces an overall score that determines the resulting rating. For a description of the indicators used by the Commissioner to assign FIRST Ratings, see Title 19 Texas Administrative Code Chapter 109, Budget, Accounting and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Section 109.1001.

Accountability Rating

The Accountability Rating is an academic accountability rating. Charter schools in Texas receive annual Accountability Ratings which are assigned at both the district level and the campus level (starting in 2018-19 with respect to campuses) on a letter scale, as follows:

- A - Exemplary Performance
- B - Recognized Performance
- C - Acceptable Performance
- D - In Need of Improvement
- F - Unacceptable Performance

According to the TEA, the Accountability Rating measures whether students are learning and achieving educational success. The Texas Education Code requires the system to utilize a set of indicators of the quality of learning and achievement. The indicators must measure and evaluate districts and campuses with respect to improving student preparedness for success in subsequent grade levels and entering the workforce, the military, or secondary education; reducing with the goal of eliminating student achievement differentials among students from different racial and economic grounds and socioeconomic backgrounds, and informing parents and the community regarding district and campus performance. Districts and campuses are evaluated within three "domains" of these indicators:

- Student Achievement,
- School Progress and
- Closing the Gaps.

Regarding these domains, "Student Achievement" is measured based on college career and military readiness, graduation rates and student performance on the State of Texas Assessments of Academic Readiness ("STAAR") assessments. STAAR assessments are managed by the TEA's Student Assessment Division of the TEA. STAAR

assessments include annual assessments in reading and mathematics for grades 3-8, writing in grades 4 and 7, science in grades 5 and 8, and social studies in grade 8. High schoolers take end-of-course assessments in English I, English II, Algebra I, Biology and United States History. The Student Assessment Division also administers a State of Texas Assessments of Academic Readiness Alternate to meet the federal requirements. STAAR Alternate is designed for the purpose of assessing students in grades 3-8 and high school who have significant cognitive disabilities and are receiving special education services. STAAR assessments and/or certain related requirements were waived or suspended during the COVID-19 health emergency, but resumed for the 2021-22 school year in Spring 2022. The Student Assessment Division also administers Texas English Language Proficiency Assessment System assessments which are designed to assess the progress that limited English proficient students make in learning the English language. See "TABLE 4: ACCOUNTABILITY RATING AND FIRST RATING – LAST FIVE YEARS," "Student Performance" and "Federal Accountability Measures" below.

"School Progress" is measured based on indicators of effectiveness in promoting student learning including the percentage of students who met the standard for improvement and, for evaluating relative performance, the performance of the district or campus compared to similar districts or campuses. "Closing the Gaps" is measured using disaggregated data to demonstrate differentials among students from different racial and ethnic groups, socioeconomic backgrounds and other factors. See "TABLE 5: ACCOUNTABILITY RATINGS 2021-22" and "Student Achievement" below.

The Accountability Rating was established in 2017 with the idea that the same calculations would be used for up to five consecutive years to allow for better year-over-year performance comparisons. In 2022, TEA announced its intent to "refresh" the Accountability Rating, with the expectation that a revised A-F system framework would be finalized pursuant to an administrative rulemaking process. The resulting revised A-F system framework was released in October 2023. Several school districts subsequently challenged the revised framework by filing a lawsuit in District Court in Travis County, Texas. In October 2023, the District Court issued a temporary injunction blocking the TEA from releasing updated accountability ratings. The TEA has appealed this decision to the Texas Court of Appeals and the appeal is currently pending as of February 2025. Uplift cannot assess or predict the ultimate effect of this litigation on the Accountability Rating system generally or with respect to Uplift, nor can Uplift assess or predict to what extent, if any, the Legislature may change the Accountability Rating system, either while the lawsuit is ongoing or after the lawsuit has concluded.

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Uplift's Accountability Ratings

The following table is a summary table showing the FIRST Rating and Accountability Rating (at the district level) for Uplift for each of the last five years.

TABLE 4: ACCOUNTABILITY RATING AND FIRST RATING - LAST FIVE YEARS

Uplift Education	Rating
2019-20	
Performance rating	Not Rated: Declared State of Disaster[1]
Financial performance rating (FIRST)	A - Superior
2020-21	
Performance rating	Not Rated: Declared State of Disaster[1]
Financial performance rating (FIRST)	A - Superior
2021-22	
Accountability rating	B
Financial performance rating (FIRST)	A - Superior
2022-23	
Accountability rating	-[2]
Financial performance rating (FIRST)	A - Superior
2023-24	
Accountability rating	-[2]
Financial performance rating (FIRST)	A - Superior

Source: Uplift, from information made available by the Texas Education Agency.

[1] The TEA has received approval from the United States Department of Education to waive statewide assessment and accountability requirements for 2019-20 and 2020-21; therefore, all districts and campuses will be labeled "Not Rated: Declared State of Disaster" due to the spread of COVID-19 (see "RISK FACTORS - COVID-19 and Other Similar Outbreaks").

[2] The TEA proposed making certain changes to the state accountability system. Several school districts challenged these proposed changes by filing a lawsuit in District Court in Travis County, Texas. In October 2023, the District Court issued a temporary injunction blocking the TEA from releasing the updated accountability ratings. The TEA has appealed this decision to the Texas Court of Appeals. The appeal is currently pending as of February 2025.

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The following table sets forth the Charter Schools' Accountability Rating results for the 2021-22 school year in each of the "domains" of quality of learning and achievement indicators described above. The 2022-23 and 2023-24 Accountability Reports are not yet publicly available as described above.

TABLE 5: ACCOUNTABILITY RATINGS 2021-22

District[1]/ Uplift Schools	Overall Rating	Student Achievement	School Progress	Closing the Gap
Uplift Education	B	B	B	B
Ascend PS	C	NR	C	C
Ascend MS	C	NR	NR	NR
Atlas PS	C	NR	C	C
Atlas MS	C	NR	C	C
Atlas HS	B	B	B	C
Crescendo PS	A	NR	A	C
Elevate PS	NR	NR	NR	NR
Elevate MS	B	C	B	B
Gradus PS	A	C	A	B
Grand PS	B	C	A	C
Grand MS	C	NR	C	C
Grand HS	B	C	A	C
Hampton PS	B	NR	B	C
Hampton MS	B	NR	B	C
Hampton HS	B	B	A	C
Heights PS	B	NR	A	C
Heights MS	C	NR	C	C
Heights HS	B	B	B	C
Infinity PS	B	C	A	C
Infinity MS	B	C	B	B
Infinity HS	B	B	A	C
Luna PS	C	NR	C	NR
Luna MS	B	NR	B	C
Luna HS	B	B	A	C
Meridian PS	B	NR	B	C
Mighty PS	B	NR	B	C
Mighty MS	NR	NR	NR	C
Mighty HS	B	C	A	C
North Hills PS	A	A	A	A
North Hills MS	A	A	A	A
North Hills HS	A	A	B	A
Pinnacle PS	C	NR	C	NR
Summit PS	B	C	A	C
Summit MS	C	NR	C	NR
Summit HS	B	A	A	B
Triumph PS	B	NR	A	C
White Rock Hills PS	B	C	A	C
Williams PS	C	NR	C	C
Williams MS	B	C	A	B
Williams HS	B	B	B	B
Wisdom PS	B	NR	B	C
Wisdom MS	C	NR	B	C
Wisdom HS	B	NR	B	C

Source: Uplift, from information made available by the Texas Education Agency.

[1] The respective schools operating under the Uplift Education charter contract collectively constitute a "District."

NR = Not Rated

Governance and Management

The following section provides information regarding the current members of the Uplift Board.

Uplift Board

Pursuant to the bylaws, the Uplift Board consists of voting members on the Executive Committee as denoted with an (*) below, and non-voting members. The Executive Committee consist of the Chair, Vice Chair, the Chair of each of the Audit Committee, the Real Estate Committee, the Development Committee, the Finance Committee, the Governance Committee, the Strategic Planning Committee, the School Engagement Committee, the Advocacy Committee and the Uplift Fort Worth Advisory Board (if each of such committees are established). The Uplift Board is responsible for the business and property of the corporation and, for the purposes of the Texas Education Act, is the governing body of the corporation. Pursuant to the Texas Education Act, the Uplift Board has training requirements and must adhere to the Texas Education Act's conflict of interest policies. Uplift's bylaws provide that its officers are elected annually by the Uplift Board. The bylaws provide that a vacancy in the office of any officer shall be filled by a vote of a majority of the Executive Committee, and the officer so elected shall hold office until the next annual meeting of the Executive Committee and until a successor is elected and qualified, or until the officer sooner dies, resigns, is removed, or becomes disqualified. Members of the Uplift Board serve for one initial term and thereafter may be elected for up to three successive three-year terms and serve until the election of his or her successor or until such member shall earlier die, resign, be removed or be disqualified. Information about current Executive Committee members of the Uplift Board is provided below.

Lael Melville* – Chair

Rev. Dr. Lael Melville is the Uplift Board Chair since 2024, and she has served on the Executive Committee since 2018. Dr. Melville is a passionate and empathetic professional with executive leadership experience in education, healthcare, and philanthropy. Dr. Melville holds a Doctorate in Ministry and a Master's in Divinity/Theology from Southern Methodist University, as well as a Doctorate in Psychology from Rutgers University. In 2018, Rev. Dr. Melville co-founded the Melville Family Foundation with her husband, focusing on food security, economic stability, and academic excellence for underserved communities in Southern Dallas. Under Dr. Melville's leadership, the foundation has provided scholarships, internships, and strategic partnerships to these communities. Dr. Melville also sits on the Boards of The Dallas Foundation, Women's Philanthropy Institute, UT Southwestern Advisory Board, and the Perkins School of Theology Executive Committee.

John McPherson* – Vice-Chair

John McPherson became a member of the Uplift Board in 2020. Mr. McPherson was the Vice Chairman of Forterra, Inc., which was sold to Quikrete in 2021. Mr. McPherson recently retired from Vulcan Materials Company, a publicly-traded producer of construction aggregates, asphalt mix, and ready-mixed concrete, where he served as Executive Vice President, Chief Financial and Strategy Officer for over 5 years after previously serving in senior operating and business development roles. Before joining Vulcan, Mr. McPherson was a senior partner at McKinsey & Company, Inc., a global management consulting firm, and served as the managing partner of its Dallas office. Mr. McPherson served as a board member of Forterra as a member of the Audit and Compensations committees. Mr. McPherson began his career with Goldman Sachs & Co and holds B.A. and M.B.A. degrees from Stanford University.

John Beckert* – Member

John Beckert has served on the Uplift Board since 2020. Mr. Beckert was an Operating Partner for Highlander Partners, L.P., a private equity firm, from March 2012 until December 2021. Mr. Beckert served ClubCorp, Inc., a golf course and resort management company, as chief executive officer from June 2004 through December 2006 and chief operating officer from August 2002 through June 2004. He became chairman of the board and a director of ClubCorp Holdings, Inc. in August 2013 prior to the company's initial public offering and served in this role until the sale of ClubCorp, Inc. in September 2017. Mr. Beckert served as chairman of the board of The Composites Group, a company that develops and manufactures thermoset plastic compounds and custom molded components, from December 2010 to November 2014. Mr. Beckert is on the board of The North Texas Food Bank and previously served as the Chair of the Board for the Greenhill School of Dallas.

Simon Chen* – Member (and Audit Committee Chair)

Simon Chen is an Executive Committee member of the Uplift Board and has served as the Chairperson of our Audit Committee since July 2023. Mr. Chen has over 25 years of global experience in accounting and finance. Since May 2022, Mr. Chen is the Chief Accounting Officer at Varsity Brands, Inc., a large products and services

provider delivering customized solutions for youth sports and spirit activities, where he leads accounting, financial reporting, internal audit, and tax. Prior to his role at Varsity Brands, Mr. Chen served as Chief Accounting Officer and Controller in various publicly traded companies including Forterra, Inc., JP Energy Partners, JP, and Energy Transfer. Mr. Chen earned a Bachelor of Art degree in Shanghai Jiao Tong University in China. Mr. Chen is an American Certified Public Accountant and a member of AICPA.

Cullum Clark* – Former Chairman

Cullum Clark has served on the Uplift Board since 2016. Mr. Clark is Director, Bush Institute-SMU Economic Growth Initiative and an Adjunct Professor of Economics at SMU. Within the Economic Growth Initiative, he leads the Bush Institute's work on domestic economic policy and economic growth. His research has focused on monetary policy, fiscal policy, financial markets, economic geography, urban economics, modern economic history, and economic growth. Before joining the Bush Institute and SMU, Mr. Clark worked in the investment industry for 25 years. He served as an equity analyst and portfolio manager at Brown Brothers Harriman & Co., as a portfolio manager at Warburg Pincus Asset Management, as President and Chief Investment Officer of Cimarron Global Investors, a Dallas-based hedge fund firm, and as President of Prothro Clark Company, a Dallas family investment office. Prior to entering the investment industry, Mr. Clark served for one year on the staff of the U.S. Senate Select Committee on Intelligence. Mr. Clark's leadership activities include serving on the boards of the Eugene McDermott Foundation, the Yale University Art Gallery, and the Foundation for the Arts, as well as on the investment committee of SMU. Mr. Clark received his Bachelor of Arts in History from Yale University, his Master of the Arts in Political Science from Harvard University, and his Doctor of Philosophy in Economics from Southern Methodist University.

Pilar Davies *– Member (and School Engagement Co-Chair)

Pilar Davies has served on the Uplift Board since 2019. Ms. Davies is a Community Volunteer. She currently serves on the President's Advisory Board for UT Southwestern Medical Center in Dallas and the Advisory Board for Baylor Scott & White. Ms. Davies received her bachelor's degree at the University of California Berkeley.

Ricky Garcia* – Member (and Development Committee Chair)

Ricky Garcia has served on the Uplift Board since 2020. Mr. Garcia is a Senior Program Manager, Schwab Community Services & Charles Schwab Foundation. In this capacity, Mr. Garcia oversees the Foundation's strategic education initiatives focused on at risk youth and BIPOC communities. Prior to his current role, Mr. Garcia served as Director of Corporate Engagement for the United Way of Metropolitan Dallas. He is also the Co-Chair of the Advisory Council for the Oak Cliff Boys & Girls Club and on the DEI Advisory Council for the Delta Sigma Phi Fraternity. Mr. Garcia has a Bachelor of Arts & Political Science from the University of North Texas.

Rusty Jaggers* – Member (and Governance Committee Chair)

Rusty Jaggers serves as the Chair of the Governance Committee and joined the Uplift Board for the 2022-23 school year. Ms. Jaggers also served on the Finance/Strategic Planning and Development Committees of the Uplift Board. Ms. Jaggers graduated from Rice University with a B.A. in Mathematical Sciences and went on to a career in software development and computer design. In addition to the Uplift Board, Ms. Jaggers is a Life Trustee of Greenhill School, serving since 1994. Given Ms. Jaggers' strong interest in education, she has been an investor in many non-profit organizations focused on education such as UTD Center for Children and Families, Commit Partnership, Teach for America and Girls, Inc. and The Dallas Foundation. Additionally, Ms. Jaggers has been a participant in many development programs for Rice University.

Cameron Johnson* – Member (and Real Estate Committee Chair)

Cameron Johnson has served on the Uplift Board since 2017. Mr. Johnson currently serves as Chief Executive Officer of NICKSON Living, a real estate start-up which makes apartments move-in ready on-demand. Prior to co-founding NICKSON, he was a member of the Real Estate Financing Group within the Investment Banking Division at Goldman Sachs. Before joining Goldman Sachs, Mr. Johnson helped launch a real estate investment platform, Akara Real Estate Partners. Prior to joining Akara, Mr. Johnson was a Director at Greystar Real Estate Partners where he targeted multifamily investments and helped launch Greystar's Mexico office. Before business school, he worked for Walton Street Capital, where he focused on executing corporate and asset level real estate acquisitions. Mr. Johnson began his real estate career in 2006 at Goldman Sachs. Mr. Johnson received his Bachelor of Science (with Distinction) in Finance and Real Estate from Cornell University and his Master of Business Administration from Harvard Business School.

Harold Montgomery* - Member (and Finance and Strategic Planning Committee Chair)

Harold Montgomery has been on the Uplift Board since 2024. Mr. Montgomery is a seasoned CEO with a strong track record in global public company leadership, investor relations, and business development. With deep expertise in financial reporting, fundraising, and corporate communications, Mr. Montgomery successfully built a publicly traded company, attracting over 3,500 shareholders and raising millions through multiple capital raises. Mr. Montgomery has managed full P&L responsibilities and demonstrated exceptional skill in navigating complex business environments, including acquisitions, crisis management, and regulatory compliance. Mr. Montgomery has a history of transforming and unlocking value for companies, particularly in the payments services sector. Mr. Montgomery's notable accomplishments include leading MoneyOnMobile through significant growth and international expansion, achieving NASDAQ listing approval, and raising over $60M in capital. As a media-savvy leader, Mr. Montgomery is also an experienced speaker and writer, having created and published *Transaction World Magazine* for over a decade.

James Stanton* - Member (and Advocacy Committee Chair)

James Stanton has been on the Uplift Board since 2017 before serving on the Executive Committee beginning in 2020. Mr. Stanton is the founder of law firm Stanton LLP. Prior to starting this firm, he served as presiding judge of the 134th Judicial District Court in Dallas County, Texas and practiced in the trial departments of Andrews Kurth LLP and Cozen O'Connor PC. Mr. Stanton is board certified in Civil Trial Law and Personal Injury Trial Law by the Texas Board of Legal Specialization. Mr. Stanton earned his bachelor's degree at the University of Colorado at Colorado Springs, and his juris doctor at Baylor Law School in Waco, Texas.

Tracy Syler-Jones* - Member (and Chair Uplift Fort Worth Advisory Board)

Tracy Syler-Jones has been on the Uplift Board since 2024. Ms. Syler-Jones serves on the Executive Committee and is the Chair of Uplift's Fort Worth Advisory Committee. Ms. Syler-Jones has served as a chief marketing and communication strategist for various non-profits overseeing the development of integrated, strategic marketing and communication plans. Ms. Syler-Jones also sits on the marketing board of the Fort Worth Botanic Gardens. Ms. Syler-Jones received her Bachelor of Arts degree in journalism from San Diego State University and her executive MBA from Texas Christian University. Ms. Syler-Jones is a graduate of Leadership Fort Worth and an active volunteer in the Dallas-Fort Worth community.

Christine VanDeVelde* - Member (and School Engagement Co-Chair)

Christine VanDeVelde has been on the Uplift Board since 2022. Ms. VanDeVelde is a writer, journalist, and author, whose work has appeared in newspapers, including the *New York Times*, *Wall Street Journal*, *Washington Post,* and *USA Today;* and magazines, such as *Parenting* and *Self*. Ms. VanDeVelde writes most frequently on college admission, early childhood education, and parenting and she is a frequenter reviewer of non-fiction. Ms. VanDeVelde is the coauthor, with Robin Mamlet, former dean of admission at Stanford University, of the best-selling book *College Admission: From Application to Acceptance, Step by Step*, published by Random House. Ms. VanDeVelde has also served on the governing boards for Stanford University's Institute for Research on Women and Gender, Castilleja School, Bing Nursery School, and Stanford University Red Barn Equestrian Center.

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The current non-voting members of the Uplift Board are as follows.

TABLE 6: NON-VOTING MEMBERS OF THE UPLIFT BOARD

Name	Company	Position
Marcia Aaron	Charter School Growth Fund	Partner
Delina Barbosa	State National a Markel Company	Governance Analyst
Michielle Benson	The Arts for Minority Youth	Executive Director
Justin Betzen	Goldman Sachs	Managing Director
Tony Caesar	Cradlepoint	SVP IT & CIO
Berenice Contreras	Joseph J. Leszczynski Attorney at Law	Senior Assistant
Adam Cox	Bain & Company	Partner
Tony Dona	Greystar	Partner
Scott Ewing	Trinity Industries	Chief Legal Officer
Mandy Ginsberg	Advent International	Operating Partner
Rose Hawkins	Rose's Cleaning Service	Sole Proprietor Housekeeper
Sam Kang	Schwab Charitable	President
Hanna Kim	McKesson Corporation	Vice President FP&A
Laura Martinez	Toyota Corporation	Enterprise Growth & Development Manager
Melissa McNeil	Community Volunteer	-
Yanela Montoya	United Way Dallas	Director of Education, Southern Dallas Thrives
Todd Rapp	Fortress Multi-Manager Group	CEO
Giovanny Sanchez	Perry Weather	Account Executive
Ed Tauriac	FTI Consulting	Nior Strategic Advisory
Peter Zwick	Jones Day	Partner

Source: Uplift.

Uplift Management

Listed below are members of Uplift's key management, along with a brief description of the responsibilities of their respective positions and biographical information pertaining to each.

Yasmin Bhatia – Chief Executive Officer

Yasmin Bhatia is the Chief Executive Officer of Uplift and has served in that capacity since 2009. Ms. Bhatia also served as the Interim Chief Financial Officer until March 1, 2023. As Chief Executive Officer, Ms. Bhatia is responsible for developing and implementing Uplift's policies, programs, curriculum activities and budgets in a manner that promotes the educational development of Uplift's students and the professional development of its educators and staff. Ms. Bhatia joined Uplift after having been a consultant at McKinsey & Company, a global management consulting firm, for nine years. While at McKinsey, Ms. Bhatia served the Michael & Susan Dell Foundation, the City of Dallas and the Annie E. Casey Foundation. Ms. Bhatia brings to Uplift her experience in helping clients develop and execute strategies and building organizational capacity. Ms. Bhatia received a bachelor's degree from The University of Texas in Austin and a master's degree in business administration (MBA) from Stanford University.

Leslie F. Berlin – Chief Financial Officer

Leslie F. Berlin was named the Chief Financial Officer for Uplift effective as of March 1, 2023. As Chief Financial Officer, Ms. Berlin is responsible for leading all aspects of the financial operations of Uplift. Before joining Uplift, Ms. Berlin served as Chief Financial Officer at Chaac Foods Restaurants and Oregrown Industries, Inc., as well as providing business consulting services for retail and restaurant brands through her company Pocket CFO, Inc. Ms. Berlin also spent over twelve years with Yum! Brands and related entities, last serving as Director of Strategy & Finance. Ms. Berlin earned a Bachelor of Science degree in Mechanical Engineering and Mathematics from Vanderbilt University in Nashville, Tennessee and a Master of Business Administration from Southern Methodist University, Cox School of Business in Dallas, Texas.

Remy Washington – President

Remy Washington was named President in the Spring of 2019. As President, Ms. Washington plans, directs, and manages academic programming to maintain Uplift's high-performance culture in which all members work towards achieving ambitious goals and outstanding student achievement and college readiness results. Prior to assuming the role of President, Ms. Washington served as a High School Managing Director for Uplift in which she collaborated with the Chief Executive and Academic Officers in establishing and maintaining network initiatives and priorities as well as managed all high school directors. Ms. Washington joined Uplift in 2013 as the high school director of Uplift Atlas Preparatory. Prior to her time with Uplift, Ms. Washington spent almost 10 years as an educator and school leader in Chicago, Illinois. Ms. Washington holds a Bachelor's degree in Neuroscience from Northwestern University, a Master's degree in Secondary Education from Concordia University, a Master's degree in Education Leadership and Organizational Change from Roosevelt University, a PhD from Johns Hopkins University in Urban Education Leadership.

Johnny Deas – Chief Operating Officer

Johnny Deas is currently the Chief Operating Officer for Uplift. Mr. Deas joined Uplift in 2011 after working for Citigroup for seven years. While at Citigroup, he worked as a Vice President within the Operations and Technology Division and was responsible for business analysis, export licensing, business continuity and federal regulatory compliance. Also, while at Citigroup, Mr. Deas founded the Great Ideas Edu-tainment Foundation, an award-winning non-profit that teaches financial literacy and other life skills to the underserved through a blend of education and entertainment. Mr. Deas earned a Bachelor's degree while serving on active duty with the U.S. Marine Corps where he served for 10 years and rose through the ranks from Private to Captain. As a Marine, he held several positions, including: Aviation Supply Officer, Fiscal Officer and Nuclear Biological and Chemical Defense Officer. Mr. Deas left the Marines in 2002 to attend graduate school full time and currently holds a Master's in Business Administration from the Olin School of Business at Washington University in St. Louis; Mr. Deas also earned a Master's in Education Leadership from the Los Angeles based Broad Center for the Management of School Systems.

Alexander Berk – Chief Legal Officer

Alexander Berk is currently the Chief Legal Officer for Uplift Education, a role he has held since 2019, after serving as Uplift's Senior Director of Legal Affairs since 2017. Prior to joining Uplift, Mr. Berk was an Associate Attorney with Walsh, Gallegos, Trevino, Russo & Kyle, P.C., a law firm specializing in representing school districts, charter networks, and other educational and governmental entities throughout the State of Texas. While at Walsh Gallegos, Mr. Berk provided legal counsel to clients in such areas as employment law, student rights and discipline, constitutional law, Open Meetings and Public Information Acts, and transactional law. Prior to joining Walsh Gallegos, Mr. Berk served as in-house counsel for the Dallas Independent School District. Before attending law school, Mr. Berk taught special education students with autism and severe behavioral issues and worked with inpatient and outpatient children and adults as a Licensed Professional Counselor (LPC). Mr. Berk earned a Bachelor's degree from the University of Texas at Austin in 2000, a Master's degree in Education with a focus on Counseling from the University of North Texas in 2006, and a Juris Doctor from Southern Methodist University's Dedman School of Law in 2011.

Deborah Bigham - Chief External Affairs Officer

Deborah Bigham is the Chief External Affairs Officer for Uplift and has served in that capacity since 2009. As Chief External Affairs Officer, Ms. Bigham is responsible for all aspects of fundraising, advocacy, special events and communication strategies. Before joining Uplift, Ms. Bigham worked for seven years as the Vice President of External Affairs for the YWCA of Metropolitan Dallas. She has 15 years' experience in the areas of fundraising, external affairs, special events and strategic plan development. Ms. Bigham's career spans for-profit and not-for-profit entities including the Society of Petroleum Engineers, Burson-Marsteller and Ennis Business Forms. Ms. Bigham received her Bachelor's degree from Sam Houston State University where she recently received a Lifetime Achievement Award for Public Relations.

Vieanna Ausitn – Deputy Chief of People

Vieanna Austin is the Deputy Chief People Officer of Uplift. Ms. Austin joined Uplift in 2024 after having been the Chief Human Resource and Compliance Officer at National HME, Inc., a large Hospice Durable Medical Equipment provider for seven years. Ms. Austin's career includes employment in Education, Healthcare, High

Technology & Aerospace, and Retail industries. Ms. Austin harnesses a deep understanding of human capital management, with a focus on employee benefits, change management, and process improvement. Ms. Austin's journey reflects a commitment to workforce excellence, creating policies and strategies that bolster employee engagement and compliance.

John Gasko - Chief Well-Being Officer

Dr. John Gasko is the Chief Well-Being and Social Emotion Learning (SEL) Officer of Uplift and has served in that capacity since 2019. As Chief Well-Being and SEL Officer, Dr. Gasko is responsible for overseeing staff well-being programming as well as all student support programming including student health services, counseling services, prevention programming, and social emotional learning. Dr. Gasko joined Uplift after having most recently served as Special Advisor to the President, and previously Dean of the School of Education at the University of North Texas at Dallas. Dr. Gasko's prior professional experiences include serving as the Managing Director of the Urban Education Institute at the University of Chicago, Associate Director of the University of Texas Health Science Center at Houston's Children's Learning Institute, and Director of Research and Public Policy for the Children's Defense Fund. Dr. Gasko brings with him a passion for childhood health and education, and experience working across sectors of public health, medicine, education, developmental psychology and neuroscience to improve health and education outcomes for children and families. He received a bachelor's degree in Engineering from the New York Merchant Marine Academy, master's degree in Teaching English Language and Literature and Education from St. Mary's University, and doctoral degree in Educational Leadership from The University of Texas at Austin.

Priscilla Parhms – Deputy Chief of Primary Schools

Priscilla Parhms is currently the Deputy Chief of Primary School for Uplift Education. Ms. Parhms joined Uplift in 2007 after moving from southern California. Ms. Parhms has been in education for over thirty years where she has served as a teacher, staff developer, principal, managing director, and other administrative roles. Mrs. Parhms is a firm believer that a strong school leader is essential for every school. She uses her knowledge around school turn-around, leadership transformation, organizational culture, and systems around instruction, assessment, and curriculum to support and train school leaders. Ms. Parhms holds a master's degree in Education Administration from California State University - San Bernardino and a Bachelor of Arts Degree in Radio and Television Management from University of Louisiana-Monroe. Ms. Parhms served on the advisory board for the Middle School Matters Institute which is initiative of the George W. Bush Institute in partnership with The Meadows Center for Preventing Educational Risk at The University of Texas at Austin.

Jonathan Dant – Depurty Chief of Primary Schools

Jonathan Dant is the Deputy Chief of Primary Schools for Uplift Education. Mr. Dant has worked to promote equity in education since joining Teach for America in Newark, NJ, in 2005. Mr. Dant has taught both elementary and middle school, founded a top-performing elementary charter school in South Brooklyn, and served in leadership roles at turnaround schools. Mr. Dant has also worked to improve policies and processes for New York's largest and highest-achieving charter network. In addition, Mr. Dant has consulted with schools nationwide to strengthen leadership and teaching. Mr. Dant studied sociology and education policy at Columbia University.

Amanda Martin - Chief of Staff

Amanda Martin is the Chief of Staff at Uplift. As Chief of Staff, Ms. Martin leads the Marketing, Scholar Recruiting, and Enrollment teams and supports the CEO and President with strategic planning and special projects. Ms. Martin connected with Uplift through the Broad Residency in 2017, earning her Master’s in Education Leadership in 2019. Prior to joining Uplift, Ms. Martin worked at Danaher Corporation, a global science and technology company, in various roles, including product management and sales enablement. Ms. Martin holds a Master of Business Administration from Darden Business School and a Bachelor's degree from the University of New Hampshire, where she double-majored in Business and Communications.

Daniel Gray - Deputy Chief of College and Career

Daniel Gray is the Deputy Chief for College and Career at Uplift, a pillar of the Uplift program. In his role, Mr. Gray oversees the overall College and Career strategy for Uplift. In this role, Mr. Gray has driven Uplift to a 100% college acceptance, a 6-year college graduation rate of more than 50%, and one of the highest median incomes for alumni in the Dallas-Fort Worth Metroplex. Mr. Gray has grown up understanding the value of a college degree and has dedicated his life to ensuring that more students understand the positive impact that a college degree can have

on their lives. Prior to Uplift, Mr. Gray worked at the University of Houston, most recently as the Director of College and National Networks, focused on strategic alumni engagement in Houston and throughout the country. Mr. Gray received his undergraduate degree from the University of California, Irvine, and holds a master's in education from both the University of Houston and the Broad Center for the Management of School Systems (now based at Yale University).

Employees and Labor Relations

The following table provides information regarding Uplift's professional staff and faculty.

TABLE 7: PROFESSIONAL STAFF AND FACULTY

Faculty & Staff	2022-23	2023-24	2024-25
Teachers	1,314	1,264	1,376
Professional Support	415	467	495
Campus, Administration	206	207	205
Central Administration	40	40	46
Educational Aides	460	416	450
Auxiliary Staff	248	280	289
Total	2,683	2,674	2,861
Faculty			
Beginning Teachers	19%	36%	13%
1-5 Years of Experience	38%	28%	39%
6-10 Years of Experience	22%	17%	21%
11-20 Years of Experience	15%	13%	20%
Over 20 Years of Experience	6%	6%	8%
Teacher Retention Rate	72%	73%	78%
Average Number of Students Per Teacher[1]	17	17	17

Source: Uplift. Information is current as of the last Friday of October for each year.

[1] Uplift budgets 20 students per pre-k class, 25 per primary class, and 28 per secondary class. The "Average Number of Students Per Teacher" is the result of two factors. First, Uplift teachers are provided a planning period. Second, the position of interventionist is used to provide small group and individual support to students. All interventionists are certified teachers and are counted toward the total teacher population.

All of Uplift's teachers, support staff and other personnel are employees of and are compensated by Uplift. Uplift utilizes employee satisfaction surveys and regularly seeks teacher and staff voice through surveys prior to network decisions, skip-level meetings, focus groups, and town halls. Uplift's Chief People Officer also holds focus groups on each campus where employees can talk about their issues. Uplift believes that the faculty, administration and the Uplift Board have a strong and collaborative working relationship and Uplift considers relations with its teachers, professional support staff and other personnel to be very good. Uplift regularly evaluates its teachers.

Uplift employees are eligible for and participate in the State's Teacher Retirement System of Texas (the "TRS"), a public employee retirement system. TRS is a cost sharing, multiple-employer defined benefit pension plan with one exception: all risks and cost are not shared by Uplift, but are the liability of the State. See "APPENDIX C – FINANCIAL STATEMENTS. TRS also offers health insurance coverage. In December 2022, the Uplift Board approved to exit the State's healthcare system in order to go to the open market and provide more affordable and higher quality healthcare options for its staff. Blue Cross Blue Shield was selected as the new carrier going forward as of Spring 2023.

Teacher Compensation

Uplift assesses and adjusts its compensation for teachers and top leadership each year in order to remain competitive with local ISDs. Uplift rewards teachers for tenure with results, teachers who take on roles in high-need subject areas and/or high-need schools, and campus teams who work together to achieve meaningful results.

Enrollment

Enrollment in Uplift's charter schools is open to residents of Texas who live within the geographic service boundaries described in Uplift's charter 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. Texas law requires that open-enrollment 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, Uplift accepts, on a school-by-school basis, applications year round. Each Charter School also has a designated period during which applications are accepted for the following year's lottery. Siblings of enrolled students and children of Uplift staff members are given priority admission, and a lottery is conducted if there are more such applicants than available slots. Certain of the Charter Schools also have a preference boundary defined by zip codes and applicants within those zip codes are given priority admission after siblings. If there are enough slots for all remaining applicants, then the remaining applicants are admitted. If not, a lottery is conducted, with preference given to those applicants within the zip code boundary, if applicable, and the remaining applicants drawn next. Uplift conducts these lotteries at different times for different schools, generally within the period from December through April. Notice to applicants who are admitted through the lottery are sent approximately one week after the lottery is conducted.

The following table sets forth data provided by Uplift regarding its historical and projected enrollment. Pertinent to such projections and as noted elsewhere herein, Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. Uplift considers each K-5, 6-8 and 9-12 school as a separate school (even if there is only one grade level in each type of school). Uplift currently has an authorized enrollment limit of 30,000 students. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's expansion plans. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. See "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections."

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TABLE 8: HISTORICAL AND FUTURE PROJECTED ENROLLMENT*

	Historical				*Current*	*Projected*				
	20-21	**21-22**	**22-23**	**23-24**	**24-25**	**25-26**	**26-27**	**27-28**	**28-29**	**29-30**
Uplift North Hills Preparatory	1,577	1,541	1,602	1,613	1,668	1,700	1,700	1,700	1,700	1,700
Uplift Atlas Preparatory	1,605	1,552	1,622	1,647	1,568	1,630	1,630	1,630	1,630	1,630
Uplift Summit International Preparatory	1,663	1,619	1,690	1,615	1,634	1,684	1,684	1,684	1,684	1,684
Uplift Hampton Preparatory	1,437	1,387	1,523	1,544	1,636	1,686	1,717	1,717	1,717	1,717
Uplift Williams Preparatory	1,757	1,673	1,735	1,733	1,633	1,674	1,674	1,674	1,674	1,674
Uplift Luna Preparatory[1]	1,514	1,524	1,408	1,317	1,782	1,800	1,820	1,840	1,840	1,840
Uplift Heights Preparatory	2,047	1,987	2,020	1,926	1,889	1,994	1,994	1,994	1,994	1,994
Uplift Infinity Preparatory	1,198	1,190	1,234	1,224	1,203	1,200	1,200	1,200	1,200	1,200
Uplift Pinnacle Preparatory	494	378	429	408	486	486	500	550	600	610
Uplift Mighty Preparatory	1,518	1,525	1,632	1,511	1,472	1,549	1,549	1,549	1,549	1,549
Uplift Meridian Preparatory	536	482	506	455	461	469	500	550	600	620
Uplift Triumph Preparatory	466	447	474	447	480	514	514	514	514	514
Uplift Grand Preparatory	1,487	1,579	1,595	1,558	1,558	1,566	1,580	1,590	1,590	1,590
Uplift Gradus Preparatory	516	520	542	535	597	613	613	613	613	613
Uplift Wisdom Preparatory	868	1,143	1,378	1,396	1,437	1,567	1,567	1,567	1,567	1,567
Uplift White Rock Hills Preparatory	576	607	673	666	640	652	652	652	652	652
Uplift Ascend Preparatory	1,131	1,461	1,614	1,578	1,583	1,654	1,737	1,824	1,916	2,012
Uplift Elevate Preparatory	489	756	979	1,132	1,126	1,188	1,238	1,288	1,338	1,388
Uplift Crescendo Preparatory	-	373	491	514	532	575	600	635	648	648
Total:	**20,879**	**21,744**	**23,147**	**22,819**	**23,385**	**24,201**	**24,469**	**24,771**	**25,026**	**25,202**

Source: Uplift.

* PreK scholars are calculated at one-half a student since funding for PreK students is one-half of K-12 students. For 2020-21 through 2024-25 data is based on actual student counts as of the last Friday in October in each year. For 2025-26 and thereafter, data represents projected enrollment as estimated by Uplift, and is subject to the general qualifications and limitations described under "INTRODUCTION – Forward-Looking Statements" above. The totals above include PreK students at one-half.

[1] Historical enrollment for Luna Primary and Luna Secondary has been consolidated into the enrollment at Luna Preparatory.

Waiting List

Uplift conducts lotteries at different times for different schools, generally within the period from February through April. After the lotteries are conducted, students are placed on a waiting list on a school-by-school basis. If there are additional students who apply after the lotteries have been conducted, they are added to the waiting list in the order in which their applications are received. Uplift admits students from its waiting lists as seats become available. Uplift purges its waiting lists after completing its annual lotteries, and starts new waiting lists thereafter. The following table presents waiting list data as of December 11, 2024 for the 2024-25 school year.

TABLE 9: WAITING LIST DATA (2024-25)*

	Grades														
Uplift School	**PreK**	**K**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**Total**
North Hills Preparatory	11	620	285	290	254	252	189	172	111	54	2	4	37	4	**2,285**
Atlas Preparatory	24	4	-	15	1	7	13	1	13	-	5	9	27	8	**127**
Summit International	15	1	27	-	11	2	-	2	2	-	2	2	23	6	**93**
Hampton Preparatory	117	3	4	26	-	11	28	-	-	4	-	3	24	14	**234**
Williams Preparatory	36	1	3	11	-	-	-	9	12	8	1	2	13	7	**103**
Heights Preparatory	11	1	1	-	11	5	-	8	4	1	8	16	24	5	**95**
Infinity Preparatory	-	11	49	60	67	35	24	18	28	18	1	-	24	3	**338**
Pinnacle Preparatory	-	-	-	-	-	1	6	-	-	-	-	-	-	-	**7**
Mighty Preparatory	18	1	-	11	1	10	-	-	4	1	3	1	8	8	**66**
Meridian Preparatory	11	-	-	-	-	-	-	-	-	-	-	-	-	-	**11**
Triumph Preparatory	6	-	-	-	-	-	-	-	-	-	-	-	-	-	**6**
Grand Preparatory	38	14	-	1	1	6	15	-	-	5	3	3	27	9	**122**
Gradus Preparatory	90	1	1	1	15	10	-	-	-	-	-	-	-	-	**118**
Wisdom Preparatory	11	4	31	27	-	7	19	5	21	8	-	2	18	6	**159**
White Rock Hills Preparatory	80	11	13	-	1	-	-	-	-	-	-	-	-	-	**105**
Ascend Preparatory	44	-	1	2	11	1	1	9	8	7	5	4	18	12	**123**
Elevate Preparatory	11	-	-	-	3	1	10	-	-	-	-	2	12	-	**39**
Crescendo Preparatory	73	-	-	1	-	2	5	-	-	-	-	-	-	-	**81**
Luna Preparatory	96	75	12	49	69	74	61	122	57	55	74	25	62	21	**852**
Grand Total:	**692**	**747**	**427**	**494**	**445**	**424**	**371**	**346**	**260**	**161**	**104**	**73**	**317**	**103**	**4,964**

Source: Uplift. Data presented is as of December 11, 2024.
*Applicants may submit up to three applications to different Uplift schools; the number of unique applications received through December 11, 2024, was 20,957.

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Special Education

For the 2024-25 school year, there are 2,675 scholars (11%) that receive special education services at the Charter Schools.

Student Retention

The following table expresses, as a percentage, the number of Uplift students in a given year who returned from the prior year.

TABLE 10: STUDENT RETENTION DATA

Uplift School	Retention Rate (2021-22 to 2022-23)	Retention Rate (2022-23 to 2023-24)	Retention Rate (2023-24 to 2024-25)
North Hills Preparatory	90%	86%	78%
Peak Preparatory	89%	86%	88%
Summit International Preparatory	81%	78%	79%
Hampton Preparatory	74%	77%	81%
Williams Preparatory	87%	85%	84%
Heights Preparatory	84%	82%	78%
Infinity Preparatory	89%	88%	83%
Pinnacle Preparatory	85%	78%	84%
Mighty Preparatory	81%	79%	77%
Meridian Preparatory	79%	79%	81%
Triumph Preparatory	90%	81%	85%
Grand Preparatory	81%	79%	86%
Gradus Preparatory	81%	83%	70%
Wisdom Preparatory	80%	77%	78%
White Rock Hills	80%	81%	83%
Ascend Preparatory	77%	71%	75%
Elevate Preparatory	72%	77%	76%
Crescendo Preparatory	71%	72%	86%
Luna Primary Preparatory[1]	77%	73%	n/a
Luna Secondary[1]	77%	76%	n/a
Luna Preparatory[1]	n/a	n/a	87%
Totals / Average %	82%	82%	80%

Source: Uplift.

[1] For the 2023-24 school year, Luna Primary and Luna Secondary sites merged into the newly constructed Luna Preparatory Campus.

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Service Area and Surrounding Schools

Uplift serves students in the Dallas/Fort Worth metropolitan area. Uplift focuses its efforts on serving students who live in communities that are both educationally and economically underserved. It is committed to providing every child with a college preparatory education regardless of their demographic or socioeconomic situation. Uplift's students generally reside within portions of the "Region 10 Education Service Center" ("Region 10 ESC"), with the exception of Uplift Summit International Preparatory, Uplift Meridian Preparatory, Uplift Mighty Preparatory, Uplift Elevate Preparatory, Uplift Ascend Preparatory and Uplift Crescendo Preparatory which are part of the "Region 11 Education Service Center" ("Region 11 ESC"), within close proximity to the schools they attend. Region 10 ESC is located in north Texas and serves the 10-county area of Collin County, Dallas County, Ellis County, Fannin County, Grayson County, Henderson County, Hunt County, Kaufman County, Rockwall County and a part of Van Zandt County. There are currently 39 charter school districts (with over 212 individual campuses), approximately 83 traditional public school districts, and 115 private schools serving grades pre K-12 in the Region 10 ESC. Region 11 ESC is located in north Texas and serves the 10-county area of Cooke County, Denton County, Erath County, Hood County, Johnson County, Palo Pinto County, Parker County, Somervell County, Tarrant County and Wise County. There are currently 17 charter schools (with 105 individual campuses), approximately 76 traditional public school districts, and 160 private schools serving grades pre K-12 in the Region 11 ESC.

Uplift's existing facilities are located in the cities of Dallas, DeSoto, Grand Prairie and Irving in Dallas County, and in the cities of Arlington and Forth Worth in Tarrant County.

- According to 2020 U.S. Census data, Dallas County's estimated population was 2,613,539, of which approximately 22.0% was African-American and 40.5% was Latino or Hispanic. According to the U.S. Census 2023 1-Year Estimates, Dallas County's estimated population was 2,606,358, of which approximately 22.3% was African-American and 41.4% was Latino or Hispanic.

- According to 2010 U.S. Census data, Dallas County's median household income was approximately $46,860, which falls below the comparable Texas State median ($48,615). According to U.S. Census 2023 1-Year Estimates, Dallas County's median household income was approximately $74,350, which falls below the comparable Texas State median ($75,780).

- According to 2020 U.S. Census data, Tarrant County's estimated population was 2,110,640, of which approximately 17.4% was African-American and 29.4% was Latino or Hispanic. According to the U.S. Census 2023 1-Year Estimates, Tarrant County's estimated population was 2,182,947, of which approximately 18.0% was African-American and 30.5% was Latino or Hispanic.

- According to 2010 U.S. Census data, Tarrant County's median household income was approximately $52,385, which falls above the comparable Texas State median ($48,615). According to U.S. Census 2023 1-Year Estimates, Tarrant County's median household income was approximately $80,043, which is above the comparable Texas State median ($75,780).

Uplift believes that its Charter Schools compete for students with schools that neighbor its existing campuses and, to a lesser degree, with other schools in the Region 10 ESC and Region 11 ESC located within the Charter Schools' service area. The Charter Schools face constant competition for students 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 Uplift to make payments on the Series 2025 Notes in an amount necessary to pay debt service on the Series 2025 Bonds. See "RISK FACTORS – Competition for Students."

Student Performance

The following table compares the percentage of Uplift's students and the average percentage of students at public school districts, including charter schools, identified by Uplift as neighboring its Charter Schools who achieved the Meets Grade Level Academic Performance, which also includes those students who achieved the Masters Grade Level Performance as measured based on ("STAAR") assessments. See "Accountability Ratings" above.

The following table compares the percentage of Uplift's students and the average percentage of students at public school districts identified by Uplift as neighboring its Charter Schools who achieved the Meets Grade Level Academic Performance, which also includes those students who achieved the Masters Grade Level Performance.

TABLE 11
STATE OF TEXAS ASSESSMENT OF ACADEMIC READINESS (STAAR) - 2023 - 2024 RESULTS
PERCENTAGE OF STUDENTS WHO "MEETS GRADE LEVEL ACADEMIC PERFORMANCE"

Grade:	3		4		5			6		7		8				EOC				
	Math	Reading	Math	Reading	Math	Reading	Science	Math	Reading	Math	Reading	Math	Reading	Science	Social Studies	Algebra 1	English 1	English 2	US History	Biology
State of Texas	42	48	46	51	50	55	28	39	57	34	54	43	56	44	33	43	52	58	69	56
Arlington ISD	34	36	38	39	38	43	18	37	47	34	43	21	42	32	24	28	40	48	63	44
Dallas ISD	38	37	43	46	47	50	19	36	52	20	48	37	51	32	27	39	41	48	62	47
Fort Worth ISD	31	32	33	34	37	40	14	19	36	7	33	28	24	20	15	19	33	42	55	34
Grand Prairie ISD	36	37	42	46	47	53	16	31	45	25	48	35	44	35	23	31	37	48	65	43
Irving ISD	25	29	33	34	34	38	12	27	43	28	42	29	39	28	16	26	40	45	62	42
Uplift Education Network	33	40	35	37	43	46	16	27	45	24	45	26	49	27	23	32	53	64	61	53
Ascend Preparatory	26	28	21	20	24	29	11	16	41	*	37	24	31	16	8	28	62	82	71	55
Atlas Preparatory	38	47	24	40	37	56	14	26	47	N/A	42	18	41	29	8	4	45	66	65	38
Crescendo Preparatory	61	57	51	36	40	47	9													
Elevate Preparatory	29	32	40	33	56	47	14	41	55	29	46	46	73	36	12	32	65	75	73	78
Gradus Preparatory	37	41	31	48	40	49	19													
Grand Preparatory	22	40	31	23	31	43	12	34	43	67	45	30	36	25	14	19	42	65	63	63
Hampton Preparatory	27	52	31	42	39	38	9	16	41	*	51	27	50	28	29	18	40	48	46	40
Heights Preparatory	22	29	26	31	31	37	9	7	32	-	36	21	36	10	22	6	37	47	55	34
Infinity Preparatory	47	51	64	49	67	55	40	28	38	*	35	27	47	25	18	39	50	58	58	49
Luna Preparatory	16	29	27	29	15	23	4	36	44	*	42	17	45	14	19	10	45	56	73	47
Meridian Preparatory	17	38	39	37	49	39	12													
Mighty Preparatory	22	27	13	38	39	40	22	14	30	100	35	16	39	15	13	12	41	52	44	36
North Hills Preparatory	83	79	89	86	81	84	52	76	86	*	87	71	98	88	65	50	91	91	92	94
Pinnacle Preparatory	23	27	19	27	56	38	6													
Summit International Preparatory	40	47	46	41	30	45	8	23	52	-	44	18	48	38	17	16	58	63	62	60
Triumph Preparatory	20	27	31	27	33	37	21													
White Rock Hills	36	40	46	43	69	57	14													
Williams Preparatory	34	30	24	27	39	41	6	28	34	18	47	27	49	17	36	10	43	54	57	47
Wisdom Preparatory	17	29	20	24	49	54	18	12	43	22	29	5	43	13	19	31	47	55	53	37

*Indicates results are masked due to small numbers to protect student confidentiality.

-Indicates there are no students in the group.

Source: Uplift, from information made available by the Texas Education Agency.

Federal Accountability Measures

On December 10, 2015, the President signed into law the "Every Student Succeeds Act" ("ESSA") which reauthorized new federal accountability provisions of Title I of the Elementary and Secondary Education Act ("ESEA"). In its most basic form, ESSA is a more state regulated version of No Child Left Behind ("NCLB" the 2001 reauthorization of ESEA) but without the following NCLB components: Highly Qualified Teacher requirements (now left up to the States), Supplemental Education Service providers, and Adequate Yearly Progress. ESSA also marks a shift in authority away from Secretary of Education to State Education Agencies.

This law went into effect with the beginning of the 2016-17 school year, which was a transition year for states to obtain approval for the new federal accountability measures for data and achievement by student subgroups. Each State Education Agency ("SEA") is responsible for developing its own accountability system, and in consultation with its SEAs, must implement a system of high-quality, yearly student academic assessments that includes, at a minimum, academic assessments in mathematics, reading/language arts, and science. These accountability measures went into place for the 2017-18 school year, with each SEA holding all public school campuses, and school districts, accountable for academic performance.

As noted elsewhere herein, the State's accountability framework includes ratings including FIRST Ratings and Accountability Ratings. See "– Charter – Revocation and Nonrenewal" above. Uplift has never received an "Improvement Required" Accountability Rating. Certain Uplift campuses have received Accountability Ratings of "NR," meaning some schools were not rated. The State of Texas did not issue any ratings below a C with the first administration of STARR post-pandemic to allow schools additional time for students to catch up academically. See "TABLE 5: ACCOUNTABILITY RATINGS 2021-22" above. See, also "RISK FACTORS – Federal Accountability Measures."

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Debt Summary

Below is a list of the outstanding debt of Uplift.

TABLE 12: DEBT SUMMARY

Type of Debt	Original Amount	Outstanding Amount
Series 2012Q Bonds	$ 20,000,000	$ 5,050,000
Series 2013A Bonds	44,960,000	35,745,000
Series 2014A Bonds	41,750,000	35,640,000
Series 2015A Bonds	43,470,000	38,480,000
Series 2016A Bonds	42,980,000	36,675,000
Series 2017A Bonds	74,405,000	64,605,000
Series 2017B Bonds	25,380,000	23,130,000
Series 2018A Bonds	39,450,000	36,660,000
Series 2019A Bonds	24,760,000	23,230,000
Series 2019B Bonds	66,330,000	63,825,000
Series 2020A Bonds	28,725,000	26,845,000
Series 2023A Bonds	64,160,000	63,415,000
Regions 2022A Master Note*	30,000,000	-
Regions 2022B Master Note**	20,000,000	-
Total:	$566,370,000	$453,300,000

Source: Uplift. See also "APPENDIX C – FINANCIAL STATEMENTS."

* The Regions 2022A Master Note, as amended, evidences Uplift's revolving line of credit for capital expenditures with Regions Commercial Equipment Finance, LLC, in the original principal amount of $30,000,000. Uplift may borrow, prepay, and re-borrow on the Regions 2022A Master Note with the maximum amount outstanding at any time limited to $30,000,000. Unless Uplift elects to redeem and terminate the Regions 2022A Master Note prior to maturity, this revolving line of credit expires on April 9, 2028.

** The Regions 2022B Master Note, as amended, evidences Uplift's revolving line of credit for working capital expenditures and operating cash flow needs with Regions Commercial Equipment Finance, LLC, in the original principal amount of $20,000,000. Uplift may borrow, prepay, and re-borrow on the Regions 2022B Master Note with the maximum amount outstanding at any time limited to $20,000,000. Unless Uplift elects to redeem and terminate the Regions 2022B Master Note prior to maturity, this revolving line of credit expires on April 9, 2028.

Future Financings

As described under "History and Expansion Plan," above, Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. Uplift considers each K-5, 6-8 and 9-12 school as a separate school (even if there is only one grade level in each type of school). Therefore, the schools included in the enrollment growth do not necessarily contemplate construction of additional facilities. Uplift's financial projections include related assumptions for the Series 2025 Bonds. See "Projected Revenues and Expenditures" and "TABLE 15: PROJECTED REVENUES AND EXPENSES" below. Currently, Uplift is authorized to serve up to a maximum number of 30,000 students from Pre-Kindergarten to 12th grade. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. Uplift expects to apply for charter amendments to increase the enrollment limit as needed in the future based on Uplift's enrollment growth. However, there can be no guarantee that Uplift will be granted any future increases in its enrollment limit. See "RISK FACTORS – Operating History; Reliance on Projections; Expansion Plan and Effect on Projections." Uplift's growth strategy is subject to ongoing review by Uplift, and Uplift expects to execute future expansions only if and to the extent it determines that then-prevailing conditions support particular expansions.

Internal Controls

Uplift requires that purchase orders, vouchers and reimbursement forms, travel reimbursement requests, and similar requests must have two signatures and for school expenses one such signature must come from the director at the respective Charter School. Construction, renovation and repair expenditures over $5,000 require approval from the Uplift Chief Financial Officer. Construction, renovation and repair expenditures over $50,000 require approval from the Uplift Chief Executive Officer.

Matters which are included within an approved operating budget, or which are in furtherance of projects which have been authorized by the Uplift Board, or which involve spending grant monies or amounts less than $100,000 are deemed to be within the ordinary course of business and contracts, agreements or commitments in furtherance of such matters do not require further approval by the Uplift Board. Matters falling outside of approved budgets or authorized projects or grants and which involve more than $100,000 shall be dealt with on a case-by-case basis. Matters involving multi-year commitments of greater than $100,000 per year and which fall outside of approved budgets or authorized projects or grants are deemed to be outside the ordinary course of business.

Conflicts

Uplift's bylaws 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 Uplift could result in loss of tax exemption for federal income tax purposes of interest on the Series 2025A Bonds or any of its outstanding Bonds issued on a tax-exempt basis. See "RISK FACTORS – Tax-Exempt Status of the Borrower."

Uplift's bylaws also provide that no contract or agreement may be entered into by and between Uplift and any of the following: (i) a Trustee (as defined in the bylaws), member of the Executive Committee, or officer (an "Insider"); or (ii) any corporation, partnership, trust, sole proprietorship or any other entity in which an interest is owned or held, directly or indirectly, by or for the benefit of an Insider, unless in either case the transaction is permissible pursuant to Section 22.230 of the Texas Business Code, and other State and federal law with respect to conflicts of interest. The bylaws recite that such approval requires that prior to consummating any contract, transaction, or action taken on behalf of Uplift involving any matter in which a Trustee, member of the Executive Committee, or officer is personally interested as a shareholder, director, officer, trustee, or beneficiary or advisor of a trust, or otherwise, that contract, transaction or action must be authorized and approved in good faith and with ordinary care by a vote of a majority of the number of the Executive Committee in attendance at a meeting at which a quorum is present, without counting the vote(s) of any interested Executive Committee member, and only after the disinterested Executive Committee members are provided with knowledge of the material facts concerning the contract or transaction and each interested Executive Committee member's or officer's interest in the transaction, and only if the entering into of such contract or transaction is not violative of those provisions of the articles of incorporation that prohibit Uplift's use or application of its funds for private benefit.

The bylaws further recite that any interested Executive Committee member may be counted in determining the presence of a quorum at a meeting of the Executive Committee at which a contract or transaction described in this section is authorized, but the interested Executive Committee member must leave the meeting during the discussion of, and the vote on, such contract or transaction. The bylaws provide that the minutes of any such meeting must include (i) the names of the interested Executive Committee member who disclosed any possible direct or indirect interest, a description of the nature of the alleged interest and whether the Executive Committee determined a conflict of interest did in fact exist, (ii) the names of the Executive Committee members who were present for discussions relating to the proposed contract or transaction, the content of those discussions, including any alternatives to the proposed contract or transaction and a record of the vote, and (iii) such other information as may be required by the policies of the corporation.

Fundraising

General

Uplift has historically received donations in support of its mission from a variety of foundations, corporations and individuals, as well as public grants. While many donors give one-time gifts, other donors have committed funds on a per school basis and provide ongoing support. In August 2013, Uplift received a donation for $12.5 million with

a matching grant in a like amount from the Jake and Nancy Hamon Charitable Foundation, and Uplift completed raising the full match in 2015-16 through gift and pledges of $12.5 million. In 2015, Uplift received a $10.3 million U.S. Department of Education Charter Expansion Grant to help start new schools over the next 5 years. In 2016, Uplift closed its prior capital campaign, raising $72 million over seven years. In 2017, Uplift launched a $42 million campaign focused on innovation and moderate growth of its educational footprint. The campaign successfully concluded after five years raising $49 million dollars from supporters such as Charter School Growth Fund, Sid Richardson Foundation, John Kleinheinz, Rainwater Charitable Foundation, and the Morris Foundation.

With the implementation of Uplift's strategy through 2028, Uplift's fundraising efforts have shifted to programmatic support of core flagship initiatives and supporting small capital projects to support positive school cultures. Uplift's goal is to raise $8-10 million per year supporting those efforts. This year, to date, Uplift has raised $11 million in both pledges and collected donations. Donors include the Hamon Charitable Foundation, Bloomberg Philanthropies, and new individual major gift donors Warren Huff and Kent McGaughy supporting Uplift's career pathways and athletic facilities.

The table below shows the financial support Uplift has received from donors in the years shown.

TABLE 13:
FUNDRAISING DATA

2006-07	$ 6,229,788
2007-08	6,044,241
2008-09	8,887,694
2009-10	3,333,830
2010-11	8,011,526
2011-12	5,721,032
2012-13	5,940,558
2013-14	8,580,979
2014-15	10,091,545
2015-16*	16,438,471
2016-17	3,820,580
2017-18	12,951,038
2018-19	10,880,993
2019-20	6,828,602
2020-21	14,607,284
2021-22	17,734,603
2022-23	20,486,765
2023-24	23,611,268
Total	$190,200,797

* Includes a $10.3 million USDOE grant.
Source: Uplift.

Donors

The following table presents a list of donors who have cumulatively given more than $100,000 since Uplift's inception:

TABLE 14: UPLIFT DONORS

$100,000-$249,999	$250,000-$999,999	$1,000,000+
Bellevue Foundation	Alice Brown	Amon G. Carter Foundation
CFP Foundation	Belmont Foundation	Bloomberg Philanthropies
Educate Texas	Capital One Bank	Charles and Lynn Schusterman Family Philanthropies
Goff Family Foundation	Charles Schwab Foundation	Charter School Growth Fund, Inc
Goldman Sachs Matching Gift Program	Citi Foundation	Communities Foundation of Texas
Greater Texas Foundation	Hemera Foundation	Hamon Charitable Foundation
H. Craig Kinney	Hoblitzelle Foundation	Hillcrest Foundation
Harry S. Moss Foundation	JPMorgan Chase & Co.	Kleinheinz Family Foundation for the Arts and Education
Harry W. Bass, Jr. Foundation	M & A Brown Family Foundation	Leigh Sansone
Hawn Foundation	Meadows Foundation	Matejek Family Foundation
Jane Bosart Foundation	O'Donnell Foundation	Michael and Susan Dell Foundation
John and Pamela Beckert Family Foundation	Posey Family Foundation	Paul E. Andrews, Jr. Foundation
Ken Murphy	Richard & Enika Schulze Foundation	Rees-Jones Foundation
Kevin Bryant	Richard Agnich	Rowling Foundation
Lyda Hill Foundation	Simmons Sisters Fund	Sid W. Richardson Foundation
Lyda Hill Fund	Texas Instruments Foundation	The Boone Family Foundation
Mark Gibson	The Bill and Melinda Gates Foundation	The Dallas Foundation
Marshall Payne	The M.R. and Evelyn Hudson Foundation	The Harold Simmons Foundation
Moody Foundation	The Melville Family Foundation	The Morris Foundation
National Association of Charter School Authorizers	The Perot Foundation	The Rainwater Charitable Foundation
NorthPark Center	The Robert D. and Patricia E. Kern	The Williams Family Foundation
Phillip Wiggins	Family Foundation, Inc.	United Way of Metropolitan Dallas
Stemmons Foundation		Walton Family Foundation
TG Public Benefit Program		
The George and Fay Young Foundation		
The Litman Foundation		
The Mike & Mary Terry Family Foundation		
The Miles Foundation		
Tony Dona		
Toyota USA Foundation		
TREC Community Investors		
W.W. Caruth, Jr. Fund at Communities Foundation of Texas		
Yasmin Bhatia		

Source: Uplift.

Projected Revenues and Expenditures

The following table provides historical and projected revenue and expense information for Uplift. To the extent that these projections provide information for future years, such projections 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 information contained in the following table has been prepared by Uplift, with assistance from its financial advisor, and has not been independently verified by any party other than Uplift. Such information has not been prepared in accordance with generally accepted accounting principles ("GAAP"). No feasibility studies have been conducted with respect to the related projections. Such projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2025 Bonds will be outstanding. The Underwriter has not independently verified Uplift's projections, and makes no representation nor gives any assurances that such projections or the assumptions underlying them, are complete or correct. Uplift's financial projections are based on assumptions made by Uplift (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of difficulty with or failure of Uplift's expansion plan, insufficient enrollment, reduced payments from the State, or otherwise), employee relations, changes in taxes, changes in applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

Pertinent to such projections and as noted elsewhere herein, Uplift's strategy through 2028 is expected to bring Uplift's total enrollment to approximately 25,202 students by the 2029-30 school year. Uplift considers each K-5, 6-8 and 9-12 school as a separate school (even if there is only one grade level in each type of school). Therefore,

the schools included in the enrollment growth do not necessarily contemplate construction of additional facilities. Uplift currently has an authorized enrollment limit of 30,000 students. In order to exceed 30,000 students, Uplift would need to apply for and be granted an increase in its enrollment limit by the TEA. See "RISK FACTORS – Operating History;" " – Reliance on Projections;" " – Expansion Plan and Effect on Projections" and "Charter" above.

The projections contained in the following table reflect assumptions corresponding to contemplated enrollment growth. Uplift's financial projections in the following table include related assumptions for the Series 2025 Bonds. Uplift's financial projections do not build in assumptions for additional future financings that Uplift may undertake in the future.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT UPLIFT WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE SERIES 2025 NOTES SUFFICIENT TO PAY DEBT SERVICE ON THE SERIES 2025 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN "RISK FACTORS" AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER MAKES NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN, NOR AS TO THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED.

For more information, see "RISK FACTORS – Operating History;" " – Reliance on Projections;" and "– Expansion Plan and Effect on Projections."

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TABLE 15: PROJECTED REVENUES AND EXPENSES

$000s	FY25 Projected	FY26 Projected	FY27 Projected	FY28 Projected	FY29 Projected	FY30 Projected
Total Uplift Enrollment	23,385	24,201	24,469	24,771	25,026	25,202
Revenues						
Private & Local Revenues	$ 15,546	$ 12,505	$ 12,000	$ 12,000	$ 12,000	$ 12,000
State Revenues	258,445	281,992	293,668	303,239	312,487	320,979
Federal Revenues	45,982	30,873	26,942	27,526	27,774	28,026
Total Revenues	**$ 319,973**	**$ 325,370**	**$ 332,610**	**$ 342,764**	**$ 352,262**	**$ 361,005**
Expenses						
Personnel	$ 210,984	$ 214,574	$ 218,865	$ 223,243	$ 227,708	$ 232,262
Nonpayroll Expenses	91,167	92,811	$ 94,667	$ 96,561	$ 98,492	$ 100,462
Total Expenses	**$ 302,151**	**$ 307,385**	**$ 313,533**	**$ 319,803**	**$ 326,199**	**$ 332,723**
Net Revenues	**$ 17,822**	**$ 17,985**	**$ 19,077**	**$ 22,961**	**$ 26,062**	**$ 28,282**
Interest Expense	19,345	19,799	19,144	18,688	18,199	17,703
Projected Available Revenues						
Net Revenues + Interest Expense	**$ 37,167**	**$ 37,784**	**$ 38,221**	**$ 41,649**	**$ 44,261**	**$ 45,984**
Lease-Adjusted Debt Service						
Bonds + Leases	**$ 29,130**	**$ 27,527**	**$ 27,406**	**$ 27,610**	**$ 27,596**	**$ 27,583**
Resulting Annual Debt Service Coverage Ratio	1.28x	1.37x	1.39x	1.51x	1.60x	1.67x
Beginning Cash ($000s)*	$ 59,967	$ 59,767	$ 67,752	$ 78,829	$ 85,790	$ 93,852
Planned capex	(8,237)	(5,000)	(4,000)	(8,000)	(9,000)	(10,000)
Net Increase/(Decrease) Cash	$ 8,037	$ 12,985	$ 15,077	$ 14,961	$ 17,062	$ 18,282
Ending Cash	$ 59,767	$ 67,752	$ 78,829	$ 85,790	$ 93,852	$ 102,134
Ending A/R	$ 51,818	$ 7,985	$ 11,077	$ 6,961	$ 8,062	$ 8,282
Expenses Per Day	$ 775	$ 788	$ 807	$ 825	$ 844	$ 863
Days Cash	77	86	98	104	111	118

**beginning balance from Audited Financial Statements - Statement of Financial Position*

Source: Uplift. This projected information constitutes forward-looking statements. See "INTRODUCTION – Forward-looking Statements." See also "RISK FACTORS – Operating History;" " – Reliance on Projections;" and " – Expansion Plan and Effect on Projections."

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APPENDIX C

FINANCIAL STATEMENTS

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Uplift Education

Financial Report
Year Ended June 30, 2024

weaver
Assurance • Tax • Advisory


uplifteducation

CONTENTS

CONTENTS

uplifteducation

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www.uplifteducation.org

CERTIFICATE OF BOARD

Uplift Education
(Federal Employer Identification Number: 75-2659683)

Uplift Education	Dallas	057-803
Name of Charter School	County	Co.-Dist. No.

We, the undersigned, certify that the attached Financial and Compliance Reports of the above named charter school were reviewed and (X) approved (__) disapproved for the year ended June 30, 2024, at a meeting of the governing body of said charter schools on the 19th day of November, 2024.

Signature of Uplift Education Board Secretary

Signature of Uplift Education Board Chair


uplifteducation

Independent Auditor's Report

To the Board of Governors of
Uplift Education
Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Uplift Education (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the School has elected to change its method of accounting for on-behalf payments during the year ended June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information and 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 (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Board of Governors of
Uplift Education

The Supplementary Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 19, 2024


uplifteducation

Uplift Education

Statements of Financial Position

June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 59,966,815	$ 57,728,632
Restricted cash and cash equivalents	48,581,306	68,525,478
Due from governments	51,818,690	47,461,907
Current portion of contributions receivable, net	609,401	183,333
Other current assets	401,375	1,240,497
Assets held for sale	-	2,266,711
Total current assets	161,377,587	177,406,558
Non-current portion of contributions receivable, net	400,119	183,334
Operating lease right-of-use assets, net	9,418,952	10,291,188
Capital assets, net	419,175,568	399,458,783
Other assets	297,618	312,312
TOTAL ASSETS	$ 590,669,844	$ 587,652,175
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 13,264,985	$ 15,994,224
Accrued expenses	9,452,047	9,470,199
Deferred revenue	311,156	1,386,356
Funds held for student and parent groups	1,178,131	1,350,733
Current portion of lease liabilities	953,950	955,291
Current portion of long-term debt, net	19,785,000	9,705,000
Total current liabilities	44,945,269	38,861,803
Non-current portion of lease liabilities	11,139,746	12,220,575
Non-current portion of long-term debt, net	459,380,919	479,587,238
Other long-term liability	749,128	-
Total liabilities	516,215,062	530,669,616
NET ASSETS		
Without donor restrictions	(15,228,924)	(15,480,892)
With donor restrictions	89,683,706	72,463,451
Total net assets	74,454,782	56,982,559
TOTAL LIABILITIES AND NET ASSETS	$ 590,669,844	$ 587,652,175

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Statements of Activities

For the Years Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
REVENUES			
Local support			
5700 Revenues from local sources	$ 1,949,652	$ 8,758,875	$ 10,708,527
7951 Gain on sale of real & personal property	17,336,727	-	17,336,727
5700 In-kind donations	67,738	-	67,738
Total local support	19,354,117	8,758,875	28,112,992
State program revenues:			
5810 Foundation school program	-	244,158,551	244,158,551
5820 Other state aid	-	4,621,898	4,621,898
5831 TRS On Behalf Payment	-	5,050,529	5,050,529
Total state program revenues	-	253,830,978	253,830,978
Federal program revenues:			
IDEA - Part B formula	-	4,084,623	4,084,623
National school lunch/breakfast program	-	14,777,210	14,777,210
ESEA, Title I, Part A	-	8,662,306	8,662,306
ESEA, Title II, Part A	-	1,180,643	1,180,643
ESEA, Title III, Part A	-	872,630	872,630
ESEA, Title IV, Part A	-	494,428	494,428
ESEA, Pre-K grant	-	1,460,742	1,460,742
Career/technical basis grant	-	379,735	379,735
Education Innovation And Research	-	522,560	522,560
ESSER II	-	548,385	548,385
ESSER III	-	17,843,564	17,843,564
TCLAS ESSER III	-	167,679	167,679
Total federal program revenues	-	50,994,505	50,994,505
NET ASSETS RELEASED FROM RESTRICTIONS RESTRICTIONS SATISFIED FROM PAYMENTS	296,364,103	(296,364,103)	-
Total revenues	$ 315,718,220	$ 17,220,255	$ 332,938,475

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Statements of Activities – Continued

For the Years Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
EXPENSES			
Program services			
11 Instruction and instructional related services	$ 146,966,043	$ -	$ 146,966,043
12 Instructional resources and media services	101,335	-	101,335
13 Curriculum and instructional staff development	7,762,116	-	7,762,116
21 Instructional leadership	6,184,731	-	6,184,731
23 School leadership	23,910,875	-	23,910,875
Supporting services			
31 Guidance, counseling, and evaluation services	25,389,839	-	25,389,839
32 Social work services	342	-	342
33 Health services	2,834,623	-	2,834,623
34 Student transportation	29	-	29
35 Food services	12,742,682	-	12,742,682
36 Cocurricular/extracurricular activities	1,388,571	-	1,388,571
41 General administration	11,943,238	-	11,943,238
51 Plant maintenance and operations	45,700,725	-	45,700,725
52 Security and monitoring services	4,050,616	-	4,050,616
53 Data processing services	2,925,166	-	2,925,166
61 Community services	3,783,001	-	3,783,001
71 Debt service	18,755,375	-	18,755,375
81 Fund raising	1,026,945	-	1,026,945
Total expenses	315,466,252	-	315,466,252
Change in Net Assets	251,968	17,220,255	17,472,223
NET ASSETS, BEGINNING OF YEAR	(15,480,892)	72,463,451	56,982,559
NET ASSETS, END OF YEAR	$ (15,228,924)	$ 89,683,706	$ 74,454,782

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Statements of Activities – Continued
For the Years Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
REVENUES			
Local support			
5700 Revenues from local sources	$ 3,559,104	$ 4,701,603	$ 8,260,707
5700 In-kind donations	52,406	-	52,406
Total local support	3,611,510	4,701,603	8,313,113
State program revenues			
5810 Foundation school program	-	228,915,043	228,915,043
5820 Other state aid	-	7,418,559	7,418,559
5831 TRS On Behalf Payment	-	5,100,398	5,100,398
Total state program revenues	-	241,434,000	241,434,000
Federal program revenues			
IDEA - Part B formula	-	4,111,994	4,111,994
IDEA - Part B preschool	-	6,104	6,104
IDEA B Formula ARP	-	1,068,372	1,068,372
National school lunch/breakfast program	-	12,582,058	12,582,058
ESEA, Title I, Part A	-	8,461,314	8,461,314
ESEA, Title II, Part A	-	950,391	950,391
ESEA, Title III, Part A	-	805,598	805,598
ESEA, Title IV, Part A	-	863,672	863,672
ESEA, Pre-K grant	-	39,779	39,779
Career/technical basis grant	-	487,337	487,337
Education Innovation And Research	-	552,154	552,154
ESSER I	-	460,542	460,542
ESSER II	-	23,233,287	23,233,287
ESSER III	-	4,377,333	4,377,333
TCLAS ESSER III	-	2,056,145	2,056,145
Total federal program revenues	-	60,056,080	60,056,080
Net assets released from restrictions:			
Restrictions satisfied from payments	293,208,216	(293,208,216)	-
TOTAL REVENUES	$ 296,819,726	$ 12,983,467	$ 309,803,193

The Notes to Financial Statements are
an integral part of these statements.

Uplift Education

Statements of Activities – Continued
For the Years Ended June 30, 2023

		Without Donor Restrictions	With Donor Restrictions	2023 Total
EXPENSES				
Program services				
11	Instruction and instructional related services	$ 151,075,392	$ -	$ 151,075,392
12	Instructional resources and media services	215,279	-	215,279
13	Curriculum and instructional staff development	8,474,333	-	8,474,333
21	Instructional leadership	5,752,348	-	5,752,348
23	School leadership	22,626,015	-	22,626,015
Supporting services				
31	Guidance, counseling, and evaluation services	20,819,172	-	20,819,172
32	Social work services	1,843	-	1,843
33	Health services	2,515,858	-	2,515,858
34	Student transportation	30,218	-	30,218
35	Food services	14,470,160	-	14,470,160
36	Cocurricular/extracurricular activities	1,642,560	-	1,642,560
41	General administration	11,412,699	-	11,412,699
51	Plant maintenance and operations	40,332,379	-	40,332,379
52	Security and monitoring services	2,580,355	-	2,580,355
53	Data processing services	2,690,606	-	2,690,606
61	Community services	2,833,208	-	2,833,208
71	Debt service	17,025,634	-	17,025,634
81	Fund raising	519,841	-	519,841
	Total expenses	305,017,900	-	305,017,900
Change in Net Assets		(8,198,174)	12,983,467	4,785,293
NET ASSETS, BEGINNING OF YEAR		(7,282,718)	59,479,984	52,197,266
NET ASSETS, END OF YEAR		$ (15,480,892)	$ 72,463,451	$ 56,982,559

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ 17,472,223	$ 4,785,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,117,095	15,900,245
Amortization of financing costs	626,644	519,400
Amortization of bond premium	(1,047,965)	(1,047,386)
Non-cash capital lease expense	(209,934)	(194,000)
Gain on sale of assets	(17,336,727)	-
(Increase) decrease in assets		
Due from governments	(4,356,783)	(3,425,467)
Contributions receivable	(642,853)	(94,342)
Other assets	853,816	186,194
Increase (decrease) in liabilities		
Accounts payable	(2,729,239)	3,092,301
Accrued expenses	730,977	(2,054,642)
Deferred revenue	(1,075,200)	300,240
Funds held for student and parent groups	(172,602)	(73,071)
Net cash provided by operating activities	10,229,452	17,894,765
INVESTING ACTIVITIES		
Purchase of capital assets	(37,833,879)	(34,265,394)
Proceeds from sale of assets	19,603,438	-
Net cash used in investing activities	(18,230,441)	(34,265,394)
FINANCING ACTIVITIES		
Proceeds from bond issuance	-	64,160,000
Proceeds from notes payable	-	10,000,000
Premium on issuance of long term debt	-	945,605
Cash paid for debt issuance costs	-	(3,221,340)
Payments on long-term debt	(8,705,000)	(8,355,000)
Payments on notes payable	(1,000,000)	(12,694,853)
Net cash (used in) provided by financing activities	(9,705,000)	50,834,412
Net change in cash and cash equivalents	(17,705,989)	34,463,783
TOTAL CASH AND CASH EQUIVALENTS, beginning of year	126,254,110	91,790,327
TOTAL CASH AND CASH EQUIVALENTS, end of year	$ 108,548,121	$ 126,254,110
NON-CASH ACTIVITIES		
Capital expenditures (including retainage) included in accounts payable	$ 4,888,846	$ 2,795,070

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

Current Year	6100 - Payroll Costs	6200 - Professional and Contracted Services	6300 - Supplies and Materials	6400 - Other Operating Costs	6500 - Debt Costs	2024 Total
PROGRAM SERVICES						
10 - Instruction and instructional-related	$ 129,559,722	$ 9,952,459	$ 12,084,658	$ 3,232,655	$ -	$ 154,829,494
20 - Instructional and school leadership	28,533,852	927,418	138,314	496,022	-	30,095,606
SUPPORTING SERVICES						
30 - Support services - student	27,631,817	3,318,009	9,116,290	2,289,970	-	42,356,086
40 - Administrative support services	7,750,041	3,160,120	236,776	796,301	-	11,943,238
50 - Support services - non-student based	10,106,794	20,249,464	1,454,044	20,866,205	-	52,676,507
60 - Ancillary services	2,479,765	158,816	167,019	977,401	-	3,783,001
70 - Debt service	-	-	-	-	18,755,375	18,755,375
80 - Fund raising	637,749	351,199	14,996	23,001	-	1,026,945
TOTAL EXPENSES	$ 206,699,740	$ 38,117,485	$ 23,212,097	$ 28,681,555	$ 18,755,375	$ 315,466,252

Prior Year	6100 - Payroll Costs	6200 - Professional and Contracted Services	6300 - Supplies and Materials	6400 - Other Operating Costs	6500 - Debt Costs	2023 Total
PROGRAM SERVICES						
10 - Instruction and instructional-related	$ 130,603,411	$ 14,111,028	$ 11,889,193	$ 3,161,372	$ -	$ 159,765,004
20 - Instructional and school leadership	26,563,615	1,179,094	207,130	428,524	-	28,378,363
SUPPORTING SERVICES						
30 - Support services - student	23,190,131	3,437,950	11,374,265	1,477,465	-	39,479,811
40 - Administrative support services	6,374,029	3,595,815	217,916	1,224,939	-	11,412,699
50 - Support services - non-student based	8,830,744	17,863,932	1,248,037	17,660,627	-	45,603,340
60 - Ancillary services	2,146,851	265,254	97,211	323,892	-	2,833,208
70 - Debt service	-	-	-	-	17,025,634	17,025,634
80 - Fund raising	476,495	38,145	1,521	3,680	-	519,841
TOTAL EXPENSES	$ 198,185,276	$ 40,491,218	$ 25,035,273	$ 24,280,499	$ 17,025,634	$ 305,017,900

The Notes to Financial Statements are an integral part of these statements.

Uplift Education

Notes to Financial Statements

Note 1. Background

Uplift Education (the School) was incorporated in the State of Texas on February 26, 1996 and commenced operations on July 1, 1997. The School's mission is to create and sustain public schools of excellence that empower each student to reach their highest potential in college and the global marketplace and that inspire in students a life-long love of learning, achievement, and service in order to positively change their world.

The School operated 20 campuses serving approximately 23,000 students during fiscal year 2024. Uplift is rated AAA by Moody's and BBB - by Standard & Poor's.

The charter holder had no material non-charter activities.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

Basis of Accounting

The accompanying financial statements of the School have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate in the financial statements relates to depreciation expense.

Basis of Presentation

The financial statement presentation follows the guidance of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence and nature or absence of donor-imposed restrictions.

Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net Assets With Donor Restrictions: are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. Cash and cash equivalents are reported at cost which approximates fair value. The School maintains cash balances at various financial institutions, which at times may exceed federally insured limits. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Indenture requirements of bond financing (see Note 9) provide for the establishment and maintenance of various bank accounts with trustees. The indenture terms limit the use of these funds to the construction of plant facilities and payment of principal and interest to bond holders. Restricted cash is comprised of cash equivalents and is recorded at cost, which approximates fair value. Other restricted cash includes balances held whose use is restricted by donor contributions.

Fair Value of Financial Instruments

The School defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the financial statements include cash and cash equivalents, short-term investments, receivables and other assets, notes payable, bonds payable and long-term debt. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the maturity and the characteristics of those instruments.

The carrying value of bonds payable and long-term debt approximates fair value as terms approximate those currently available for similar debt instruments.

Contributions Receivable

Contributions receivable represent unconditional promises to give and are included in the financial statements as contributions receivable and recognized as revenue in the period pledged. Contributions are recorded after being discounted to the anticipated net present value of the future cash flows. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful contributions. Based on their experience with the organizations who have outstanding contributions, as of June 30, 2024 and 2023, management has not recorded an allowance for doubtful contributions. Changes in the fair value of contributions receivable are reported in the statements of activities as contribution revenue.

Capital Assets

Expenditures for capital assets are stated at cost, representing the purchase price or fair market value at the date of gift, less accumulated depreciation. Depreciation expense is computed using the straight-line method over estimated useful lives of each asset.

Building and improvements	10-30 years
Furniture and equipment	5-10 years

Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The School capitalizes property and equipment with a cost greater than $5,000 and a useful life of greater than one year. The School reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation or amortization period may need to be changed. There were no impairment charges recorded during the years ended June 30, 2024 and 2023.

Construction in progress will not be depreciated over the useful lives of the respective assets until they are ready for their intended use. The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included in the statements of activities.

Capital assets purchased with grant funds are owned by the School while used in the program for which it was purchased or in other future School programs. However, the various funding sources have a reversionary interest in the capital assets purchased with grant funds. Its disposition, as well as the ownership of any proceeds there from, is subject to funding source regulations. As of June 30, 2024 and 2023, the net book value of the grant-funded property and equipment was $0 and $777,038, respectively.

Financing Costs

Costs of obtaining long-term bank and bond financing are recorded as financing costs and are deferred as a direct deduction from the carrying amount of that debt liability and amortized using the interest method over the related bond period. Amortization expense is included in debt service in the accompanying statements of activities.

Donated Services and Property

During the years ended June 30, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Donations of property and equipment are recorded at the estimated fair value as of the date the contribution is received.

Income Tax Status

The School has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code. The School follows the provisions of ASC 740-10, *Income Taxes*, related to unrecognized tax positions. The School recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The School does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2024 and 2023, there were no interest or penalties recorded or included in the financial statements. The School is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof and is not expected to have a significant impact on the financial statements.

The School's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the School is no longer subject to income tax examinations by tax authorities for years prior to 2021.

Federal Funding

For all federal programs, the School uses the funds specified by the Texas Education Agency in the Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts. With donor restriction funds are used to account for resources restricted to or designated for specific purposes by a grantor. Federal and state financial assistance is generally accounted for in net assets with donor restrictions.

Functional Allocation of Expenses

Expenses are reported by their functional classification as program services or supporting services. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the School exists. Supporting services are not directly identifiable with specific program activities. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services or supporting services based on actual time worked in each area. Information technology costs are allocated based on whether the costs are associated with program services or supporting services. The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities.

Leases

The School leases school facilities, land, office space and warehouse space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on School's statements of financial position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the School's leases do not provide an implicit rate, the School uses our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The School has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The School has elected to apply the short-term lease exemption to its office equipment leases. During the year ended June 30, 2024, there were only a small number of leases within this class of underlying asset that qualify for the exemption.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the School uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, we use our incremental borrowing rate. Our incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by our assets. Determining a credit spread as secured by our assets may require significant judgment.

Note 3. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents were restricted as follows as of June 30:

	2024	2023
Construction	$ 23,090,194	$ 46,053,995
Debt service	24,556,399	21,583,923
Other	934,713	887,560
	$ 48,581,306	$ 68,525,478

Note 4. Due from Governments

Amounts due from governments consist of the following as of June 30:

	2024	2023
Texas Education Agency - Foundation School Program revenue	$ 41,143,044	$ 38,980,570
Federal grant revenue	10,252,570	8,376,973
Other government receivables	423,076	104,364
Due from governments	$ 51,818,690	$ 47,461,907

Note 5. Liquidity and Availability of Resources

The School relies on state aid and federal grants to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2024 are as follows:

Financial assets at June 30, 2024	
Cash and cash equivalents	$ 59,966,815
Restricted cash	48,581,306
Due from governments	51,818,690
Contributions receivable, current	609,401
Total financial assets	160,976,212
Less financial assets not available for general expenditure:	
Cash restricted for long-term purposes	(48,532,048)
Donor-restricted assets not expected to be satisfied in coming year	(6,578,724)
Total financial assets not available for general expenditure	(55,110,772)
Total financial assets available for general expenditure	$ 105,865,440

Note 6. Contributions Receivable

Contributions receivable consist of contributions towards the School's capital campaign and other initiatives. The net present value of contributions receivable consists of the following as of June 30:

	2024	2023
Contributions receivable	$ 1,057,500	$ 385,000
Less discount to present value (discount rate of 5%)	(47,980)	(18,333)
Contributions receivable, net	1,009,520	366,667
Current portion of contributions receivable, net	609,401	183,333
Non-current portion of contributions receivable, net	$ 400,119	$ 183,334

The School at times has conditional promises to give contingent upon meeting certain criteria specified by donors. These amounts are not recorded in these financial statements as the conditions have not been met. The were no such conditional contributions made during the fiscal years ended June 30, 2024 or 2023, nor were any such pledges outstanding as of those dates.

In addition, the School has received conditional payments in advance from donors for various programs resulting in deferred revenue which totaled and $311,156 and $1,386,356 at June 30, 2024 and 2023, respectively.

As of June 30, 2024, the School has $49,983,469 of conditional contributions from various government agencies. The contributions will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses are met.

Note 7. Capital Assets

Capital assets consist of the following as of June 30:

	2024	2023
Building and improvements	$ 465,940,764	$ 409,646,173
Furniture and fixtures	24,345,401	21,362,021
Depreciable assets	490,286,165	431,008,194
Less accumulated depreciation	(137,938,325)	(119,958,500)
Total depreciable assets	352,347,840	311,049,694
Land	46,633,936	46,633,936
Construction in progress	20,193,792	41,775,153
Capital assets, net	$ 419,175,568	$ 399,458,783

For the years ended June 30, 2024 and 2023, the School charged $18,117,095 and $15,900,245 to depreciation expense, which is included in plant maintenance and operations in the accompanying statements of activities.

Note 8. Assets Held for Sale

During the year ended June 30, 2023, the School adopted a plan to sell a property at the Luna Campus, which met the criteria to be classified as an asset held for sale. The net book value of the property was $2,266,711 as of June 30, 2023. The property was sold during the year ended June 30, 2024 for cash proceeds of $19,603,438. As a result, the School recognized a gain on sale of real and personal property of $17,336,727.

Note 9. Long-Term Debt

Amounts owed as long-term debt were as follows as of June 30:

	Interest Rate	2024	2023
Bonds payable			
Series 2012 bonds	6.750 - 8.000%	$ 6,580,000	$ 8,075,000
Series 2013 bonds	3.100 - 4.400%	36,655,000	37,530,000
Series 2014 bonds	3.375 - 4.600%	36,415,000	37,165,000
Series 2015 bonds	4.000 - 5.000%	39,195,000	39,880,000
Series 2016 bonds	2.750 - 5.000%	37,580,000	38,460,000
Series 2017A bonds	3.750 - 5.000%	66,175,000	67,660,000
Series 2017B bonds	3.500 - 5.000%	23,545,000	23,940,000
Series 2018 bonds	3.500 - 5.000%	37,265,000	37,840,000
Series 2019 bonds	2.050 - 4.000%	88,020,000	88,960,000
Series 2020 bonds	2.000 - 4.000%	27,495,000	28,120,000
Series 2023 bonds	2.000 - 4.000%	64,160,000	64,160,000
Total bonds payable		463,085,000	471,790,000
Bond premium			
Plus: Series 2015 bond premium		872,715	926,263
Plus: Series 2016 bond premium		3,413,593	3,637,132
Plus: Series 2017A bond premium		4,783,822	5,121,783
Plus: Series 2017B bond premium		1,218,383	1,288,782
Plus: Series 2018 bond premium		2,301,260	2,431,592
Plus: Series 2019 bond premium		1,460,559	1,544,216
Plus: Series 2020 bond premium		1,602,585	1,709,034
Plus: Series 2023 bond premium		882,364	924,442
Total bond premium		16,535,281	17,583,244
Notes payable			
Charter School Growth Fund	1.000%	-	1,000,000
Regions Commercial Equipment Finance, LLC	2.664%	10,000,000	10,000,000
Total notes payable		10,000,000	11,000,000
Total bonds and notes payable		489,620,281	500,373,244
Unamortized financing cost		(10,454,362)	(11,081,006)
Total long-term debt, net		479,165,919	489,292,238
Less current portion, net		(19,785,000)	(9,705,000)
Non-current portion, long-term debt, net		$ 459,380,919	$ 479,587,238

Series 2012 A, B & Q Bonds
On April 19, 2012, the School issued $60,550,000 of Education Revenue Bonds – Series 2012A, $230,000 Taxable Education Revenue Bonds – Series 2012B and $20,000,000 of Taxable Education Revenue Bonds – Series 2012Q. The bonds mature each December 1st, through 2033.

As part of the Series 2019 bonds issuance, the School completed an advance refunding of the outstanding principal amount of $60,550,000 Series 2012 A & B Education Revenue Bonds.

Series 2013 A & B Bonds
On January 24, 2013, the school issued $44,750,000 of Education Revenue Bonds - Series 2013A and $210,000 of Taxable Education Revenue Bonds – Series 2013B. The bonds mature serially each December 1st, through 2047.

Series 2014 A & B Bonds
On August 28, 2014, the school issued $41,395,000 of Education Revenue Bonds - Series 2014A and $355,000 of Taxable Education Revenue Bonds – Series 2014B. The bonds mature serially each December 1st, through 2049.

Series 2015 A & B Bonds
On June 4, 2015, the school issued $43,075,000 of Education Revenue Bonds – Series 2015A and $395,000 of Taxable Education Revenue Bonds – Series 2015B. The bonds mature serially each December 1st, through 2051.

Series 2016 A & B Bonds
On July 7, 2016, the school issued $42,600,000 of Education Revenue Bonds – Series 2016A and $380,000 of Taxable Education Revenue Bonds – Series 2016B. The bonds mature serially each December 1st, through 2051.

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of $8,735,000 of Series 2007A, Education Revenue Bonds.

Series 2017A Bonds
On May 31, 2017, the school issued $74,405,000 of Education Revenue and Refunding Bonds – Series 2017A. The bonds mature serially each December 1st, through 2052.

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of $53,150,000 of Series 2010A, Education Revenue Bonds.

Series 2017B Bonds
On August 31, 2017, the school issued $25,380,000 of Education Revenue Bonds – Series 2017B. The bonds mature serially each December 1st, through 2053.

Series 2018 Bonds
On May 31, 2018, the school issued $39,390,000 of Education Revenue Bonds – Series 2018A and $60,000 of Taxable Education Revenue Bonds – Series 2018B. The bonds mature serially each December 1st, through 2054.

Series 2019 A & B Bonds
On August 20, 2019, the School issued $24,760,000 of Series 2019A Education Revenue Bonds, all of which was tax-exempt, and $66,330,000 of Series 2019B Education Revenue and Refunding Bonds, all of which was taxable. The Series 2019A bonds mature serially each December 1st, through 2054. The Series 2019B bonds mature serially each December 1st, through 2047.

As part of this issuance, the School completed an advance refunding of the outstanding principal amount of $60,550,000 of Series 2012 A & B, Education Revenue Bonds.

Series 2020 Bonds
On August 6, 2020, the school issued $28,535,000 of Education Revenue Bonds – Series 2020A and $190,000 of Taxable Education Revenue Bonds – Series 2020B. The bonds mature serially each December 1st, through 2050.

Series 2023 Bonds
On April 1, 2023, the School issued $64,160,000 of Series 2023A Education Revenue Bonds, all of which was tax-exempt. The Series 2023A bonds mature each December 1st, through 2058.

Interest paid for the fiscal years ended June 30, 2024 and 2023, was $17,680,270 and $17,722,286, respectively, of which the School capitalized $0 and $813,579, respectively.

The loan agreements or Supplemental Master Trust Indentures for each of the above issuances establishes a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1.10 times the annual debt service of the School as of the end of the first fiscal year after the date of issuance and thereafter until the individual bond or notes have been paid in full.

Notes Payable
The School received $3,700,000 in loans as part of a Charter School Growth Fund (CSGF) loan and grant program. Proceeds of the loans were used for general support of the School. The loan matured on December 1, 2023 and was fully paid down.

On June 16, 2022, the School entered into new loan agreements with Regions Commercial Equipment Finance, LLC for a term loan not to exceed $50,000,000 to be used for capital expenditures (Loan A) and for a term loan not to exceed $20,000,000 to be used for working capital (Loan B). Both loans have draw periods expiring May 1, 2025. The drawn portion of the note accrues interest at the Bloomberg 1 (One) Month Short-Term Bank Yield Index (USD) plus 1.55% (6.693% as of June 30, 2024). The balance outstanding on the loans was $10,000,000 as of June 30, 2024 and 2023.

Financing Costs
The cost of issuing bank debt and bonds is being amortized over the life of the debt. Financing costs consist of the following as of June 30:

	2024	2023
Financing cost	$ 14,336,876	$ 14,336,876
Accumulated amortization	(3,882,514)	(3,255,870)
Unamortized financing cost	$ 10,454,362	$ 11,081,006
Amortization expense	$ 626,644	$ 519,400

For the years ended June 30, 2024 and 2023, the School recorded $626,400 and $519,400, respectively, to amortization expense, which is included in debt service in the accompanying statements of activities. Scheduled maturities of long-term debt are as follows at June 30, 2024:

Fiscal Year End	Principal	Interest	Totals
2025	$ 19,785,000	$ 19,344,639	$ 39,129,639
2026	10,170,000	18,893,245	29,063,245
2027	10,565,000	18,426,220	28,991,220
2028	10,985,000	17,956,578	28,941,578
2029	11,450,000	17,478,913	28,928,913
Thereafter	410,130,001	225,759,250	635,889,251
	473,085,001	317,858,845	790,943,846
Add: Amounts representing premiums	16,535,280	-	-
Less: Unamortized finance costs	(10,454,362)	-	-
Total	$ 479,165,919	$ 317,858,845	$ 790,943,846

Note 10. Other Long-Term Liability

The School has recognized a long-term liability of $749,128 as of June 30, 2024, related to future obligations under the Learn & Earn Scholarship Program that was introduced during fiscal year 2024. This liability has been measured based on the best available information on the scholars' eligibility for scholarship and is subject to periodic review and adjustment.

Note 11. Pension Plan Obligation

Plan Description
The School contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the School, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively.

TRS as a multiple-employer plan is different from single-employer plans in that:

1. Charters are legally separate entities from the state and each other.
2. Assets contributed by one charter or Independent School District (ISD) may be used for the benefit of an employee of another ISD or charter.
3. Unfunded obligations of the plan get passed along to other charters and ISDs participating in the plan.
4. There is not a withdrawal penalty for leaving the TRS system.

The following table includes the disclosures required per FASB 715-80-50-5:

Legal name of the plan	Teacher Retirement System of Texas	
Plan's Employer Identification Number	n/a	
Zone status	Unknown	
Total Plan Assets	$187.2 billion	
Accumulated Benefit Obligations	$255.9 billion	
% Funded	73%	
Expiration date of the collective-bargaining agreements requiring contributions to the plan	There is not a collective-bargaining agreement.	
Employer contributions for the periods ending June 30, 2024 and 2023	$9,496,783 (2024) and $8,775,052 (2023)	
As of the end of the period ending June 30, 2024		
Status of funding improvement plan or rehabilitation plan had been implemented or pending:	N/A	
Did employer pay surcharge to the plan?	Yes	
Contribution Rates	2023	2024
· Member	8.00%	8.50%
· Non-Member Contributing Entity (State)	8.00%	8.25%
· Employers	8.00%	8.50%

There have been no changes that would affect the comparison of employer contributions from year to year. Information regarding the plan may be found at the TRS website (http://www.trs.state.tx.us/). The TRS posts the Annual Financial Report (AFR) every year on its website. The School did not contribute to or participate in any other defined benefit pension plan or defined contribution plan.

Note 12. Net Assets with Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2024	2023
Private grants and contracts	$ 1,451,717	$ 2,299,460
Contributions receivable	582,500	192,500
Foundation School Program	246,494,557	227,490,777
Federally funded educational programs	47,835,329	63,225,479
Total	$ 296,364,103	$ 293,208,216

Net assets with donor restrictions consisted of the following at June 30:

	2024	2023
Foundation School Program	$ 73,816,938	$ 60,713,911
Child Nutrition Program	6,956,223	4,404,570
Other federal programs	17,634	-
Restricted contributions	7,883,391	6,978,305
Contributions receivable, net	1,009,520	366,665
Total net assets with donor restrictions	$ 89,683,706	$ 72,463,451

Note 13. Leases

The School has operating leases for school facilities, office space, warehouse space and land. Our leases have remaining lease terms of 2 years to 16 years, some of which may include options to extend the leases for up to 10 years. The School has no leases that were classified as finance leases under ASC 842.

Total operating lease costs for the years ended June 30, 2024 and 2023, were $1,338,928 and $1,393,685, respectively.

Maturities of operating lease liabilities as of June 30, 2024 and 2023 were as follows:

	2024	2023
Operating lease weighted average remaining lease term	13.1 Years	12.8 Years
Weighted average discount rate	5%	5%

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

Fiscal Year End	
2025	$ 1,536,989
2026	1,609,697
2027	1,614,375
2028	1,619,104
2029	1,569,068
Thereafter	7,966,364
Total future minimum rental comitments	15,915,597
Less imputed interest	(3,821,901)
Total lease liability	$ 12,093,696

Note 14. Commitments for Construction and Acquisition of Property and Equipment

Construction commitments aggregating $23,114,782 as of June 30, 2024 will be funded from the 2023 Bond program.

Note 15. Contingencies

The 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 (TEA) and 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 School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, school funds may be subject to refund if so determined by the TEA or the grantor agency.

From time to time, the School is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the School's financial position.

Certain federal grants which the School administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although the School expects such amounts, if any, would not have a significant impact on the financial position of the School.

Note 16. Economic Dependency

During the years ended June 30, 2024 and 2023, the School recognized revenue of $304,825,483 and $301,490,080 respectively, from the TEA and federal government. For the years ended June 30, 2024 and 2023, these amounts constitute approximately 92% and 97%, respectively, of total revenues earned. Any unforeseen loss of the charter agreement with TEA or changes in legislative funding could have a material effect on the ability of the School to continue to provide the current level of services to its students.

Note 17. Change in Method of Accounting for On-behalf Payments

Effective July 1, 2023, the School elected to change its accounting policy to record equal revenue and expenses for on-behalf payments made by the State of Texas to TRS on behalf of the Charter Holder. In prior years, these transactions were not recorded.

On February 2, 2024, the State Board of Education (SBOE) approved the adoption of *Financial Accountability System Resource Guide* (*FASRG*), Version 19. The updated *FASRG*, Version 19 requires Not-for-profit (NFP) Charter Schools to record on-behalf payments. The Charter Holder believes that the recording of on-behalf payments is preferable because it is required by the Texas Education Agency beginning in fiscal year 2024.

Revenue and expense totals increased by $5,050,529 and $5,100,398 for fiscal years 2024 and 2023, respectively due to this change.

Note 18. Evaluation of Subsequent Events

The School evaluated its financial statements for subsequent events through November 19, 2024, the date the financial statements were available to be issued. During this time, there were no events requiring recognition or disclosure within the financial statements.

Supplementary Information


uplifteducation

Uplift Education

Schedule of Schools

For the Years Ended June 30, 2024 and 2023

Charter Schools Operated by Uplift Education:

Uplift Ascend Preparatory High School
Uplift Ascend Preparatory Middle School
Uplift Ascend Preparatory Primary School
Uplift Atlas Preparatory High School
Uplift Atlas Preparatory Middle School
Uplift Atlas Preparatory Primary School
Uplift Crescendo Preparatory Primary School
Uplift Elevate Preparatory High School
Uplift Elevate Preparatory Middle School
Uplift Elevate Preparatory Primary School
Uplift Gradus Preparatory Primary School
Uplift Grand Preparatory High School
Uplift Grand Preparatory Middle School
Uplift Grand Preparatory Primary School
Uplift Hampton Preparatory High School
Uplift Hampton Preparatory Middle School
Uplift Hampton Preparatory Primary School
Uplift Heights Preparatory High School
Uplift Heights Preparatory Middle School
Uplift Heights Preparatory Primary School
Uplift Infinity Preparatory High School
Uplift Infinity Preparatory Middle School
Uplift Infinity Preparatory Primary School
Uplift Luna Preparatory High School
Uplift Luna Preparatory Middle School
Uplift Luna Preparatory Primary School
Uplift Meridian Preparatory Primary School
Uplift Mighty Preparatory High School
Uplift Mighty Preparatory Middle School
Uplift Mighty Preparatory Primary School
Uplift North Hills Preparatory High School
Uplift North Hills Preparatory Middle School
Uplift North Hills Preparatory Primary School
Uplift Pinnacle Preparatory Primary School
Uplift Summit International Preparatory High School
Uplift Summit International Preparatory Middle School
Uplift Summit International Preparatory Primary School
Uplift White Rock Hills Preparatory Primary School
Uplift Williams Preparatory High School
Uplift Williams Preparatory Middle School
Uplift Williams Preparatory Primary School
Uplift Triumph Preparatory Primary School
Uplift Wisdom Preparatory High School
Uplift Wisdom Preparatory Middle School
Uplift Wisdom Preparatory Primary School

Uplift Education

Schedules of Expenses

For the Years Ended June 30, 2024 and 2023

	2024	2023
EXPENSES		
6100 Payroll costs	$ 206,699,740	$ 198,185,276
6200 Professional and contracted services	38,117,485	40,491,218
6300 Supplies and materials	23,212,097	25,035,273
6400 Other operating costs	28,681,555	24,280,499
6500 Debt costs	18,755,375	17,025,634
TOTAL EXPENSES	$ 315,466,252	$ 305,017,900

Uplift Education

Schedules of Assets

June 30, 2024

		Ownership Interest			2024
		Local	State	Federal	Total
1100	Cash	$ 15,078,631	$ 46,200,992	$ (1,312,808)	$ 59,966,815
1510	Land	3,370,906	43,263,030	-	46,633,936
1520	Buildings and improvements	5,068,936	460,325,761	546,067	465,940,764
1530	Furniture and equipment	1,522,144	17,756,934	5,066,323	24,345,401
1580	Construction in progress	2,167,467	18,026,325	-	20,193,792
TOTAL		$ 27,208,084	$ 585,573,042	$ 4,299,582	$ 617,080,708

Uplift Education
Schedules of Assets
June 30, 2023

		Ownership Interest			2023
		Local	State	Federal	Total
1100	Cash	$ 13,397,963	$ 44,257,927	$ 72,742	$ 57,728,632
1510	Land	3,370,906	43,263,030	-	46,633,936
1520	Buildings and improvements	4,670,000	404,430,106	546,067	409,646,173
1530	Furniture and equipment	1,253,500	15,042,198	5,066,323	21,362,021
1580	Construction in progress	-	41,775,153	-	41,775,153
TOTAL		$ 22,692,369	$ 548,768,414	$ 5,685,132	$ 577,145,915

Uplift Education

Budgetary Comparison Schedule
For the Year Ended June 30, 2024

		Budgeted Amounts		Actual	Variance From Final
		Original	Final	Amounts	Budget
REVENUES					
Local support					
5700	Other revenues from local sources	$ 5,701,045	$ 11,912,390	$ 28,112,992	$ 16,200,602
	Total local support	5,701,045	11,912,390	28,112,992	16,200,602
STATE PROGRAM REVENUES					
5810	Foundation School Program revenues	233,562,662	243,546,891	244,158,551	611,660
5820	State program revenues distributed by Texas Education Agency	2,359,219	4,809,511	4,621,898	(187,613)
5831	TRS On Behalf Payment	-	-	5,050,529	5,050,529
	Total state program revenues	235,921,881	248,356,402	253,830,978	5,474,576
FEDERAL PROGRAM REVENUES					
5920	Federal revenues distributed by Texas Education Agency	62,157,900	47,819,569	49,011,204	1,191,635
5940	Federal revenues distributed directly from the federal government	2,437,329	1,984,230	1,983,301	(929)
	Total federal program revenues	64,595,229	49,803,799	50,994,505	1,190,706
	Total revenues	306,218,155	310,072,591	332,938,475	22,865,884
EXPENSES					
11	Instruction and instructional related services	148,738,057	142,806,658	146,966,043	(4,159,385)
12	Instructional resources and media services	108,575	101,335	101,335	-
13	Curriculum and instructional staff development	7,591,619	7,762,116	7,762,116	-
21	Instructional leadership	5,659,841	6,184,731	6,184,731	-
23	School leadership	21,353,030	22,977,790	23,910,875	(933,085)
31	Guidance, counseling and evaluation services	24,448,095	23,740,151	25,389,839	(1,649,688)
32	Social work services	2,318	342	342	(0)
33	Health services	2,766,724	2,834,623	2,834,623	-
34	Student transportation	12,403	29	29	-
35	Food services	11,743,055	12,742,682	12,742,682	-
36	Cocurricular/extracurricular activities	1,379,878	1,388,571	1,388,571	(0)
41	General administration	11,574,104	11,943,238	11,943,238	-
51	Plant maintenance and operations[1]	40,633,872	45,018,296	45,700,725	(682,429)
52	Security and monitoring services	3,994,086	4,050,616	4,050,616	-
53	Data processing services	2,559,208	2,925,166	2,925,166	-
61	Community services	4,394,597	4,877,131	3,783,001	1,094,130
71	Debt service[1]	17,487,760	18,755,375	18,755,375	-
81	Fund raising	962,731	1,026,945	1,026,945	-
	Total expenses	305,409,953	309,135,793	315,466,252	(6,330,457)
CHANGE IN NET ASSETS		$ 808,202	$ 936,798	$ 17,472,223	$ 16,535,427

Uplift Education

Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2024

Note 1.

The School does not include depreciation, bond cost amortization, nor bond premium amortization when adopting original budgets however, such expenses are considered prior to the final budget amendment in a given fiscal year. The final budgeted amounts on the preceding schedule include depreciation expense of $18,117,095 in Function 51, Plant maintenance & operations; bond cost amortization expense of $626,644 in Function 71, Debt service; and bond premium amortization expense of ($1,047,965) also in Function 71, Debt service.

Note 2.

Original budgeted amounts differed from final budgeted amounts, as follows:

- Revenue (5700) – Other revenues from local sources budget excluded gain of the sale of land and included portion of school lunch revenue classified in fund 240. Variance from original budget to final driven by large donations related to Career Pathways programming and increased donations related to track & field program launch at Uplift Hampton.
- Revenue (5810) – Foundation School Program revenues budget included portion of school lunch revenue classified in fund 240. Variance from original budget to final driven by increased FSP including increased designation status of Teacher Incentive Allotment program, increase CTE course participation, and identification of special populations (Compensatory Education, Special Education, Multilingual, Dyslexia, etc.)
- Revenue (5820) – Impact of indirect cost and accrual entries at end of year. Variance from original budget to final due to revenue increase from usage of Instructional Materials & Technology Allotment (i.e. IMTA or TIMA) to purchase curriculum materials; also includes additional Child Nutrition Program revenue from Texas Department of Agriculture related to Supply Chain Assistance grant.
- Revenue (5831) – On behalf not considered in budget.
- Revenue (5920) – Original budget included full utilization of remaining federal ESSER III dollars which were deferred to utilize in 2025 school year.
- Revenue (5940) – Original budget includes two temporary federal grants utilized by Counseling & Prevention Services: the Safe Drug-Free Schools & Communities Grant (Fund 203) and Education Innovation & Research Grant (Fund 204); revenues were slightly less than expected primarily due to a smaller than expected allowable indirect cost rate on Fund 203.
- Function 11 – Instruction and instructional related services includes related on behalf expense which was not included in budget.
- Function 31 – Instruction and instructional related services includes related on behalf expense which was not included in budget.
- Function 32 – Social work services original budget planned to utilize related donations that were not utilized.
- Function 34 - The original budget was a small local donation from the prior year; funds were ultimately predominantly spent under a different function.
- Function 51 – Plant maintenance and operations includes portion of related on behalf and some variance in final depreciation calculation that was not in the final budget. Variance from original budget to final due to higher Central Facilities and Campus Operations costs largely related to maintenance & repair of HVAC units, higher than anticipated utilities costs, and other facilities improvements.
- Function 53 – Variance from original to final budget due to restructuring of centralization of PEIMS staff, personnel costs originally budgeted in Function 23 and shifted to Function 53.
- Function 61 – Community service includes Learn and Earn scholarship program which was excluded from budget. Variance from original budget to final drive by Federal Title I budget utilization to support additional family and scholar engagement across the network.

Uplift Education

Schedule of Real Property Ownership Interest
For the Year Ended June 30, 2024

Description (list each parcel separately)	Property Address	Account Number	2024 Assessed Value	Ownership Interest-Local	Ownership Interest-State	Ownership Interest-Federal
F1 Commercial None (Uplift Elevate)	10800 Chapin Road, Forth Worth, TX 76108	42466995	$ 47,569,474	$ 3,338,000	$ 44,231,474	$ -
L1 Personal Property Tangible Commercial All Other Miscellaneous Schools and Instruction (Uplift Summit)	1100 Roosevelt St., Arlington, TX 76011	14538119	287,109		287,109	
F1 Commercial None (Uplift Summit)	1100 Roosevelt St., Arlington, TX 76011	42550384	27,419,643	491,840	26,927,803	-
C1C Vacant Land Commercial None (Uplift Crescendo)	1200 Cooks Lane, Fort Worth, TX 76120	5251192	161,498		161,498	
C1C Vacant Land Commercial None (Uplift Crescendo)	1208 Cooks Lane, Fort Worth, TX 76120	05674409	227,165		227,165	
C1C Vacant Land Commercial None (Uplift Crescendo)	1208 Cooks Lane, Fort Worth, TX 76120	05674425	115,215		115,215	
C1C Vacant Land Commercial None (Uplift Crescendo)	1212 Cooks Lane, Fort Worth, TX 76120	41454839	289,235		289,235	
C1C Vacant Land Commercial None (Uplift Crescendo)	1216 Cooks Lane, Fort Worth, TX 76120	41454847	91,910		91,910	
F1 Commercial None (Uplift Meridian)	1801 S. Beach Street, Forth Worth, TX 76105	41635388	4,588,109		4,588,109	
F1 Commercial None (Uplift Ascend)	3301 Turf Paradise Parkway, Forth Worth, TX 76140	42498919	38,867,695	3,733,948	35,133,747	-
F1 Commercial None (Uplift Mighty)	3700 Mighty Mite Dr., Forth Worth, TX 76105	41598830	21,052,310		21,052,310	
C1C Vacant Land Commercial (New -Open 2021 MY)	7712 John T White Rd., Forth Worth, TX 76120	42633263	14,180,785		14,180,785	
Commercial School (Uplift Infinity)	1401 S MACARTHUR BLVD, Irving, TX 75060	324938000A0010000	11,072,810	377,059	10,695,751	-
Commercial Office Building (Uplift Atlas)	4536 BRYAN ST, Dallas, TX 75204	000726000308A9900	3,361,430		3,361,430	
Commercial Land (Uplift Atlas)	4534 BRYAN ST, Dallas, TX 75204	000726000308B0000	1,092,740		1,092,740	
Commercial Vacant Land (Uplift Atlas)	4515 BRYAN ST, Dallas, TX 75204	00000122134000000	800,420		800,420	
Commercial Vacant Land (Uplift Atlas)	4511 BRYAN ST, Dallas, TX 75204	00000122137000000	869,110		869,110	
Commercial School (Uplift Atlas)	4603 BRYAN ST, Dallas, TX 75204	0006990004O1A0000	21,808,540	3,654,414	18,154,126	-
Commercial School (Uplift Atlas)	4600 BRYAN ST, Dallas, TX 75204	000727000701A0000	26,903,000		26,903,000	
Commercial School (Uplift Pinnacle)	2510 S VERNON AVE, Dallas, TX 75224	00597300010010000	5,327,410		5,327,410	
Commercial Vacant Land (Uplift Grand Primary)	117 NE 2ND ST, Grand Prairie, TX 75050	28000500200030000	57,000		57,000	
Commercial Office Building (Uplift Grand Primary)	121 NE 2ND ST, Grand Prairie, TX 75050	28000500200050000	131,860		131,860	
Commercial School (Uplift Grand Primary)	300 E CHURCH ST, Grand Prairie, TX 75050	282185000E01R0000	13,717,430		13,717,430	
Commercial School (Uplift Grand Primary)	301 E CHURCH ST, Grand Prairie, TX 75050	282195500B09R0000	11,831,970		11,831,970	
Commercial School (Uplift Gradus)	1800 N HAMPTON RD, DeSoto, TX 75115	20031480071A10000	8,006,250		7,985,425	20,825
Commercial Office Building (Uplift Luna Secondary)	4539 BRYAN ST, Dallas, TX 75204	000712000501A0000	2,571,500		2,571,500	
New Uplift Luna Prep Campus	9743 E R L THORNTON FWY Dallas, TX. 75247	00000725179150000	26,120,760		26,120,760	
Commercial School (Uplift White Rock Primary)	7370 VALLEY GLEN DR, Dallas, TX 75228	007021000A0010000	6,261,710		6,027,388	234,322
Commercial Office/Showroom (Uplift Triumph Primary)	9411 HARGROVE DR, Dallas, TX 75220	005775000J05F0000	4,839,490		4,839,490	
Commercial Office Building (Uplift Williams)	1919 BURBANK ST, Dallas, TX 75235	006068000307A0000	31,612,600		31,612,600	
Commercial School (Uplift Williams)	301 W CAMP WISDOM RD, Dallas, TX 75232	006636000A0030000	7,420,160		7,155,483	264,677
Commercial Vacant Lot (Uplift North Hills)	600 ROYAL LN, Irving, TX 75039	323335400A0020200	2,030,910		2,030,910	
Commercial Vacant Lot (Uplift North Hills)	600 E ROYAL LN, Irving, TX 75039	323335400A0020300	266,990		266,990	
Commercial Vacant Lot (Uplift North Hills)	600 ROYAL LN, Irving, TX 75039	323335400A0020400	73,270		73,270	
Commercial School (Uplift North Hills)	550 ROYAL LN, Irving, TX 75039	323335800A0010000	5,072,400		5,072,400	
Commercial School (Uplift Hampton)	9192 STONEVIEW DR, Dallas, TX 75237 (Uplift Hampton)	0075570H000000000	7,572,300		7,572,300	
Commercial School (Uplift Hampton)	8915 S HAMPTON RD, Dallas, TX 75237 (Uplift Hampton)	0075570H000000100	12,674,730		12,674,730	
Commercial (Uplift Heights Primary) Uplift leases from Dallas Housing Authority	2202 CALYPSO STREET, Dallas, TX 75212	00713500AA01C0000	21,351,360		21,351,360	
Commercial (Uplift Heights Secondary) Uplift Leases from Dallas Housing Authority	2806 CANADA DRIVE, Dallas, TX 75212	00000681904000200	7,676,860		7,676,860	
			$ 395,375,158	$ 11,595,261	$ 383,260,073	$ 519,824

Uplift Education

Schedule of Related Party Transactions

For the Year Ended June 30, 2024

Related Party Name	Name of Relation to the Related Party	Relationshp	Type of Transaction	Descruotion of Terms and Conditions	Source of Funds Used	Payment Fequency	Total Paid During Fiscal Year	Principal Balance Due
None								

Uplift Education

Schedule of Related Party Compensation and Benefits

For the Year Ended June 30, 2024

Related Party Name	Name of Relation to the Related Party	Relationshp	Compensation or Benefit	Payment Frequency	Description	Source of Funds Used	Total Paid During Fiscal Year
None							

Uplift Education

Use of Funds Reports

For the Year Ended June 30, 2024

State Compensatory Education

Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
Does the district have written policies and procedures for its state compensatory education programs during the district's fiscal year?		Yes
Total state allotment funds received for state compensatory education programs during the district's fiscal year.	$	29,813,476
Actual direct program expenditures for state compensatory education programs during the district's fiscal year.	$	14,857,393

Bilingual Education

Did your district expend any bilingual education program state allotment funds during the district's fiscal year?		Yes
Does the district have written policies and procedures for its bilingual education program?		Yes
Total state allotment funds received for bilingual education programs during the district's fiscal year.	$	4,273,215
Actual direct program expenditures for bi-lingual education programs during the district's fiscal year.	$	2,436,006

uplift education

Uplift Education

Series 2012 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 1,530,000	$ 422,856	$ 1,952,856
2026	1,575,000	315,313	1,890,313
2027	1,610,000	204,975	1,814,975
2028	240,000	139,600	379,600
2029	250,000	12,000	262,000
2030	255,000	99,800	354,800
2031	265,000	79,000	344,000
2032	275,000	57,400	332,400
2033	285,000	35,000	320,000
2034	295,000	11,800	306,800
Total	$ 6,580,000	$ 1,377,744	$ 7,957,744

Uplift Education

Series 2013 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 910,000	$ 1,543,413	$ 2,453,413
2026	950,000	1,506,678	2,456,678
2027	985,000	1,468,461	2,453,461
2028	1,025,000	1,428,764	2,453,764
2029	1,070,000	1,387,388	2,457,388
2030	1,110,000	1,344,333	2,454,333
2031	1,155,000	1,299,599	2,454,599
2032	1,200,000	1,253,088	2,453,088
2033	1,250,000	1,204,700	2,454,700
2034	1,305,000	1,151,629	2,456,629
2035	1,360,000	1,093,665	2,453,665
2036	1,420,000	1,033,200	2,453,200
2037	1,485,000	970,016	2,455,016
2038	1,550,000	904,005	2,454,005
2039	1,620,000	835,058	2,455,058
2040	1,690,000	763,065	2,453,065
2041	1,770,000	687,810	2,457,810
2042	1,845,000	609,184	2,454,184
2043	1,930,000	527,078	2,457,078
2044	2,015,000	440,770	2,455,770
2045	2,105,000	350,130	2,455,130
2046	2,200,000	255,420	2,455,420
2047	2,300,000	156,420	2,456,420
2048	2,405,000	52,910	2,457,910
Total	$ 36,655,000	$ 22,266,784	$ 58,921,784

Uplift Education

Series 2014 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 775,000	$ 1,602,948	$ 2,377,948
2026	805,000	1,572,764	2,377,764
2027	840,000	1,537,808	2,377,808
2028	875,000	1,501,364	2,376,364
2029	915,000	1,463,326	2,378,326
2030	955,000	1,423,589	2,378,589
2031	995,000	1,382,151	2,377,151
2032	1,040,000	1,338,908	2,378,908
2033	1,085,000	1,293,751	2,378,751
2034	1,130,000	1,246,683	2,376,683
2035	1,180,000	1,197,595	2,377,595
2036	1,230,000	1,144,845	2,374,845
2037	1,290,000	1,088,145	2,378,145
2038	1,345,000	1,028,858	2,373,858
2039	1,410,000	966,870	2,376,870
2040	1,475,000	901,958	2,376,958
2041	1,540,000	834,120	2,374,120
2042	1,615,000	763,133	2,378,133
2043	1,685,000	688,883	2,373,883
2044	1,765,000	611,258	2,376,258
2045	1,845,000	530,033	2,375,033
2046	1,930,000	444,130	2,374,130
2047	2,025,000	353,165	2,378,165
2048	2,120,000	257,830	2,377,830
2049	2,220,000	158,010	2,378,010
2050	2,325,000	53,475	2,378,475
Total	$ 36,415,000	$ 25,385,600	$ 61,800,600

Uplift Education

Series 2015 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 715,000	$ 1,930,850	$ 2,645,850
2026	745,000	1,901,650	2,646,650
2027	775,000	1,867,375	2,642,375
2028	815,000	1,827,625	2,642,625
2029	860,000	1,785,750	2,645,750
2030	900,000	1,741,750	2,641,750
2031	950,000	1,695,500	2,645,500
2032	995,000	1,646,875	2,641,875
2033	1,050,000	1,595,750	2,645,750
2034	1,100,000	1,542,000	2,642,000
2035	1,160,000	1,485,500	2,645,500
2036	1,220,000	1,426,000	2,646,000
2037	1,280,000	1,363,500	2,643,500
2038	1,345,000	1,297,875	2,642,875
2039	1,415,000	1,228,875	2,643,875
2040	1,490,000	1,156,250	2,646,250
2041	1,565,000	1,079,875	2,644,875
2042	1,645,000	999,625	2,644,625
2043	1,730,000	915,250	2,645,250
2044	1,820,000	826,500	2,646,500
2045	1,910,000	733,250	2,643,250
2046	2,010,000	635,250	2,645,250
2047	2,110,000	532,250	2,642,250
2048	2,220,000	424,000	2,644,000
2049	2,335,000	310,125	2,645,125
2050	2,455,000	190,375	2,645,375
2051	2,580,000	64,500	2,644,500
Total	$ 39,195,000	$ 32,204,125	$ 71,399,125

Uplift Education

Series 2016 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 905,000	$ 1,803,781	$ 2,708,781
2026	930,000	1,778,550	2,708,550
2027	955,000	1,752,631	2,707,631
2028	995,000	1,714,625	2,709,625
2029	1,045,000	1,663,625	2,708,625
2030	1,100,000	1,610,000	2,710,000
2031	1,150,000	1,553,750	2,703,750
2032	1,215,000	1,494,625	2,709,625
2033	1,280,000	1,432,250	2,712,250
2034	1,345,000	1,366,625	2,711,625
2035	1,410,000	1,297,750	2,707,750
2036	1,485,000	1,225,375	2,710,375
2037	1,560,000	1,149,250	2,709,250
2038	1,645,000	1,069,125	2,714,125
2039	1,040,000	1,002,000	2,042,000
2040	1,095,000	948,625	2,043,625
2041	1,150,000	892,500	2,042,500
2042	1,210,000	833,500	2,043,500
2043	1,270,000	771,500	2,041,500
2044	1,335,000	706,375	2,041,375
2045	1,405,000	637,875	2,042,875
2046	1,475,000	565,875	2,040,875
2047	1,550,000	490,250	2,040,250
2048	1,630,000	410,750	2,040,750
2049	1,715,000	327,125	2,042,125
2050	1,800,000	239,250	2,039,250
2051	1,895,000	146,875	2,041,875
2052	1,990,000	49,750	2,039,750
Total	$ 37,580,000	$ 28,934,212	$ 66,514,212

Uplift Education

Series 2017A Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 1,570,000	$ 2,931,213	$ 4,501,213
2026	1,645,000	2,850,838	4,495,838
2027	1,730,000	2,775,113	4,505,113
2028	1,805,000	2,695,388	4,500,388
2029	1,905,000	2,602,638	4,507,638
2030	1,990,000	2,515,213	4,505,213
2031	2,070,000	2,434,013	4,504,013
2032	2,160,000	2,349,413	4,509,413
2033	2,250,000	2,261,213	4,511,213
2034	2,360,000	2,157,213	4,517,213
2035	2,480,000	2,036,213	4,516,213
2036	2,610,000	1,908,963	4,518,963
2037	2,745,000	1,775,088	4,520,088
2038	2,890,000	1,634,213	4,524,213
2039	3,030,000	1,501,363	4,531,363
2040	3,150,000	1,377,763	4,527,763
2041	3,280,000	1,249,163	4,529,163
2042	3,415,000	1,115,263	4,530,263
2043	3,560,000	975,763	4,535,763
2044	3,730,000	811,313	4,541,313
2045	3,930,000	619,813	4,549,813
2046	4,135,000	418,188	4,553,188
2047	965,000	290,688	1,255,688
2048	1,015,000	241,188	1,256,188
2049	1,065,000	195,843	1,260,843
2050	1,105,000	155,156	1,260,156
2051	1,150,000	112,874	1,262,874
2052	1,195,000	68,906	1,263,906
2053	1,240,000	23,250	1,263,250
Total	$ 66,175,000	$ 42,083,266	$ 108,258,266

Uplift Education

Series 2017B Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 415,000	$ 952,625	$ 1,367,625
2026	430,000	935,725	1,365,725
2027	450,000	915,875	1,365,875
2028	475,000	892,750	1,367,750
2029	495,000	870,975	1,365,975
2030	520,000	850,675	1,370,675
2031	540,000	829,475	1,369,475
2032	560,000	807,475	1,367,475
2033	585,000	784,575	1,369,575
2034	610,000	760,675	1,370,675
2035	635,000	735,775	1,370,775
2036	660,000	709,875	1,369,875
2037	690,000	682,875	1,372,875
2038	720,000	654,675	1,374,675
2039	750,000	621,525	1,371,525
2040	790,000	583,025	1,373,025
2041	830,000	542,525	1,372,525
2042	875,000	499,900	1,374,900
2043	920,000	455,025	1,375,025
2044	965,000	412,725	1,377,725
2045	1,005,000	373,325	1,378,325
2046	1,045,000	332,325	1,377,325
2047	1,090,000	289,625	1,379,625
2048	1,135,000	245,125	1,380,125
2049	1,180,000	201,775	1,381,775
2050	1,225,000	159,688	1,384,688
2051	1,270,000	116,025	1,386,025
2052	1,315,000	70,788	1,385,788
2053	1,365,000	23,888	1,388,888
Total	$ 23,545,000	$ 16,311,314	$ 39,856,314

Uplift Education

Series 2018 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 605,000	$ 1,700,775	$ 2,305,775
2026	635,000	1,669,775	2,304,775
2027	665,000	1,637,275	2,302,275
2028	700,000	1,603,150	2,303,150
2029	735,000	1,567,275	2,302,275
2030	770,000	1,533,500	2,303,500
2031	800,000	1,502,100	2,302,100
2032	835,000	1,469,400	2,304,400
2033	870,000	1,435,300	2,305,300
2034	905,000	1,399,800	2,304,800
2035	940,000	1,362,900	2,302,900
2036	985,000	1,319,475	2,304,475
2037	1,035,000	1,268,975	2,303,975
2038	1,090,000	1,215,850	2,305,850
2039	1,145,000	1,159,975	2,304,975
2040	1,195,000	1,110,438	2,305,438
2041	1,235,000	1,067,913	2,302,913
2042	1,280,000	1,023,900	2,303,900
2043	1,325,000	978,313	2,303,313
2044	1,375,000	931,063	2,306,063
2045	1,435,000	871,125	2,306,125
2046	1,505,000	797,625	2,302,625
2047	1,585,000	720,375	2,305,375
2048	1,665,000	639,125	2,304,125
2049	1,750,000	553,750	2,303,750
2050	1,840,000	464,000	2,304,000
2051	1,935,000	369,625	2,304,625
2052	2,035,000	270,375	2,305,375
2053	2,140,000	166,000	2,306,000
2054	2,250,000	56,250	2,306,250
Total	$ 37,265,000	$ 31,865,402	$ 69,130,402

Uplift Education

Series 2019 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 965,000	$ 2,872,472	$ 3,837,472
2026	985,000	2,843,272	3,828,272
2027	1,015,000	2,812,776	3,827,776
2028	2,455,000	2,763,581	5,218,581
2029	2,520,000	2,694,880	5,214,880
2030	2,595,000	2,623,143	5,218,143
2031	2,670,000	2,547,614	5,217,614
2032	2,750,000	2,467,573	5,217,573
2033	2,835,000	2,383,336	5,218,336
2034	2,925,000	2,294,656	5,219,656
2035	3,320,000	2,196,879	5,516,879
2036	3,430,000	2,085,932	5,515,932
2037	3,550,000	1,966,265	5,516,265
2038	3,675,000	1,842,363	5,517,363
2039	3,800,000	1,714,143	5,514,143
2040	3,935,000	1,581,440	5,516,440
2041	4,070,000	1,446,262	5,516,262
2042	4,205,000	1,308,697	5,513,697
2043	4,355,000	1,166,388	5,521,388
2044	4,500,000	1,019,163	5,519,163
2045	4,650,000	866,076	5,516,076
2046	4,815,000	702,290	5,517,290
2047	4,990,000	528,135	5,518,135
2048	5,170,000	347,650	5,517,650
2049	1,010,000	235,600	1,245,600
2050	1,050,000	194,400	1,244,400
2051	1,090,000	157,050	1,247,050
2052	1,120,000	123,900	1,243,900
2053	1,155,000	89,775	1,244,775
2054	1,190,000	54,600	1,244,600
2055	1,225,000	18,375	1,243,375
Total	$ 88,020,000	$ 45,948,686	$ 133,968,686

Uplift Education

Series 2020 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 650,000	$ 755,043	$ 1,405,043
2026	680,000	728,443	1,408,443
2027	705,000	704,268	1,409,268
2028	725,000	682,818	1,407,818
2029	745,000	660,769	1,405,769
2030	770,000	638,044	1,408,044
2031	795,000	610,594	1,405,594
2032	830,000	578,094	1,408,094
2033	865,000	544,194	1,409,194
2034	900,000	508,894	1,408,894
2035	935,000	472,194	1,407,194
2036	970,000	438,944	1,408,944
2037	1,000,000	409,394	1,409,394
2038	1,030,000	378,944	1,408,944
2039	1,060,000	347,594	1,407,594
2040	1,090,000	315,344	1,405,344
2041	1,120,000	287,794	1,407,794
2042	1,145,000	264,428	1,409,428
2043	1,170,000	239,831	1,409,831
2044	1,195,000	214,703	1,409,703
2045	1,220,000	189,044	1,409,044
2046	1,245,000	162,853	1,407,853
2047	1,270,000	135,337	1,405,337
2048	1,300,000	106,426	1,406,426
2049	1,330,000	76,838	1,406,838
2050	1,360,000	46,575	1,406,575
2051	1,390,000	15,638	1,405,638
Total	$ 27,495,000	$ 10,513,042	$ 38,008,042

Uplift Education

Series 2023 Bonds

Debt Service Requirements

Fiscal Year End	Principal	Interest	Totals
2025	$ 745,000	$ 2,828,663	$ 3,573,663
2026	790,000	2,790,288	3,580,288
2027	835,000	2,749,663	3,584,663
2028	875,000	2,706,913	3,581,913
2029	910,000	2,662,288	3,572,288
2030	955,000	2,615,663	3,570,663
2031	1,000,000	2,566,788	3,566,788
2032	1,060,000	2,515,288	3,575,288
2033	1,115,000	2,460,913	3,575,913
2034	1,165,000	2,403,913	3,568,913
2035	1,230,000	2,344,038	3,574,038
2036	1,285,000	2,281,163	3,566,163
2037	1,350,000	2,215,288	3,565,288
2038	1,420,000	2,146,038	3,566,038
2039	1,495,000	2,073,163	3,568,163
2040	1,575,000	2,004,288	3,579,288
2041	1,635,000	1,940,088	3,575,088
2042	1,700,000	1,873,388	3,573,388
2043	1,765,000	1,804,088	3,569,088
2044	1,835,000	1,732,088	3,567,088
2045	1,915,000	1,654,694	3,569,694
2046	2,000,000	1,571,500	3,571,500
2047	2,090,000	1,484,588	3,574,588
2048	2,175,000	1,393,956	3,568,956
2049	2,275,000	1,299,394	3,574,394
2050	2,370,000	1,200,688	3,570,688
2051	2,475,000	1,097,731	3,572,731
2052	2,575,000	990,419	3,565,419
2053	2,705,000	878,219	3,583,219
2054	2,810,000	761,025	3,571,025
2055	2,930,000	637,219	3,567,219
2056	3,065,000	506,078	3,571,078
2057	3,200,000	369,031	3,569,031
2058	3,345,000	225,859	3,570,859
2059	3,490,000	76,344	3,566,344
Total	$ 64,160,000	$ 60,860,746	$ 125,020,746

Compliance and Internal Control


uplifteducation

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 Governors of
Uplift Education
Dallas, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Uplift Education (the School), which comprise the statement of financial position as of June 30, 2024, 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 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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.*

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970
CPAs AND ADVISORS | WEAVER.COM

To the Board of Governors of
Uplift Education

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 19, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Governors of
Uplift Education
Dallas, Texas

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited Uplift Education's (the School'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 its major federal programs for the year ended June 30, 2024. The School'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, the School complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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 the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School'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 each of the School's major 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 School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each of its major federal programs.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 School'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.

To the Board of Governors of
Uplift Education

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 19, 2024

Uplift Education

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___Yes _√_No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___Yes _√_None reported

Noncompliance material to financial statements noted? ___Yes _√_No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ___Yes _√_No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___Yes _√_None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___Yes _√_No

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Programs or Cluster
84.184H	Safe and Drug-Free School and Communities
10.555	Child Nutrition Cluster
Threshold for distinguishing Type A and B programs:	$1,529,835
Auditee qualified as a low- risk auditee?	_√_Yes __No

Uplift Education

Schedule of Findings and Questioned Costs – Continued
For the Year Ended June 30, 2024

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Year Findings

No Prior Year Findings

Uplift Education

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass Through Entity ID Number	Federal Expenditures
United States Department of Education			
Direct Funding			
COVID-19 ARP ESSER III	84.425U (*)	21528001057803	$ 17,745,388
COVID-19 CRRSA ESSER II	84.425U (*)	21528001057803	98,177
COVID-19 CRRSA ESSER II	84.425D (*)	21521001057803	548,385
Total Education Stabilization Fund			18,391,950
Safe and Drug-Free School and Communities	84.184H	S184H220125	1,217,829
Safe and Drug-Free School and Communities	84.184H	S184H220125	242,913
Total Safe and Drug-Free School and Communities			1,460,742
Education Innovation And Research	84.411C	S411C210122	480,330
Education Innovation And Research	84.411C	S411C210122	42,230
Total Education Innovation And Research			522,560
Passed Through State Department of Education			
ESEA, Title I, Part A	84.010A	24610101057803	7,420,811
ESEA, Title I, Part A	84.010A	23610101057803	1,241,495
Total ESEA, Title 1, Part A			8,662,306
ESEA, Title II, Part A	84.367A	24694501057803	226,691
ESEA, Title II, Part A	84.367A	23694501057803	953,952
Total ESEA, Title II, Part A			1,180,643
ESEA, Title III, Part A, ELA	84.365A	24671001057803	735,044
ESEA, Title III, Part A, ELA	84.365A	23671003057803	137,587
Total ESEA, Title III, Part A, ELA			872,631
ESEA, Title IV, Part A, Subpart 1	84.424A	24680101057803	125,387
ESEA, Title IV, Part A, Subpart 1	84.424A	23680101057803	316,983
Total ESEA, Title IV, Part A, Subpart 1			442,370
LEP Summer School	84.369A	S369A220045	17,634
IDEA - Part B, Formula	84.027A	246600010578036000	3,511,387
IDEA - Part B, Formula	84.027A	236600010578030000	573,236
SPED Capacity Contracted Services Grant	84.027A	236600497110001	34,422
Total Special Education Cluster			4,119,045
Career and Technical Education			
Perkins V: Strengthening CTE for 21st Century	84.048A	24420006057803	379,735
COVID-19 TCLAS ESSER III	84.425U (*)	21528042057803	166,459
COVID-19 TCLAS ESSER III	84.425U (*)	20528042057803	1,220
Total Covid-19 - TCLAS ESSER III			167,679
Total Passed Through State Department of Education			15,842,043
Total United States Department of Education			36,217,295
United States Department of Agriculture			
Passed Through State Department of Agriculture			
National School Breakfast and Lunch Programs	10.555	236TX332N1199	14,777,210
Total Child Nutrition Cluster			14,777,210
Total Passed Through State Department of Agriculture			14,777,210
Total United States Department of Agriculture			14,777,210
Total Expenditures of Federal Awards			$ 50,994,505

(*) ESSER Total = $18,559,629

Uplift Education

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the expenditures for all federal award programs received by the School for the fiscal year ended June 30, 2024.

Note 2. Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget's OMB Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Series 2025 Bonds, assuming no material changes in facts or law.

_____, 2025

ARLINGTON HIGHER EDUCATION FINANCE CORPORATION
$21,725,000 EDUCATION REVENUE BONDS
(UPLIFT EDUCATION) SERIES 2025A; AND $300,000 TAXABLE EDUCATION REVENUE BONDS (UPLIFT EDUCATION) SERIES 2025B

WE HAVE ACTED AS BOND COUNSEL for Arlington Higher Education Finance Corporation (the "Issuer") solely for the purpose of rendering an opinion as to the validity of the Issuer's Education Revenue Bonds (Uplift Education), Series 2025A (the "Series 2025A Bonds") and Taxable Education Revenue Bonds (Uplift Education), Series 2025B (the "Series 2025B Bonds" and, together with the Series 2025A Bonds, the "Bonds") under Texas law, and the status of the interest on the Series 2025A Bonds under federal income tax law, and for no other purpose. In such capacity, we do not take responsibility for any matters relating to such transaction except as covered below, and specifically we have not been requested to examine, and have not investigated or verified any records, material or matters relating to the financial condition or capacity of the Issuer or Uplift Education (the "Company"), a Texas nonprofit corporation, or any of its affiliates, or any matter relating to the Company or any of its affiliates, other than as stated below, or the disclosure thereof in connection with the sale of the Bonds, and we express no opinion with respect thereto.

THE BONDS ARE ISSUED pursuant to an Indenture of Trust dated as of May 1, 2025 (the "Bond Indenture") between the Issuer and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Bond Trustee").

WE HAVE EXAMINED into the validity of the Bonds, bearing interest from their date, until maturity or redemption, at the interest rates set forth in the Bond Indenture. Interest on the Bonds is payable and the Bonds mature on the dates set forth in the Bond Indenture and the Bonds are subject to redemption prior to maturity in accordance with the terms and conditions stated on the face of the Bonds. The Bonds are issuable only as fully registered bonds in the denominations described in the Bond Indenture.

WE HAVE EXAMINED certified copies of the proceedings of the Board of Directors of the Issuer; certificates and resolutions of the Company; the opinion of Winstead P.C. ("Counsel to the Company"), upon which we rely to the extent described below; and other instruments authorizing and relating to the issuance of the Bonds, including one of each series of the executed Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that the Resolution of the Issuer authorizing the Bonds (the "Bond Resolution") has been duly and lawfully adopted by, and constitutes a valid and binding obligation of, the Issuer, and that the Bonds have been duly authorized, issued and

delivered in accordance with Texas law and constitute valid and binding limited obligations of the Issuer. The principal of, redemption premium, if any, and interest on the Bonds are payable from, and secured by a pledge and assignment of, the revenues derived by the Issuer from the Company pursuant to a Loan Agreement related to the Bonds, dated as of May 1, 2025 (the "Loan Agreement") between the Issuer and the Company. The Company has agreed and is unconditionally obligated to the Issuer to make the payments due under the Loan Agreement to the Bond Trustee under the Bond Indenture for deposit into the Bond Fund established by the Bond Indenture in amounts sufficient to pay and redeem, or provide for the payment of the principal of, redemption premium, if any, and interest on the Bonds, when due, as required by the Bond Indenture. We do not, however, express any opinion nor make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

IT IS OUR OPINION that the Loan Agreement has been duly and lawfully authorized, executed, and delivered by, and is a valid and binding obligation of the Issuer. We are relying upon the opinion, dated this date, of Counsel for the Company to the effect that the Loan Agreement has been duly and lawfully authorized, executed and delivered by the Company, and is a legal, valid and binding obligation of the Company, enforceable in accordance with its terms and conditions.

THE BONDS ARE FURTHER SECURED BY the Bond Indenture whereunder the Bond Trustee is custodian of the funds established by the Bond Indenture and is obligated to enforce the rights of the Issuer and the owners of the Bonds secured by the Bond Indenture and to perform other duties, in the manner and under the conditions stated in the Bond Indenture; and it is our further opinion that the Bond Indenture has been duly and lawfully authorized, executed and delivered by the Issuer, and is a valid and binding agreement of the Issuer.

AS FURTHER SECURITY FOR THE BONDS, the Company, under and pursuant to an Amended and Restated Master Trust Indenture and Security Agreement, dated as of April 1, 2010 and effective as of April 8, 2010, as supplemented or amended (the "Master Indenture"), between the Company and The Bank of New York Mellon Trust Company, National Association, as Master Trustee, has issued its Series 2025A Note and Series 2025B Note (collectively, the "Notes") in favor of the Issuer, who has assigned the Notes to the Bond Trustee, for the purpose of evidencing the obligation of the Company to make the payments due under the Loan Agreement and granted a security interest in certain of its property in connection therewith. Counsel to the Company has rendered an opinion as to the validity and enforceability of the Master Indenture and the Notes. We have not been requested to render, nor have we rendered, any opinion on such matters.

THE OWNERS OF THE BONDS shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and the Bonds are payable solely from the sources described in the Bond Indenture.

THE BOND INDENTURE PERMITS, with certain exceptions as therein provided, the amendment thereof at any time by the Issuer with the consent of the registered owners of not less than a majority in aggregate principal amount of all bonds at the time outstanding thereunder.

IN OUR OPINION, except as discussed below, the interest on the Series 2025A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Series 2025A Bonds are not "specified private activity bonds" (other than "qualified 501(c)(3) bonds") and that, accordingly, interest on the Series 2025A Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Series 2025A Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

IN EXPRESSING OUR OPINION as to the exclusion of interest on the Series 2025A Bonds from the gross income of the owners as described above, we have relied upon, and assumed to be correct, (i) the representations, covenants and agreements of the Issuer and the Company in the Loan Agreement, and information furnished by and on behalf of the Issuer and the Company and particularly certificates and representations of officers and representatives of the Issuer and the Company with respect to certain material facts that are solely within their knowledge relating to the proposed use of the proceeds of the Series 2025A Bonds and the organization and operation of the Company that affect such exclusion, and (ii) an opinion of Counsel to the Company, upon which we rely, to the effect that the Company is an organization described in section 501(c)(3) of the Code and exempt from taxation under section 501(a) of the Code. We call your attention to the fact that failure by the Issuer or the Company to comply with such representations and covenants may cause the interest on the Series 2025A Bonds to become includable in gross income of owners thereof retroactively to the date of issuance of the Series 2025A Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (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 whether or not the Service will commence an audit of the Series 2025A 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 each of the Issuer and the Company has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, may result in the treatment of interest on the Series 2025A Bonds as includable in gross income for federal income tax purposes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

THE OPINIONS contained herein are limited to the extent that (a) enforceability of the Bonds, the Bond Resolution, the Bond Indenture and the Loan Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or remedies generally and (b) a particular court may refuse to grant certain equitable remedies, including, without limitation, specific performance, with respect to any of the provisions of the Bonds, the Bond Resolution, the Bond Indenture and the Loan Agreement.

Respectfully,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of May 13, 2025 (the "Continuing Disclosure Agreement"), is executed and delivered by and among Uplift Education, a Texas nonprofit corporation (the "Borrower") and Digital Assurance Certification ("DAC"), as dissemination agent (the "Dissemination Agent"), in connection with the issuance by Arlington Higher Education Finance Corporation (the "Issuer"), of its $21,725,000 Education Revenue Bonds (Uplift Education) Series 2025A (the "Series 2025A Bonds") and its $300,000 Taxable Education Revenue Bonds (Uplift Education) Series 2025B (the "Series 2025B Bonds" and together with the Series 2025A Bonds, the "Series 2025 Bonds").

The Series 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2025 (the "Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Bond Trustee").

The proceeds of the sale of the Series 2025 Bonds will be loaned to the Borrower pursuant to the terms of a Loan Agreement, dated as of May 1, 2025 (the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Bond Indenture and the Loan Agreement.

Section 1. Purpose of Agreement

Inasmuch as the Series 2025 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 Series 2025 Bonds, and the Issuer has not covenanted to provide such information. The Borrower has undertaken all responsibilities for any continuing disclosure to holders of the Series 2025 Bonds as described herein.

This Continuing Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Registered Owners of the Series 2025 Bonds (for such purpose beneficial owners of the Series 2025 Bonds shall also be considered Registered Owners of the Series 2025 Bonds) and to assist Robert W. Baird & Co. Incorporated (the "Underwriter") in complying with paragraph (b)(5) of United States Securities and Exchange Commission ("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. Additional Defined Terms

"Annual Report" means the reports required to be provided pursuant to Section 3 hereof.

"Borrower" means Uplift Education, a Texas nonprofit corporation.

"Charter Schools" means, collectively, the charter schools presently or hereafter operated by the Borrower.

"Dissemination Agent" means, initially, Digital Assurance Certification, and thereafter, any successor appointed by the Borrower pursuant to the provisions hereof.

"*Financial Obligation*" means (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 to which a final official statement has been provided to the MSRB consistent with the Rule.

"Interim Report" means the reports that may be provided, at the option of the Borrower, pursuant to Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statement" means the Official Statement dated April 23, 2025 pertaining to the Series 2025 Bonds.

"Series 2025 Projects" means, collectively, the Series 2025 Projects as defined in the Loan Agreement and as described in the Official Statement under "APPENDIX B – UPLIFT AND THE CHARTER SCHOOLS – Series 2025 Projects."

Section 3. Annual Reports

(a) *General:* Each year, the Borrower shall cause the Dissemination Agent to provide for dissemination in the manner required under this Continuing Disclosure Agreement, within six (6) months after the end of the immediately preceding fiscal year, commencing with the fiscal year that ends 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:

(1) *Audited Financials*: Each Annual Report shall include a copy of the Borrower'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 (6) months of the end of the immediately preceding fiscal year, then the Borrower 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 the Borrower may be required to employ from time to time pursuant to State law or regulation.

(2) *Updated Table Data from Appendix B to the Official Statement.* Each Annual Report shall include updated financial information and operating data with respect to the Borrower 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:

(i) TABLE 1: UPLIFT EDUCATION – CHARTER SCHOOLS, based on actual student counts as of the last Friday in October in each year;

(ii) TABLE 5: ACCOUNTABILITY RATINGS;

(iii) TABLE 7: PROFESSIONAL STAFF AND FACULTY;

(iv) TABLE 8: HISTORICAL AND FUTURE PROJECTED ENROLLMENT, *provided, however*, that only historical and current data will be provided;

(v) TABLE 9: WAITING LIST DATA; and

(vi) TABLE 10: STUDENT RETENTION DATA.

(3) *Uplift Education Annual Report:* Each Annual Report shall include the most recent "*Uplift Education (Annual Report)*" or any, similar successor document provided annually by the Borrower to its various constituents.

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 the Borrower fails to provide any Annual Report within the time periods required hereby, then the Borrower shall promptly send a notice of such failure in the manner required under this Continuing Disclosure Agreement.

The Borrower will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Borrower; provided that the Borrower will agree that any such modification will be done in a manner consistent with the Rule. Any Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

(b) *Annual Investor Call:* The Borrower intends, but is not required, to hold an annual investor call for the purpose of reviewing the previous year's financial results. Such investor call is expected to be preceded by notice provided in the manner prescribed hereunder, and is expected to be held within thirty (30) days of approval by the Uplift Board of Directors of the Borrower's annual audited financial statements or annual report, whichever is later if separately approved. If the Borrower does not conduct the investor call contemplated by this section it shall not constitute a failure hereunder, shall not give rise to a requirement to provide notice to the MSRB or otherwise, and shall not provide a basis for any remedy or enforcement action hereunder.

Section 4. Interim Reports

The Borrower intends to cause the Dissemination Agent to provide Interim Reports, consisting of copies of:

(i) *Unaudited Income Statements:* quarterly, unaudited income statements on a fiscal year basis within two weeks of review by the Borrower's governing body, commencing with the fiscal quarter that ends June 30, 2025;

(ii) *Construction Reports:* quarterly, construction progress reports with respect to the Series 2025 Projects within forty-five (45) days after each fiscal quarter until construction of the Series 2025 Projects are substantially completed, commencing with the fiscal quarter that ends June 30, 2025, with the construction updates for that fiscal quarter;

(iii) *Budget:* the Borrower's annual fiscal year budget within two weeks of review and approval by the Borrower's governing body, commencing with the 2025-26 Budget;

(iv) *Average Daily Attendance Report:* the Borrower's most recent Average Daily Attendance report, in substantially the same format provided to the Texas Education Agency, within thirty (30) days of filing the same with the Texas Education Agency; and

(v) *Information Provided to Rating Agency:* copies of any information provided by the Borrower to any rating agency then rating the Series 2025 Bonds as a part of such rating agency's ongoing surveillance, within thirty (30) days of providing such information to the rating agency.

Each Interim 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 Agreement. If the Borrower does not provide the interim information contemplated by this section it shall not constitute a failure hereunder, shall not give rise to a requirement to provide notice to the MSRB or otherwise, and shall not provide a basis for any remedy or enforcement action hereunder.

Section 5. Event Notices

(a) The Borrower agrees to provide or cause to be provided, in a timely manner, notice of the occurrence of any of the following events (each, an "Event") with respect to the Series 2025 Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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 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 Series 2025 Bonds, or other material events affecting the tax status of any of the Series 2025A Bonds;

7. Modification to rights of holders of the Series 2025 Bonds, if material;

8. Securities calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Series 2025 Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Borrower;

13. The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, 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 material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect holders of the Series 2025 Bonds, if material; and

16. Default, events of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

For the purposes of the Event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(b) When an Event occurs, the Borrower shall, in a timely manner not in excess of ten (10) business days after the occurrence of the Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2025 Bonds.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1 of this Continuing Disclosure Agreement.

Each Event notice shall be so captioned and shall prominently state the date, title and (to the extent less than all of the Series 2025 Bonds are affected by the related Event) CUSIP numbers of the Series 2025 Bonds.

The Borrower may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Borrower does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Dissemination Agent; Initial Dissemination Agent

The Borrower has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Borrower shall send all annual financial information, operating data, interim reports and event notices required by this Agreement to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than fifteen (15) days of receipt of such information forward the same to (i) the MSRB, as described herein and (ii) any Registered Owner of the Series 2025 Bonds who requests such information in writing to the Dissemination Agent or the Borrower. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials.

The initial Dissemination Agent shall be Digital Assurance Certification (DAC). The Borrower may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of Dissemination hereunder.

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 Borrower 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 Interim Reports, or any other information, disclosures or notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Borrower, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower'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 Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Borrower at all times.

THE BORROWER AGREES TO INDEMNIFY AND SAVE THE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

Section 7. Termination of Obligations

Pursuant to paragraph (b)(5)(iii) of the Rule, the obligation of the Borrower to provide financial and operating information of the Borrower and notices of Events, as set forth herein, shall terminate if and when the Borrower no longer remains an obligated person with respect to the Series 2025 Bonds, which shall occur upon either payment of the Series 2025 Bonds in full or the legal defeasance of the Series 2025 Bonds in accordance with the Bond Indenture.

Section 8. Enforceability and Remedies

This Continuing Disclosure Agreement is intended to be for the sole benefit of the Bond Trustee, the Underwriter and the Registered Owners of the Series 2025 Bonds and shall create no rights in any other person or entity.

In the event of a failure by the Borrower to comply with any provision of this Continuing Disclosure Agreement any holder of any of the Series 2025 Bonds may take such actions as may be necessary and appropriate,

including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under this Continuing Disclosure Agreement.

A default under this Continuing Disclosure Agreement shall not be deemed an event of default with respect to the Series 2025 Bonds and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower to comply with this Continuing Disclosure Agreement shall be an action to compel performance, and the directors, officers and employees of the Borrower 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 Continuing Disclosure Agreement shall entitle the Bond 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, the Borrower 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 Bond 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 the Borrower, 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 Series 2025 Bonds, as determined either by parties unaffiliated with the Borrower (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 Series 2025 Bonds.

The Borrower shall provide notice of each amendment or waiver for dissemination in the manner specified herein. The initial annual financial or operating information provided by the Borrower 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. 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.

IN WITNESS WHEREOF, we have set our hands as of the date set forth above.

UPLIFT EDUCATION

By _____
Title:

DIGITAL ASSURANCE CERTIFICATION (DAC),
as Dissemination Agent

By _____
Title:

APPENDIX F

EXCERPTS OF CERTAIN DOCUMENTS

The following are selected provisions of the financing documents relating to the Series 2025 Bonds. These excerpts should be qualified by reference to other portions of such financing documents referred to elsewhere in this Official Statement, and all references and summaries pertaining to such financing documents in this Official Statement are, separately and in whole, qualified by reference to the exact terms of such financing documents, copies of which may be obtained from the Issuer or the Borrower. Section and article references contained in the following excerpts are to sections and articles, as appropriate, contained in the respective financing documents excerpted below. Provisions included herein are in substantially final form but may change prior to closing and may thereafter be amended in accordance with the respective terms of the financing documents.

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TABLE OF CONTENTS

AMENDED AND RESTATED

MASTER TRUST INDENTURE AND SECURITY AGREEMENT

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 Amended and Restated 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 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 money and securities, if any, at any time held by the Master Trustee in the Revenue Fund and any other fund or account established under the terms of this Amended and Restated 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 the 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) 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;

(d) the lien of the Deed of Trust (as hereinafter defined); and

(e) proceeds of the foregoing.

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 benefit, security, and protection of all Holders of the Notes issued under and secured by this Amended and Restated Master Indenture (a) on the basis of privilege, priority of payment, and distinction described herein, with respect to the Existing Notes, and (b) on the basis of privilege, priority of payment and distinction set forth in a Supplemental Master Indenture, with respect to Notes issued after the Series 2010 Notes; *provided*, *however*, that if the Company shall pay, or cause to be paid, the principal of the Notes or the obligations secured hereby 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 Amended and Restated 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 Amended and Restated Master Indenture and the rights hereby granted and the restrictions hereby incurred shall cease, determine and be void; otherwise this Amended and Restated Master Indenture shall be and remain in full force and effect. Notwithstanding anything in this Amended and Restated Master Indenture to the contrary, when all of the Notes are no longer Outstanding or when authorized by the Deed of Trust, the Master Trustee may execute a release of all or part of the lien of this Amended and Restated 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 benefit of the respective Holders from time to time of the Notes, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions and Other Provisions of General Application

(a) For all purposes of this Amended and Restated Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) The term this "*Master Indenture*" means this instrument as originally executed and 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 Amended and Restated Master Indenture as a whole and not to any particular Article, Section or other subdivision;

(3) The terms defined in this **Article 1** have the meanings assigned to them in this **Article 1** throughout this Amended and Restated Master Indenture, and include the plural as well as the singular. Reference to any Person means that Person and its successors and assigns; and

(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 Amended and Restated 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 all receipts, revenues, rentals, income, insurance proceeds, condemnation awards and other money received by or on behalf of the Company, 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; *provided*, *however*, Adjusted Revenues shall exclude (a) revenues derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on Debt or obligations secured by Debt, (b) gifts, grants, 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 obligations secured by Debt, and (c) proceeds of borrowing.

"*Amended and Restated Master Indenture*" means this Amended and Restated Master Indenture.

"*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 payable in such Fiscal Year) 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 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 Person obligated thereon shall deliver to the Master Trustee a certificate of a nationally recognized firm of investment bankers or financial consultants dated within 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 chosen by the Master Trustee) with a Stated Maturity not greater than 30 years is reasonably attainable (and such opinion is reasonably acceptable to the Master Trustee) 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;

(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, any Related Bond Trustee or any 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 lesser 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 Master Trustee) and the weighted average rate of interest born 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 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 (c)** 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 Company is actually required to make any payment in respect of such Debt,

the total amount payable by the Company 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 the Company for such year and the amount payable by the Company 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 a Financial Products Agreement shall have been issued or entered into in respect of all or a portion of any 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 the Company in respect of such Financial Products Agreement minus any payments receivable by the Company in respect of such Financial Products Agreement.

"*Authorized Denominations*" means the authorized denomination of Notes, if any, set forth herein or in the Supplemental Indenture authorizing such Notes.

"*Authorized Representative*" means the President of the Board of Directors of the Company, the Executive Director of the Company, the President of the Company, an executive or senior vice president of the Company, the Chief Financial Officer of the Company, or any other person duly appointed by the Board of Directors of the Company to act on behalf of the Company.

"*Available Revenues*" of the Company means, as to any period of time, the combined excess of unrestricted revenues and temporarily restricted revenues (which temporarily restricted revenues are available to be used to pay operating expenses of the Company relating to the operation of charter schools and debt service on the Debt) over unrestricted expenses for such period as are reflected in the Company's financial statements for such period (including any realized investment income and losses), to which shall be added depreciation, amortization and interest expense (and Financial Products Agreements payments to the extent that such payments are treated as an expense during such period of time in accordance with GAAP), *provided that* Available Revenues shall not include: (a) any gain or loss resulting from the extinguishment of Debt, (b) any gain or loss resulting from adjustments to the value of assets or liabilities resulting from changes in GAAP, (c) unrealized gains or losses on marketable securities, (d) gains or losses resulting from changes in valuation of any Financial Product Agreement that do not result in the receipt or expenditure of cash, (e) any extraordinary gains or losses, (f) any other non-cash expenses, or (g) income from any amounts deposited for payment of principal (and premium, if any) and interest and other debt services charges (x) as provided in the definition of Debt, or (y) to the extent such income was used in any adjustment of Annual Debt Service Requirements pursuant to **clause (c)** of the definition of Annual Debt Service Requirements.

"*Balloon Debt*" means Long Term Debt where the principal of (and premium, if any) and interest and other debt service charges on such Long Term 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 at least 25% of the total principal of (any premium, if any) and interest and other debt service charges on such Long Term 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 Long Term 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.

"*Bond Insurer*" means any insurance provider that is providing bond insurance for any series of Related Bonds, including the Series 2005A Bond Insurer.

"*Book Value*" when used with respect to Property of the Company, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of the Company that have been prepared in accordance with generally accepted accounting principles.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

"*Company*" means Uplift Education a Texas non-profit 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.

"*Corporate Trust Office*" means the address or addresses of the Master Trustee designated from time to time in accordance with **Section 104**.

"*Current Value*" means the aggregate fair market value of such Property as reflected in the most recent written report of an appraiser selected by the Company and, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated), (a) minus the fair market value (as reflected in such most recent appraiser's report) of any Property included in such report but disposed of since the last such report; plus (b) the Book Value of any Property acquired since the last such report, minus (c) the Book Value of any such Property acquired since the last such report but disposed of.

"*Debt*" means all:

(a) *Borrowed Money* - 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;

(b) *Lease Obligations* - lease obligations of the Company that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(c) *Guarantees* - all indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or 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

(d) *Non-Recourse* - all indebtedness 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 Available Revenues.

"*Deed of Trust*" means that certain Deed of Trust and Security Agreement (with Assignment of Rents and Leases), effective as of October 27, 2005 from the Company to the Master Trustee, as amended, supplemented or restated, and/or any security instrument executed in substitution therefore or in addition thereto, as such substitute or additional security instrument may be amended, supplemented or restated from time to time.

"*Defeasance Obligations*" means any obligations authorized under Texas law to be deposited in escrow for the defeasance of any Debt.

"*Deposit Account Control Agreement*" means the Deposit Account Control Agreement, dated October 1, 2005, 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.

"*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*" has the meaning set forth in **Section 601** of this Amended and Restated Master Indenture.

"*Existing Master Indenture*" means the Original Master Indenture as supplemented by the First Supplement, Second Supplement, Third Supplement, Fourth Supplement and Fifth Supplement.

"*Existing Notes*" means the Series 2005A Note, the Series 2007A Note, the Series 2007C Note, the Series 2007D Note, and the Series 2010 Notes.

"*Fifth Supplement*" means Supplemental Master Indenture No. 5, dated as of November 1, 2007, between the Company and the Master Trustee, which Fifth Supplement supplemented the Original Master Indenture.

"*Financial Products Agreement*" means any type of financial management instrument or contract, which shall include, but not be limited to, (a) 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; (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (c) any contract to exchange cash flows or payments or a series of payments; (d) 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 (e) 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.

"*First Supplement*" means Supplemental Master Indenture No. 1, dated as of October 1, 2005, between the Company and the Master Trustee, which First Supplement supplemented the Original 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*, if any Bond Insurer is providing bond insurance for any obligations secured by Outstanding Notes, the Company shall give written notice of any such change to such Bond Insurer and the Master Trustee.

"*Fourth Supplement*" means Supplemental Master Indenture No. 4, dated as of August 1, 2007, between the Company and the Master Trustee, which Fourth Supplement supplemented the Original Master Indenture.

"*GAAP*" means generally accepted accounting principles in effect from time to time.

"*Governing Body*" means the board of directors of the Company or any duly authorized committee of that board.

"*Holder*" or "*Note Holder*" means a Person in whose name a Note is registered in the Note Register.

"*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, member of the board of trustees or directors, partner 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 opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"*Insurance Agreement*" means the Insurance Agreement dated as of April 1, 2010 between ACA Financial Guaranty Insurance Corporation and the Company.

"*Insurance Consultant*" means a firm of Independent professional insurance consultants knowledgeable in the operations of educational facilities and having a favorable reputation for skill and experience in the field of educational facilities insurance consultation and which may include a broker or agent with whom the Company transacts business, *provided that*, if any Bond Insurer is providing bond insurance for any series of Related Bonds, such Insurance Consultant shall be required to be approved by each Bond Insurer in writing within 15 business days of notification to the Bond Insurer of such Insurance Consultant, which notification shall be provided both in written and electronic form, and if any Bond Insurer shall either fail to either provide its written consent or inform the Company in writing that it is withholding its consent to the Insurance Consultant within 15 business days, such consent shall be deemed to have been given. No Bond Insurer may unreasonably withhold their approval of an Insurance Consultant selected by the Company.

"*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 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; *provided that*, if any Bond Insurer is providing bond insurance for any series of Related Bonds, such Management Consultant shall be required to be approved by each Bond Insurer in writing within 15 business days of notification to the Bond Insurer of such Management Consultant, which notification shall be provided both in written and electronic form, and if any Bond Insurer shall either fail to either provide its written consent or inform the Company in writing that it is withholding its consent to the Management Consultant within 15 business days, such consent shall be deemed to have been given. No Bond Insurer may unreasonably withhold their approval of a Management Consultant selected by the Company.

"*Master Trustee*" means The Bank of New York Mellon Trust Company, National Association, as successor in trust to JPMorgan Chase Bank, National Association, and its successors and assigns.

"*Maturity*" when used with respect to any Debt means the date on which the principal of such Debt 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 (excluding all or a portion of the final maturity payment for any Debt in an amount equal to funds on deposit in a debt service reserve fund that are permitted to be applied to the payment of such final maturity at the time of such final maturity) with respect to all Outstanding Debt for any succeeding Fiscal Year.

"*Note*" or "*Notes*" means any obligation of the Company entitled to the benefit of this Amended and Restated Master Indenture and executed, authenticated, and delivered pursuant to **Section 203** hereof, including the Existing Notes.

"*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 the Deposit Account Control Agreement.

"*Officer's Certificate*" means a certificate of the Company signed by an Authorized Representative and 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.

"*Original Master Indenture*" means the Master Indenture of Trust and Security Agreement dated as of October 1, 2005 between the Company and the Master Trustee.

"*Outstanding*" when used with respect to the Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under this Amended and Restated Master Indenture, *except*:

(a) Notes theretofore cancelled by the Master Trustee or the Paying Agent;

(b) Notes for whose payment or redemption money (or Defeasance Obligations to the extent permitted by **Section 902** of this Amended and Restated Master Indenture) in the necessary amount has been theretofore deposited with the Master Trustee or any Paying Agent for such Notes in trust for the Holders of such Notes pursuant to this Amended and Restated 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 Amended and Restated Master Indenture or irrevocable provision therefor satisfactory to the Master Trustee has been made; and

(c) Notes upon transfer of or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Amended and Restated 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 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 **clause (c)** and **Section 103** of this Amended and Restated Master Indenture, **Section 103** shall control.

"*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 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.

"*Property*" means any and all rights, titles and interests of the Company in and to any and all property whether real or personal, tangible or intangible, and wherever situated including cash.

"*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, at the request of the Company, a credit rating assigned to any Notes (or any indebtedness secured by Notes).

"*Record Date*" means the regular record date specified for each series of Note.

"*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 secured by a Note or Notes.

"*Related Bond Trustee*" means any trustee under any Related Bond Indenture and any successor trustee thereunder.

"*Related Loan Documents*" means any loan agreement, credit agreement or other document pursuant to which proceeds of a series of Related Bonds are loaned to the Company.

"*Related Project*" means any project financed by Debt issued under this Amended and Restated Master Indenture and for which Debt remains outstanding.

"*Responsible Officer*" means, when used with respect to the Master Trustee, any vice president or other officer of the Master Trustee within the corporate trust office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Amended and Restated Master Indenture.

"*Revenue Fund*" has the meaning specified in **Section 406** hereof.

"*Second Supplement*" means Supplemental Indenture No. 2, dated as of June 1, 2007, between the Company and the Master Trustee, which Second Supplement supplemented the Original Master Indenture.

"*Senior Notes*" mean Notes that have the highest priority of payment over any other Notes.

"*Series 2005A Bond Insurer*" means ACA Financial Guaranty Corporation.

"*Series 2005A Bonds*" means the Beasley Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2005A, issued in the original aggregate principal amount of $15,535,000.

"*Series 2005A Note*" means the Tax-Exempt Master Indenture Note (Uplift Education) Series 2005A issued in the original aggregate principal amount of $15,535,000, which Note evidences the payment obligations of the Company with respect to the Series 2005A Bonds.

"*Series 2005B Bonds*" means the Beasley Higher Education Finance Corporation Taxable Education Revenue Bonds (Uplift Education) Series 2005B, issued in the original aggregate principal amount of $410,000.

"*Series 2005B Note*" means the Taxable Master Indenture Note (Uplift Education) Series 2005B issued in the original aggregate principal amount of $410,000, which Note evidenced the payment obligations of the Company with respect to the Series 2005B Bonds.

"*Series 2005 Notes*" means the Series 2005A Note and the Series 2005B Note.

"*Series 2010A Bonds*" means the Clifton Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2010A, issued in the original aggregate principal amount of $56,150,000.

"*Series 2010A Note*" means the Tax-Exempt Master Indenture Note (Uplift Education) Series 2010A, to be issued in the original aggregate principal amount of $56,150,000, which Note evidences the payment obligations of the Company with respect to the Series 2010A Bonds.

"*Series 2010B Bonds*" means the Clifton Higher Education Finance Corporation Taxable Education Revenue Bonds (Uplift Education) Series 2010B, issued in the original aggregate principal amount of $685,000.

"*Series 2010 Bonds*" means the Series 2010A Bonds and the Series 2010B Bonds.

"*Series 2010B Note*" means the Taxable Master Indenture Note (Uplift Education) Series 2010B, to be issued in the original aggregate principal amount of $685,000, which Note evidences the payment obligations of the Company with respect to the Series 2010B Bonds.

"*Series 2010 Notes*" means the Series 2010A Note and the Series 2010B Note.

"*State*" means the State of Texas.

"*State Revenues*" means, for any period of time for which calculated, the total of all money received by the Company from the State during such period.

"*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.

"*Subordinate Notes*" mean Notes that are subordinate in the priority of payment to Senior Notes; Subordinate Notes may be senior or subordinate in priority of payment to other Subordinate Notes, as designated herein or in a Supplemental Master Indenture authorizing such Notes.

"*Supplemental Master Indenture*" means an indenture amending or supplementing this Amended and Restated Master Indenture entered into pursuant to **Article VIII** hereof.

"*Third Supplement*" means Supplemental Master Indenture No. 3, dated as of August 1, 2007, between the Company and the Master Trustee, which Third Supplement supplemented the Original Master Indenture.

"*Trust Estate*" means the property described as the Trust Estate in the Granting Clauses of this Amended and Restated Master Indenture and any Supplemental Master Indenture that is subject to the lien and security interest of this Amended and Restated Master Indenture.

"*UCC*" means the Uniform Commercial Code as in effect in the State of Texas.

Every certificate and every Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Amended and Restated 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 them 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.

Section 102. Form of Documents Delivered to Trustee

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 Amended and Restated 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 Amended and Restated 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 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 Amended and Restated 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 103**.

(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) 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 Amended and Restated Master Indenture, or for any other purpose of this Amended and Restated Master Indenture, Notes that are owned by the Company shall be disregarded and deemed not to be Outstanding 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 which the Master Trustee has actual notice or knowledge are so owned shall be so disregarded and deemed not to be Outstanding. Notes so owned that have been

pledged in good faith may be regarded as Outstanding for purposes of this **Section 103**, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Notes. 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 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).

(f) 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 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 concerns such Note. Except upon such revocation or such action taken by the Holder of a Note in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Note which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note, and of any Note issued in lieu thereof, whether or not any notation in regard thereto is made upon such Note. 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.

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 Amended and Restated 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 The Bank of New York Mellon Trust Company, National Association, 601 Travis Street, 16th Floor, Houston, Texas 77002, Attention: James Prichard, Vice President, or at any other address subsequently furnished in writing to the Company and the 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 606 E. Royal Lane, Irving, Texas 75039, Attention: Chief Financial Officer, or at any other address subsequently in writing to the Master Trustee by the Company; or

(3) The Bond Insurer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Bond Insurer at the address specified in a notice from such Bond Insurer.

Section 105. Notice to Note Holders; Waiver

Where this Amended and Restated 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 Amended and Restated 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 Holders of Notes 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Amended and Restated Master Indenture.

Section 109. Governing Law

This Amended and Restated 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 Denominations of Notes

(a) The Existing Notes shall be entitled to the benefit and security of this Amended and Restated Master Indenture. At any time and from time to time after the execution and delivery of this Amended and Restated Master Indenture, additional Notes of a series may be issued under this Amended and Restated Master Indenture 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, *provided*, *however*, that the Existing Notes shall continue to be designated as they were prior to the date of this Amended and Restated Master Indenture. All Notes shall be issued as fully registered notes with the Notes of each series to be lettered and numbered ___- 1 upwards (with such prefix as was designated prior to the date of this Amended and Restated Master Indenture, as may be designated herein with respect to the Series 2010 Notes or 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 Amended and

Restated Master Indenture is not limited, except by the additional Long Term Debt limitations provided in this Amended and Restated 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 any Debt or other payment obligations, including, but not limited to, (i) 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) any 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 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 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 Amended and Restated 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 the Supplemental Master Indenture providing for the issuance of such Note or series of Notes, which 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;

(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 408** of this Amended and Restated Master Indenture have been satisfied, and (2) upon the execution of such Note or series of Notes by the Company and the authentication thereof by the Master Trustee, such 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; and

Notwithstanding the foregoing, no Supplemental Master Indenture shall be required with respect to the Series 2010 Notes and the Company shall not be required to comply with **clauses (a)(3)** or **(b)** of this **Section 202**, with respect to the Series 2010 Notes.

Section 203. Execution, Authentication and Delivery

(a) Notes shall be executed by the Company through the chairman of its Governing Body, its Executive Director, 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 Amended and Restated Master Indenture, the Company may deliver executed Notes to the Master Trustee together with the Supplemental Master Indenture creating such series (except with respect to the Series 2010 Notes, for which there shall be no Supplemental Master Indenture); and upon the receipt of the Notes and Supplemental Master Indenture, if any, the Master Trustee shall authenticate and deliver such Notes as in this Amended and Restated Master Indenture and the relevant Supplemental Master Indenture, if any, provided.

(d) No Note shall be entitled to any benefit under this Amended and Restated 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 Amended and Restated Master Indenture.

Date of Authentication:

_____

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION,
as Master Trustee, or its agent

By: _____
Authorized Signature

Section 204. Form and Terms of Notes

The Notes of each series shall contain such terms, and be in substantially the form set forth in the Supplemental Master Indenture creating such series (or in this Amended and Restated Master Indenture, with respect to the Series 2010 Notes), with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by such Supplemental Master Indenture and this Amended and Restated 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 Amended and Restated 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 Amended and Restated Master Indenture. Unless the Notes of a series have been registered under the Securities Act of 1933, as amended, 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, as amended.”

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, or the payment 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 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 Amended and Restated 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 Holders, except that the Company may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental change that may be imposed in the relation thereto.

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 206**, the Master Trustee or its designated agent under any Supplemental Master Indenture may require the payment by the Holder of such Note 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 206** 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 Amended and Restated Master Indenture with any and all other Notes duly issued hereunder.

(e) The provisions of this **Section 206** 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 Holder thereof and shall be paid by check or draft mailed to the Holder thereof at his address as it appears on such registration books or at such other address as is furnished the Master Trustee in writing by such 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 Holder of such Note, by wire transfer. Anything to the contrary in this Amended and Restated Master Indenture notwithstanding, if an Event of Default has not occurred and is not continuing hereunder and the Company so elects, payments on a Note shall be made directly by the Company, by check or draft hand delivered to the Holder thereof or its designee or shall be made by the Company by wire transfer to such 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 Holder thereof. 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 herein, in the applicable Note, in any applicable Supplemental Master Indenture, or in any instrument pursuant to which Debt secured by a Note or Notes is issued, a sum sufficient to pay the principal of, premium, if any, and interest on any of the Notes due on such date. Any such money 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 Debt shall be invested in accordance with the provisions of the instrument pursuant to which such Debt was invested. The Master Trustee shall not be liable or responsible for any loss resulting from any investments made in compliance with the provisions of this Amended and Restated Master Indenture.

(b) Subject to the foregoing provisions of this **Section 207**, each Note delivered under this Amended and Restated 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 may 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 209**, except as

expressly permitted by this Amended and Restated 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; Subordination

(a) All Notes issued and Outstanding under this Amended and Restated Master Indenture are secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses of this Amended and Restated Master Indenture. Any one or more series of Notes 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 Amended and Restated Master Indenture which provide for separate realization upon such security. Notes issued hereunder shall be designated as Senior Notes or Subordinate Notes. No Notes may be issued hereunder which shall be senior to Senior Notes. Notes issued as Senior Notes are to be equally and ratably secured and paid hereunder, unless otherwise provided herein or in a Supplemental Master Indenture. Within the Subordinate Notes, there may be created series of Notes with different levels of priority of payment and subordination.

Each series of Notes which is subordinate to another series of Notes is subordinated and subject in right of payment to the prior payment of all of the more senior Notes. No payment on account of principal, premium, if any, sinking fund or other redemption, interest or payment of any Subordinate Notes and no property or assets of the Trust Estate shall be applied to the purchase whether through acquisition, redemption or retirement of Outstanding Subordinate Notes if at the time of such payment or application or immediately after giving effect thereto, there are more senior Notes Outstanding and there has occurred an Event of Default hereunder, until such Event of Default has been cured or waived as herein permitted.

(c) To the extent that any Debt which is permitted to be issued pursuant to this Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated Master Indenture and the Deed of Trust. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery of the Notes and the execution of the 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), the 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 Amended and Restated Master Indenture. The Master Trustee is authorized to file any financing or continuation statements to perfect the security interests granted hereunder.

Upon the occurrence 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 direction of any Bond Insurer, issue a Notice of Exclusive Control under the Deposit Account Control Agreement and (ii) collect and receive all of the Adjusted Revenues. 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 Amended and Restated Master Indenture and the Deed of Trust and (2) assure compliance with all covenants, agreements and conditions of the Company contained in this Amended and Restated Master Indenture with respect to the Adjusted Revenues; *provided that*, without limiting the generality of any of the provisions of this Amended and Restated 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) if not indemnified to its satisfaction and 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, (ii) risk its own funds for the remediation of any such existing environmental contamination, or (iii) subject itself to environmental liability or require the approval of a governmental regulator.

(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 Amended and Restated 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 Amended and Restated Master Indenture 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 and such further instruments that may be requested by the Master Trustee for such perfection and protection. Copies of all filings and recordings hereunder shall be promptly filed with the Master Trustee and any Bond Insurer. 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.

(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 the Deed of Trust), on any real property owned by the Company other than a lien arising in connection with the issuance of additional Debt.

ARTICLE III

REDEMPTION OR PREPAYMENT OF NOTES

Section 301. Redemption or Prepayment

Notes of any 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 herein or in the Supplemental Master Indenture relating to such series. Unless otherwise provided by the Supplemental Master Indenture creating a series of Notes, the provisions of **Sections 302** through **305** of this Amended and Restated 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 of 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 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

On or 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 money 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 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 Holder thereof 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 Holder of such Note as requested by such 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 Amended and Restated 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 from time to time outstanding.

Section 402. Ratings

The Company covenants that it will at all times maintain, from one or more Rating Services, a rating on its Outstanding Debt or on Debt secured by Notes.

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 Amended and Restated Master Indenture, such sum to be held in trust for the benefit of the Holders of such Notes, 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 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 Amended and Restated 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 Holder of such Note 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, may 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 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 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 404, 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 **Sections 501** and **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 Holders of the Notes.

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 "Uplift Education 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 under **clause (a)** of **Section 601**. 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 406** and in **Section 606**; for the avoidance of doubt, this **Section 406** shall apply to any and all Event of Defaults under **Section 601(a)** whether it is the first or subsequent Event of Default under this Amended and Restated Master Trust Indenture.

(b) If, and only if, an Event of Default under **clause (a)** of **Section 601** of this Amended and Restated 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 the 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, during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under **clause (a)** of **Section 601** of this Amended and Restated 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 (including attorney's fees) which are then payable;

(2) equally and ratably to the Holder of each instrument evidencing a Senior Note on which there has been a default pursuant to **clause (a)** of **Section 601** an amount equal to all defaulted principal of (or premium, if any) and interest on such Note, or on which principal, premium, if any, or interest is otherwise then due, an amount equal to the principal, premium, if any, and interest then due on such Note, until such amounts are paid in full;

(3) equally and ratably to the Holder of each instrument evidencing a Subordinate Note on which there has been a default pursuant to **clause (a)** of **Section 601** an amount equal to all defaulted principal of, if any, (or premium, if any) and interest on, if any, such Note, *provided*, *that*, if any Subordinate Note is, by the terms of this Amended and Restated Master Indenture, the Note, or the Supplemental Trust Indenture establishing such Note, subordinate in right of priority of payment to any other Subordinate Note, payment of principal of, if any, premium, if any, and interest on, if any, the Subordinate Notes with the highest priority of payment shall be made first in full, followed by Subordinate Notes in descending order of priority of payment.

(4) a transfer to the Interest Account of an amount necessary to accumulate in equal monthly installments the interest on the Senior 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 Senior 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 Senior Note the amount of interest on each Note as such interest becomes due;

(5) if applicable, a transfer to the Principal Account of the amount necessary to accumulate in equal monthly installments the principal of the Senior Notes maturing or subject to mandatory sinking fund redemption on the next Interest 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 Interest Payment Date granted pursuant to other provisions of this Amended and Restated 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 Interest 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 Interest Payment Date. There shall be paid from the Principal Account equally and ratably to the Holder of each instrument evidencing a Senior Note the amount of principal payments due on each Senior 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;

(6) to the Holder of any Senior Note entitled to 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 12 equal monthly installments or otherwise in such amounts as is required by the instrument creating the obligation secured by a Note issued hereunder;

(7) a transfer to the Interest Account of an amount necessary to accumulate in equal monthly installments the interest on the Subordinate 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 Subordinate 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 Subordinate Note the amount of interest on each Subordinate Note as such interest, if any, becomes due;

(8) a transfer to the Principal Account of the amount necessary to accumulate in equal monthly installments the principal of the Subordinate Notes maturing or subject to mandatory sinking fund redemption on the next Interest 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 Interest Payment Date granted pursuant to other provisions of this Amended and Restated 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 Interest 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 Interest Payment Date. There shall be paid from the Principal Account equally and ratably to the Holder of each instrument evidencing a Subordinate Note the amount of principal payments due on each Subordinate Note, whether at maturity or earlier mandatory redemption (other than by reason of acceleration of maturity or other demand for payment), as such principal, if any, becomes due;

(9) to the Holder of any Subordinate Note entitled to maintain a reserve fund for the payment of such Subordinate 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 otherwise in such amounts as is required by the instrument creating the obligation secured by a Note issued hereunder; and

(10) 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.

Notwithstanding the foregoing, if there are Subordinate Notes with different levels of priority of payment and subordination, the Master Trustee shall first pay the amounts specified in **clauses (c)(7)**, **(c)(8)** and **(c)(9)** with respect to Subordinate Notes with the highest priority of payment and then each lower priority of payment Subordinate Notes, successively.

(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 **clause (a)** of **Section 601** of this Amended and Restated Master Indenture have been cured or waived, shall be paid to the Company upon Request for deposit in the Company's deposit account, 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 by the Company. All such investments shall have a maturity not greater than 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 "Uplift Education 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 held pursuant to **Section 409** hereof 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 407**.

(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 Bond Indenture to which such insurance or condemnation proceeds relate for use pursuant to such Related Bond Indenture and the Related Loan Documents for such Related Project, *provided*, *however*, that if the Related Bond Indenture does not specifically address the use of such proceeds, the Master Trustee shall apply such proceeds as directed by the Company.

Section 408. Limitations on Incurrence of Debt

The Company shall not incur, assume, guarantee, or otherwise become liable in respect of any Debt other than:

(a) *Satisfaction of Coverage*. Upon satisfaction of the following conditions:

(1) No Default: Delivery of an Officer's Certificate stating that no Event of Default is then existing under this Amended and Restated Master Indenture or any Debt Outstanding or any agreement entered into in conjunction with such Debt; and;

(2) Coverage. Either **clause (2)(A)** and **clause (2)(B)** below are satisfied or **clause (2)(C)** below is satisfied:

(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, Available Revenues are equal to at least 1.10 times Maximum Annual Debt Service on all Debt then Outstanding; and

(B) Projected Coverage for Additional Debt - An Independent Management Consultant selected by the Company provides a written report setting forth projections which indicate that the estimated Available Revenues for each of the three consecutive Fiscal Years beginning:

(i) if provision has not been made for the payment of interest on or principal of the Debt to be issued, the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Debt, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or

(ii) the first full Fiscal Year in which the Company will have scheduled payments of interest on or principal of the Debt to be issued for the payment of which provision has not been made as indicated in the report of such Independent Management Consultant from proceeds of such Debt, investment income thereon or from other appropriated sources (other than Available Revenues

are equal to at least 1.20 times Maximum Annual Debt Service on all Debt then Outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the additional Debt to be issued. The report of the Independent Management Consultant shall take into account the audited results of operations and verified enrollment of the Project for the most recently completed Fiscal Year and shall assume that the proposed additional Debt shall have been outstanding for the entire year; or

(C) Alternate Coverage for Additional Debt - The Company shall deliver an Officer's Certificate stating that, based on the audited results of the operations for the most recently completed Fiscal Year, Available Revenues are equal to at least 1.10 times Maximum Annual Debt Service on all Debt then Outstanding as well as the additional Debt.

The satisfaction of the conditions set forth in **clauses (a)(1)** through **(a)(2)** of this **Section 408** shall be evidenced to the Master Trustee in a manner (which may include certificates and opinions) satisfactory to the Master Trustee; or

(b) *Refunding Debt*. If additional Debt is being issued for the purpose of refunding any Outstanding Debt, such Debt may be issued upon the delivery of an Officer's Certificate referenced in **clause (a)(1)** of this **Section 408**; or

(c) *Completion Debt*. In the event such Debt is being issued or incurred for the purpose of completing any Related Project, such Debt may be issued in amounts not to exceed 10% of the principal amount of the Debt originally issued for such Related Project upon delivery of an Officer's Certificate that such additional Debt is required to fund the costs of completion; or

(d) *Debt with Bond Insurer Consent*. Any Debt, with the prior written consent of each Bond Insurer.

Section 409. Insurance

At such time as the Series 2005A Note is no longer Outstanding, the Company shall at all times keep all its Property and operations of an insurable nature and of the character usually insured by companies operating similar properties and engaged in similar operations insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies. All such insurance shall be obtained from responsible insurance carriers except to the extent a program of self-insurance determined by the Company to be sufficient shall be in effect. So long as the Series 2005A Note is Outstanding, the Company shall keep and maintain the insurance required by the Insurance Agreement.

Section 410. Waiver of Certain Covenants

The Company may omit in any particular instance to comply with any covenant or condition set forth in **Sections 402** through **409** 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.

ARTICLE V

CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER

Section 501. Consolidation, Merger, Conveyance, or Transfer Only on Certain Terms

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, in form satisfactory to the Master Trustee, the due and punctual payment of the principal (and premium, if any) and interest on the Notes and any other amounts due thereunder or in accordance with this Amended and Restated 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 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 V** and that all conditions precedent relating to such transaction provided for herein have been satisfied.

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 HOLDERS OF NOTES 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 Notes when due (giving effect to any applicable period of grace, if any);

(b) default in the performance, or breach, of any covenant or agreement on the part of the Company contained in this Amended and Restated Master Indenture (other than a covenant or agreement the default in the performance or observance of which is elsewhere in this **Section 601** specifically addressed) and continuance of such default or breach for a period of 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 has been given by registered or certified mail by (i) the Holders of at least 25% in principal amount of the 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 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;

(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 federal Bankruptcy Code of 1978, 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 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 90 days;

(d) the Company shall institute proceedings in 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 under any instrument creating an obligation secured by a Note occurs and is continuing beyond any applicable period of grace, if any; or

(f) default in the performance, or breach, of any covenant or agreement on the part of the Company contained in the Insurance Agreement and the continuance of such default or breach for a period of 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 has been given by registered or certified mail by (i) the Bond Insurer under the Insurance Agreement or (ii) the Master Trustee to the Company (with a copy to the Master Trustee in the case of notice by the Bond Insurer); *provided that* if such default under this **Section 601(f)** 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.

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 the Holders of not less than 25% in principal amount of the Notes Outstanding shall, by a notice in writing to the Company, accelerate the Maturity of the Notes, and upon any such declaration such principal (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 VI** 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:

(i) all overdue installments of interest on all Notes Outstanding;

(ii) 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

(iii) 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 money adjudged or decreed to be payable in the manner provided by law out of the property of the Company.

(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 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 Amended and Restated 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.

(d) If an Event of Default occurs and is continuing, the Master Trustee shall, at the direction of each Bond Insurer, provide a Notice of Exclusive Control to the Company's Depository Bank.

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 Holders of Notes allowed in such judicial proceeding; and

(2) to collect and receive any money 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 Holder of Notes 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 Holders of Notes, 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 Amended and Restated 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 Holder of Notes any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder of Notes in any such proceeding.

Section 605. Master Trustee may Enforce Claims without Possession of Notes

All rights of action and claims under this Amended and Restated 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 benefit of the Holders of the Notes 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 VI** 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 Amended and Restated 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 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 Amended and Restated 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 Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Amended and Restated Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such 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 Notes Outstanding 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 Holder or 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 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 most Notes Outstanding;

it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Amended and Restated Master Indenture to affect, disturb or prejudice the rights of any other Holders of Notes, or to obtain or to seek to obtain priority or preference over any other Holders (except to the extent authorized herein), or to enforce any right under this Amended and Restated Master Indenture, except in the manner herein provided and in the priority of payment herein provided.

Section 608. Unconditional Right of Holders of Notes to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Amended and Restated Master Indenture, the Holder of any Note 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 Holder may have under any other instrument or agreement) solely from the sources provided in this Amended and Restated 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 Holder.

Section 609. Restoration of Rights and Remedies

If the Master Trustee or any Holder of Notes has instituted any proceeding to enforce any right or remedy under this Amended and Restated 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 Holder of Notes, then and in every such case the Company, the Master Trustee and the Holders of Notes 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 Holders of Notes 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 Holders of Notes 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 Holder of any Note 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 VI** or by law to the Master Trustee or to the Holders of Notes may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Holders of Notes, as the case may be.

Section 612. Control by Holders of Notes

The Holders of a majority in principal amount of the Notes Outstanding 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 Amended and Restated Master Indenture, and *provided further* that the Master Trustee shall have the right to decline to comply with any such request in accordance with **clause (e)** of **Section 703** 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 Holders of the Notes 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 Amended and Restated 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 Amended and Restated Master Indenture agree, and each Holder of any Note 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 Amended and Restated 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 614** shall not apply to any suit instituted by the Master Trustee, to any suit instituted by any Holder of Notes, or group of Holders of Notes, holding in the aggregate more than 10% in principal amount of the Outstanding Notes, or to any suit instituted by any Holder of Notes 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 Amended and Restated 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 Amended and Restated Master Indenture or any Supplemental Master Indenture 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 Amended and Restated 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 Amended and Restated 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 Amended and Restated Master Indenture and the issuance of such Notes.

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 Amended and Restated Master Indenture, but only upon the terms and conditions set forth herein, and no implied covenants or obligations shall be read into this Amended and Restated 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 **clause (h)** of **Section 703** hereof), the Master Trustee shall exercise such of the rights and powers vested in it by this Amended and Restated 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 Amended and Restated 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 **clause (c)** shall not be construed to limit the effect of **clause (a)** of this **Section 701** 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 **clause (a)** of **Section 602** 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 Amended and Restated Master Indenture; and

(4) no provision of this Amended and Restated 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 Amended and Restated 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 701** and **Section 703**.

(e) The Issuer will cause to be filed by the Master Trustee, in a timely fashion, at the expense of the Company, any financing statement necessary to maintain the perfection of the security interests granted hereby, *provided that* the Master Trustee shall not be responsible for the correctness of any filings or validity or perfection of any related lien or security interest.

Section 702. Notice of Defaults

Within 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 Holders of Notes and to any Bond Insurer, 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 is in the interest of the Holders of Notes; and *provided*, *further*, that in the case of any default of the character specified in **clause (b)** of **Section 601**, no such notice to Holders of Notes shall be given until at least 30 days after the occurrence thereof. For the purpose of this **Section 702**, 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 Amended and Restated 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 Amended and Restated Master Indenture at the request or direction of any of the Holders of the Notes pursuant to the provisions of this Amended and Restated Master Indenture, unless such Holders shall have offered 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 Amended and Restated 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 attorney or agent selected by it in the exercise of reasonable care or, if selected or retained by the Company, approved by the Master Trustee in the exercise of such care. 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 default or Event of Default hereunder unless the Master Trustee shall be specifically notified of such default or 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 default or 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 money necessary to make payments when due of principal, 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 Amended and Restated Master Indenture.

(j) No provision of this Amended and Restated Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, 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.

(k) The permissive right of the Master Trustee to do things enumerated in this Amended and Restated 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 Amended and Restated Master Indenture.

(l) 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.

(m) 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 properties and facilities of the Company or the Trust Estate.

(n) Before taking any action under **Article VII** other than making payments of principal and interest on the Notes as they become due or causing an acceleration under this Amended and Restated Master Indenture, the Master Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(o) The Master Trustee is not required to provide brokerage confirmations so long as periodic statements that include investment activity are provided to the Company.

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 Amended and Restated 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 Amended and Restated 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. Money to be Held in Trust

All money received by the Master Trustee shall, until used or applied as herein provided (including payment of money to the Company under the second to last paragraph of **Section 403**), 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 money received by it hereunder other than such interest as it expressly agrees 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 **clause (a)** of this **Section 707**, 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 Amended and Restated Master Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel); and

(3) to indemnify the Master Trustee, its 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 a Related Project, or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about a Related Project or from the planning, design, acquisition or construction of any Related Project facilities or any part thereof, (ii) the issuance of any Notes, or the Company's authority therefore; (iii) this Amended and Restated Master Indenture and any instrument related thereto, (iv) the Master Trustee's execution, delivery and performance of the Amended and Restated Master Indenture, except in respect of any Indemnitee to the extent such Indemnitee's negligence or bad faith caused such the 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 the Amended and Restated Master Indenture or any instrument related thereto. 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.

(b) As such security for the performance of the obligations of the Company under this **Section 707** 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 708**, 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 708**, it shall resign immediately in the manner and with the effect hereinafter specified in this **Article VII**.

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 **Article VII** 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 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

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 act of the Holders of a majority in principal amount of the Outstanding Notes, delivered to the Master Trustee and the Company.

(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 Holder of Notes; or

(2) the Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or 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 Holder of Notes who has been a bona fide Holder of a Note for at least six 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 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 Holders of the Notes and accepted appointment in the manner hereinafter provided, the Master Trustee or any Holder of Notes who has been a bona fide Holder of a Note for at least 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 Holders of Notes 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 VII**.

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 municipal 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 VII**, 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 Notes and the consent of each Bond Insurer, if any, the Master Trustee shall execute and deliver in recordable form any releases of Property encumbered hereby or by the Deed of Trust.

Notwithstanding the foregoing, Property added as additional security for Master Notes under the Master Indenture on or after July 7, 2016 shall be released as security by the Master Trustee in the following circumstances:

(a) In return for other Property of equal or greater value and usefulness, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(b) In the ordinary course of business upon fair and reasonable terms, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(c) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of the Company stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property;

(d) Upon fair and reasonable terms no less favorable to the Company than would be obtained in a comparable arm's length transaction, if there is delivered to the Master Trustee an Officer's Certificate to such effect;

(e) The Property sold, leased, donated, transferred or otherwise disposed of does not, for any consecutive 12 month period, exceed 3% of the total Book Value or, at the option of the Company, the Current Value of all Property of the Company, if there is delivered to the Master Trustee an Officer's Certificate to such effect; or

(f) To any Person if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Master Notes, if there is delivered to the Master Trustee an Officer's Certificate to such effect.

In connection with any sale, lease or other disposition of Property, to the extent the Company receives Property in return for such sale, lease or disposition, the Property which is sold, leased or disposed of shall be treated, for purposes of the provisions of this **Section 712,** as having been transferred in satisfaction of the provisions of **clause (a)** above to the extent of the fair market value of the Property received by the Company. The Company shall be required, however, to satisfy the conditions contained in one of the other provisions of this **Section 712** with respect to the remaining value of such Property in excess of the fair market value of the Property received by the Company in return therefor prior to any such sale, lease or other disposition.

Upon request of the Company accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in this **Section 712** have been satisfied, the rights, title, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and the lien of this Master Indenture shall be released by the Master Trustee as to such property in due form at the expense of the Company.

Section 713. Partial Release of Real Property Included in Deed of Trust

The Master Trustee shall consent to the release of portions of the real property included in the Deed of Trust upon receipt of a written Request for such release and a Certificate of an Authorized Representative providing that:

(1) the requested release is for a facility funded solely with restricted donations (the "*Endowed Facility*");

(2) the Endowed Facility is solely owned by the Company

(3) the Company has no outstanding Debt incurred in connection with the construction of the Endowed Facility;

(4) the real property requested for release is limited to the immediate area occupied by the Endowed Facility and, upon release thereof, does not materially impair the value of the aggregate real property then-securing all outstanding Debt; and

(5) the Endowed Facility is complete.

The Master Trustee shall take the necessary steps to release such portions of the real property subject to the Deed of Trust at the expense of the Company.

ARTICLE VIII

SUPPLEMENTS

Section 801. Supplemental Master Indentures Without Consent of Holders of Notes

Without the consent of the Holders of any Notes, the Company, when authorized by a Board Resolution, and the Master Trustee at any time may enter into or consent to one or more Supplemental Master Indentures, subject to **Section 803** hereof, for any of the following purposes:

(a) to cure any ambiguity or to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Amended and Restated Master Indenture which shall not be inconsistent with this Amended and Restated Master Indenture, *provided* such action shall not adversely affect the interests of the Holder of any Notes;

(b) to grant to or confer upon the Master Trustee for the benefit of the Holders of the Notes any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders of the Notes and the Master Trustee, or either of them, to add to the covenants of the Company for the benefit of the Holders of the Notes or to surrender any right or power conferred hereunder upon the Company;

(c) to assign and pledge under this Amended and Restated 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 Amended and Restated Master Indenture;

(f) to modify or supplement this Amended and Restated Master Indenture in such manner as may be necessary or appropriate to qualify this Amended and Restated 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 Amended and Restated Master Indenture as would be necessary or appropriate so to qualify this Amended and Restated Master Indenture; *provided*, *however*, that nothing herein contained shall be deemed to authorize inclusion in this Amended and Restated 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 provide for the issuance of the Notes or any additional series of Notes as permitted hereunder;

(i) 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 Amended and Restated Master Indenture;

(j) to allow for the issuance of any series of Notes in uncertificated form;

(k) to make any other change which does not materially adversely affect the Holders of any of the Notes, including without limitation any modification, amendment or supplement to this Amended and Restated Master Indenture or any Supplemental Master Indenture hereto;

(l) so long as no Event of Default has occurred and is continuing under this Amended and Restated 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 Amended and Restated Master Indenture has occurred and is continuing, to make any other change herein which, in the judgment of an Independent Management Consultant approved by each Bond Insurer, 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 the Holder of any Note; and

(3) *provided that*, no such amendment, directly or indirectly, shall (A) change the provisions of this clause (l), (B) make any modification of the type prohibited by **Section 802** hereof, or (C) make a modification intended to subordinate the right to payment of a Holder of any Outstanding Note to the right of payment of any Holder of any other Outstanding Note except to the extent provided herein or in a Supplemental Master Indenture;

(m) to make any amendment to any provision of this Amended and Restated Master Indenture or to any Supplemental Master Indenture which is only applicable to Notes issued thereafter or which will not apply so long as any Notes then Outstanding remains Outstanding; and

(n) to modify, eliminate or add to the provisions of this Amended and Restated Master Indenture if the Master Trustee shall have received (1) written confirmation from each Rating Service then maintaining a rating on Debt secured by Notes that such change will not result in a withdrawal or reduction of its credit rating assigned to any series of Notes or such Debt, 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 school on acceptable terms and such change and affirmation are in the best interests of the Holders of the Outstanding Notes.

Section 802. Supplemental Indentures with Consent of Holders of Notes

(a) With the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes, by Act of said 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 a Supplemental Master Indenture 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 Amended and Restated Master Indenture or of modifying in any manner the rights of the Holders of the Notes under this Amended and Restated Master Indenture; *provided*, *however*, that no such Supplemental Master Indenture shall, without the consent of the 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 Amended and Restated Master Indenture or certain defaults hereunder and their consequences) provided for in this Amended and Restated Master Indenture; or

(3) modify any of the provisions of this **Section 802** or **Section 613**, except to increase any such percentage or to provide that certain other provisions of this Amended and Restated Master Indenture cannot be modified or waived without the consent of the Holder of each Note affected thereby.

(b) It shall not be necessary for any Act of Holders of Notes under this **Section 802** to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such Act of Holders of Notes shall approve the substance thereof, as presented in written form to the Holders of the Notes 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 VIII** or the modifications thereby of the trusts created by this Amended and Restated Master Indenture, the Master Trustee shall be entitled to 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 Amended and Restated Master Indenture and that all conditions precedent to under this Amended and Restated Master Indenture have been satisfied. The Master Trustee may, but shall not (except to the extent required in the case of a Supplemental Master Indenture entered into under **clause (d)** of **Section 801**) 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 Amended and Restated Master Indenture or otherwise.

Section 804. Effect of Supplemental Master Indentures

Upon the execution of any Supplemental Master Indenture under this **Article VIII**, this Amended and Restated 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 Amended and Restated Master Indenture for all purposes, and every Holder of Notes 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 VIII** 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 Amended and Restated 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 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 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 Amended and Restated Master Indenture have been fulfilled and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Amended and Restated Master Indenture.

(b) Notwithstanding the satisfaction and discharge of this Amended and Restated 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 the last paragraph of **Section 403** shall survive the satisfaction and discharge of this Amended and Restated Master Indenture.

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 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 Holders of such Notes 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 902** and stating such Maturity date upon which money is 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 Amended and Restated 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 **clause (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 **Article IX**, 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 Amended and Restated 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.

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LOAN AGREEMENT

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

"Act" means the Texas Higher Education Facility Authority for Public Schools Act, Chapter 53, Texas Education Code, as amended from time to time.

"Additional Bonds" means the one or more series of additional bonds authorized to be issued by the Issuer pursuant to **Sections 2.09** and **2.10** of the Bond Indenture.

"Administration Expenses" means the reasonable and necessary fees and expenses incurred by the Issuer pursuant to this Agreement and the Bond Indenture.

"Aggregate Principal Amount" means the Outstanding principal amount of the Series 2025 Bonds.

"Agreement" means this Loan Agreement and any amendments and supplements hereto made in conformity herewith and with the Bond Indenture.

"Amended and Restated Master Indenture" means the Amended and Restated Master Trust Indenture and Security Agreement, dated as of April 1, 2010 and effective as of April 8, 2010, between the Company and the Master Trustee, including all supplements, amendments, and modifications thereto.

"Authorized Denominations" means, with respect to the Series 2025 Bonds, the denomination of $5,000 or any integral multiple thereof and, with respect to any series of Additional Bonds, as provided in the supplemental indenture creating such series of Additional Bonds.

"Board" or "Board of Directors" means the governing body of the Issuer or the Company, as applicable.

"Bond Counsel" means McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, and its successors, or such other nationally recognized bond counsel as may be selected by the Company with the approval of the Issuer, which approval may not be unreasonably withheld.

"Bond Fund" means the Bond Fund created in **Section 3.02** of the Bond Indenture.

"Bond Indenture" means the Indenture of Trust of even date herewith relating to the Bonds between the Issuer and the Bond Trustee, including any indentures supplemental thereto made in conformity therewith.

"Bonds" means the Series 2025 Bonds and any Additional Bonds issued pursuant to the Bond Indenture.

"Bond Trustee" means The Bank of New York Mellon Trust Company, National Association, as trustee under the Bond Indenture, and its successors and assigns.

"Business Day" means any day other than (i) a Saturday, a Sunday or a day on which banking institutions are authorized or required by law or executive order to close in the City of New York, New York or in the city in which the designated corporate trust office of the Bond Trustee is located, or (ii) a day on which the New York Stock Exchange is closed.

"Certified Resolution" means a resolution duly adopted by the Board of Directors of the Issuer, certified by the Secretary or any Assistant Secretary.

"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.

"Commissioner of Education" means the Commissioner of Education of the State, or any successor thereto.

"Company" means (i) Uplift Education, a nonprofit corporation incorporated under the laws of the State, and (ii) any surviving, resulting or transferee corporation.

"Company Representative" means the President of the Board of Directors of the Company, the Chief Executive Officer of the Company, the President of the Company, an executive or senior vice president of the Company, the Chief Financial Officer of the Company, the Director of Finance of the Company, or any Person duly appointed by the Board of Directors of the Company to act on behalf of the Company.

"Comptroller" means the Texas Comptroller of Public Accounts, or any successor thereto.

"Construction Fund" means the construction fund created under **Section 3.06** of the Bond Indenture and any construction fund created in connection with an issue of Additional Bonds under **Section 2.09** and **Section 2.10** of the Bond Indenture.

"Cost" or "Costs" as applied to an educational facility being financed or refinanced by Bonds means and includes any and all costs authorized to be financed or refinanced pursuant to the Act, and includes, but is not limited to, the following:

(a) the cost of the acquisition of all land, rights-of-way, options to purchase land, easements, leasehold estates in land, and interests of all kinds in land related to such educational facility;

(b) the cost of the acquisition, construction, repair, renovation, remodeling, or improvement of all buildings and structures to be used as or in conjunction with such educational facility;

(c) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which is necessary or incident to providing such educational facility;

(d) the cost of architectural, engineering, legal, and related services; the cost of the preparation of plans, specifications, studies, surveys, and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of such educational facility;

(e) the cost of all machinery, equipment, furnishings, and facilities necessary or incident to the equipping of such educational facility so that it may be placed in operation;

(f) the cost of financing charges and interest for a maximum of two (2) years and operating expenses of such educational facility for a maximum of one (1) year;

(g) any and all costs paid or incurred in connection with the financing of such educational facility, including, without limitation, the cost of financing, legal, accounting, financial advisory, and appraisal fees, expenses, and disbursements; the cost of any blue sky and legal investment survey; the cost of any policy or policies of title insurance; the cost of printing, engraving, and reproduction services; and the cost of the initial or acceptance fee of any trustee or paying agent;

(h) all direct and indirect costs of the Issuer incurred in connection with providing such educational facility, including, without limitation, reasonable sums to reimburse the Issuer for time spent by its agents or employees with respect to providing such educational facility and the financing thereof; and

(i) the cost of financing, establishing, and funding a reserve fund or reserve funds for a program of self-insurance and/or risk management and further including, without limitation, the cost of the preparation of studies, surveys, and estimates of cost, revenue, risk, and liability and all other costs and expenses necessary or incident to the planning, providing, or determining the feasibility and practicability and the continuing program and operating costs of such program of self-insurance and/or risk management.

"Costs of Issuance" means all costs and expenses incurred by the Issuer or the Company in connection with the issuance and sale of Bonds, including without limitation (i) reasonable fees and expenses of accountants, attorneys, engineers, financial advisors and underwriters, (ii) materials, supplies, and printing and engraving costs, (iii) recording and filing fees, (iv) fees and expenses, including attorney fees, of the Bond Trustee, and (v) Rating Agency fees.

"Costs of Issuance Fund" means the costs of issuance fund created under **Section 3.13** of the Bond Indenture.

"Date of Initial Delivery" means the date on which a series of Bonds is delivered to the initial purchaser or purchasers thereof and payment is received by the Bond Trustee.

"Deed of Trust" means that certain Deed of Trust and Security Agreement (with Assignment of Rents and Leases), effective as of October 27, 2005 from the Company to The Bank of New York Mellon Trust Company, National Association, as master trustee, as amended, supplemented or restated, and/or any security instrument executed in substitution therefore or in addition thereto, as such substitute or additional security instrument may be amended, supplemented or restated from time to time.

"Defeasance Obligations" means (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of the Issuer or the Board of the Company adopts or approves the proceedings authorizing the issuance of refunding bonds or notes, respectively, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of the Issuer or the Board of the Company adopts or approves the proceedings authorizing the issuance of refunding bonds or notes, respectively, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (iv) any securities or obligations now or hereafter authorized by State law for the defeasance or discharge of obligations such as the Series 2025 Bonds.

"Electronic Means" shall mean the following communications methods: e-mail, other secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bond Trustee, or another method or system specified by the Bond Trustee as available for use in connection with its services under the Bond Indenture.

"Event of Default" means those defaults specified in **Section 8.01** of the Bond Indenture.

"Expansion" means such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes in, on or to any Project permitted as an "educational facility" under the Act as the Company deems necessary or desirable, *provided* such Expansion does not materially impair the effective use of such Project and is in compliance with the rules and regulations of the Texas Education Agency.

"Fitch" means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with written notice to the Bond Trustee.

"Funded Interest Account" means the account of such name in the Construction Fund created in **Section 3.06** of the Bond Indenture.

"Funds" means the Bond Fund, Construction Fund and Costs of Issuance Fund.

"Guaranteed Bonds" means Bonds issued pursuant to the Bond Indenture, whose payments of principal and interest as such becomes due are guaranteed pursuant to the Permanent School Fund Guarantee.

"Interest Account" means the interest account in the Bond Fund created in **Section 3.02** of the Bond Indenture.

"Interest Payment Date" means (i) as to the Series 2025 Bonds, each June 1 and December 1, commencing December 1, 2025, or, if such day is not a Business Day, the immediately succeeding Business Day in the years during which the Series 2025 Bonds are Outstanding under the provisions of the Bond Indenture and (ii) as to Additional Bonds, the periods specified in the applicable supplemental indenture on which interest on such Additional Bonds is to be paid.

"Investment Securities" means, to the extent permitted by State law:

(a) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(b) direct obligations of the State or its agencies and instrumentalities;

(c) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(d) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States;

(e) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;

(f) bonds issued, assumed, or guaranteed by the State of Israel;

(g) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors;

(h) interest-bearing banking deposits, other than those described in clause (g), that (1) are invested through a broker or institution with a main office or branch office in this state and selected by the Company in compliance with the PFIA, (2) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the Company's account, (3) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (4) the Company appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (h)(1) above, a bank, or a broker-dealer;

(i) certificates of deposit and share certificates meeting the requirements of the PFIA (1) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal

by obligations described in clauses (a) through (h), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for Company deposits, or (2) where (i) the funds are invested by the Company through a broker or institution that has a main office or branch office in the State and selected by the Company in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the Company, (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the Company appoints, in compliance with the PFIA, the institution in clause (i)(2)(i) above, a bank, or broker-dealer as custodian for the Company with respect to the certificates of deposit;

(j) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (a) or clause (l) which are pledged to the Company, held in the Company's name, and deposited at the time the investment is made with the Company or with a third party selected and approved by the Company, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;

(k) certain bankers' acceptances with a stated maturity of two hundred seventy (270) days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;

(l) commercial paper with a stated maturity of three hundred sixty-five (365) days or less that is rated at least "A-1" or "P-1" or an equivalent by either (1) two nationally recognized credit rating agencies, or (2) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank;

(m) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission and complies with United States Securities and Exchange Commission Rule 2a-7;

(n) no-load mutual funds that are registered and regulated by the United States Securities and Exchange Commission that have a weighted maturity of less than two (2) years and either (1) have a duration of one (1) year or more and are invested exclusively in obligations approved in this paragraph, or (2) have a duration of less than one (1) year and the investment portfolio is limited to investment grade securities, excluding asset backed securities;

(o) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (a), excluding obligations which the Company is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract;

(p) securities lending programs if (1) the securities loaned under the program are 100% collateralized, including accrued income, (2) a loan made under the program allows for termination at any time, (3) a loan made under the program is either secured by (i) obligations described in clauses (a) through (h) above, (ii) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (iii) cash invested in obligations described in clauses (a) through (h) above, clauses (l) through (n) above, or an authorized investment pool, (4) the terms of a loan made under the program require that the securities being held as collateral be pledged to the Company, held in the Company's name, and deposited at the time the investment is made with the Company or with a third party designated by the Company, (5) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (6) the agreement to lend securities has a term of one (1) year or less; and

(q) government investment pools, so long as the Board of the Company by rule, order, ordinance or resolution, as appropriate, authorizes investment in the particular pool, that the pool that invest solely in the obligations described in clauses (a) through (p), above, and that such pool is rated not lower than "AAA" or "AAA-m" or an equivalent rating by at least on nationally recognized rating service;

The Bond Trustee shall be entitled to assume that any investment which at the time of purchase is an Investment Security remains an Investment Security thereafter, absent receipt of written notice or information to the contrary. To the extent such investment is no longer an Investment Security, the Company shall promptly provide the Bond Trustee written notice of such status and the Bond Trustee shall proceed to invest such amounts pursuant to **Section 6.01** of the Bond Indenture.

For the purposes of this definition, obligations issued or held in the name of the Bond Trustee (or in the name of Issuer and payable to the Bond Trustee) in book-entry form on the books of the Department of the Treasury of the United States shall be deemed to be deposited with the Bond Trustee.

"Issuer" means Arlington Higher Education Finance Corporation, a Texas nonprofit corporation and any corporation succeeding to its rights and obligations under this Agreement.

"Issuer Representative" means the Person at the time designated to act on behalf of the Issuer by written certificate furnished to the Company and the Bond Trustee containing the specimen signature of such Person and signed on behalf of the Issuer by the President of the Issuer. Such certificate may designate an alternate or alternates.

"Master Trustee" means The Bank of New York Mellon Trust Company, National Association, as trustee under the Master Indenture, and its successors and assigns.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with written notice to the Bond Trustee.

"Twentieth Supplement" means Supplemental Master Trust Indenture No. 20 between the Company and the Master Trustee dated as of May 1, 2025.

"Note" means the Series 2025 Notes and any other obligation of the Company entitled to the benefit of the Amended and Restated Master Indenture and executed, authenticated, and delivered pursuant to the Amended and Restated Master Indenture and this Agreement.

"Opinion of Bond Counsel" means an opinion in writing signed by Bond Counsel.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the Bond Trustee, who may be counsel to the Company or other counsel.

"Outstanding" means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Subject to the provisions of **Section 7.01** of the Bond Indenture, Bonds for the payment or redemption of which cash funds (or Defeasance Obligations to the extent permitted in **Section 7.01** of the Bond Indenture) shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); *provided that* if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such

notice satisfactory in form to the Bond Trustee, shall have been filed with the Bond Trustee and *provided further* that prior to such payment or redemption, the Bonds to be paid or redeemed shall be deemed to be Outstanding only for the purpose of transfers and exchanges under **Section 2.05** of the Bond Indenture; and

(c) Bonds in lieu of which other Bonds have been authenticated under **Section 2.06** of the Bond Indenture.

"Paying Agent" means any bank or trust company, including the Bond Trustee, designated pursuant to the Bond Indenture to serve as a paying agency or place of payment for the Bonds, and any successor designated pursuant to the Bond Indenture.

"Permanent School Fund" shall mean the Permanent School Fund of the State administered pursuant to Subchapter C, Chapter 45, Texas Education Code.

"Permanent School Fund 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 Series 2025 Bonds when due.

"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.

"Principal Account" means the principal account in the Bond Fund created in **Section 3.02** of the Bond Indenture.

"Project" means any facilities to be financed or refinanced by Bonds eligible for financing or refinancing pursuant to the Act, including the Series 2025 Project.

"Rating Agency" means Moody's, S&P or Fitch.

"Rebate Fund" means that special fund established in the name of the Issuer with the Bond Trustee pursuant to **Section 3.12** of the Bond Indenture.

"Registered Owner" means the Person or Persons in whose name or names a Bond shall be registered on books of the Issuer kept by the Bond Trustee for that purpose in accordance with the terms of the Bond Indenture, and, while the Bonds are in book-entry-only form, the Person or Persons who have purchased a beneficial ownership in the Bonds as shown on the records maintained by the Securities Depository, and such Person's or Persons' registered assigns.

"Regular Record Date" means the close of business on the last day of the calendar month (whether or not a Business Day) next preceding each regularly scheduled Interest Payment Date for the Series 2025 Bonds and for Additional Bonds shall be the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

"Regulations" means any Regulations promulgated by the U.S. Department of Treasury with respect to the provisions of the Code.

"Responsible Officer" when used with respect to the Bond Trustee, any vice president or other officer of the Bond Trustee within the corporate trust office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Bond Indenture.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation for any reason no longer performs the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Company, by written notice to the Bond Trustee.

"Securities Depository" means The Depository Trust Company, New York, New York, and any successor thereto as permitted by the Bond Indenture.

"Series 2025 Bonds" means the Series 2025A Bonds and the Series 2025B Bonds.

"Series 2025 Notes" means the Series 2025A Note and the Series 2025B Note.

"Series 2025 Project" means the Series 2025 Project described in **Exhibit A** hereto, which project description may be modified by the Company (and without the consent of the Registered Owners) to add any project eligible for financing pursuant to the Act upon receipt of an Opinion of Bond Counsel to the effect that such change will not, in and of itself, have an adverse effect upon the tax-exempt status of the Series 2025A Bonds.

"Series 2025A Bonds" means Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025A issued pursuant to the Bond Indenture.

"Series 2025A Note" means the Tax-Exempt Master Indenture Note (Uplift Education) Series 2025A issued by the Company pursuant to the Amended and Restated Master Indenture which relates to the Series 2025A Bonds.

"Series 2025B Bonds" means Arlington Higher Education Finance Corporation Taxable Education Revenue Bonds (Uplift Education) Series 2025B issued pursuant to the Bond Indenture.

"Series 2025B Note" means the Taxable Master Indenture Note (Uplift Education) Series 2025B issued by the Company pursuant to the Amended and Restated Master Indenture which relates to the Series 2025B Bonds.

"Special Record Date" means a special date fixed to determine the names and addresses of Registered Owners of Series 2025 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in **Section 2.03** of the Bond Indenture and for Additional Bonds shall be the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

"State" means the State of Texas.

"TEA" means the Texas Education Agency, or any successor thereto.

"TEA Consent" means the written consent of TEA provided by the Commissioner of Education or the designee thereof.

"TEA Default" means (a) TEA has failed to make any payment under the Permanent School Fund Guarantee when due and owing in accordance with the Permanent School Fund Guarantee's terms and as provided by law; or (b) any state or federal agency shall order the suspension of payments on the Permanent School Fund Guarantee.

"TEA Reimbursement Amounts" has the meaning set forth in **Section 7.11** of this Agreement.

"Trust Estate" means the property pledged and assigned to the Bond Trustee pursuant to the granting clauses of the Bond Indenture.

"United States" means the United States of America.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the Issuer. The Issuer represents that:

(a) The Issuer is a nonprofit corporation duly organized and validly existing under and pursuant to the Constitution and laws of the State and has full power and authority under the Constitution and laws of the State (including, in particular, the Act and the Texas Business Organizations Code) to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper corporate action the Issuer has duly authorized the execution and delivery of this Agreement and the Bond Indenture and the performance of the Issuer's obligations under this Agreement and the Bond Indenture.

(b) To the best of the Issuer's knowledge, neither the execution and delivery of the Series 2025 Bonds, the Bond Indenture or this Agreement, and the consummation of the transactions contemplated thereby and hereby, nor the fulfillment of or compliance with the terms and conditions or provisions of the Series 2025 Bonds, the Bond Indenture or this Agreement conflict with or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or the articles of incorporation or bylaws of the Issuer or of any agreement or instrument or judgment, order or decree of which the Issuer has notice that it is a party or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(c) To finance and refinance a portion of the Cost of the Project and to pay a portion of the Costs of Issuance of the Series 2025 Bonds, the Issuer proposes to issue the Series 2025 Bonds. The Series 2025 Bonds shall be in the principal amount, mature, bear interest, be subject to redemption prior to maturity, be secured, and have such other terms and conditions as are set forth in the Bond Indenture.

(d) The Series 2025 Bonds are to be issued under and secured by the Bond Indenture pursuant to which the Issuer's interest in this Agreement and in the Series 2025 Notes, and the revenues and receipts derived by the Issuer from the Series 2025 Notes will be pledged and assigned to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Series 2025 Bonds.

(e) Based on information furnished by the Company, the purpose of the Project is to constitute an "educational facility" within the meaning of the Act.

(f) The issuance of the Series 2025 Bonds and the execution of this Agreement and the Bond Indenture have been approved by the Issuer at a duly constituted meeting.

(g) Except as otherwise permitted by this Agreement, the Issuer covenants that it has not and will not pledge the income and revenues derived from this Agreement other than to secure the Bonds.

Section 2.2. Representations by the Company. The Company represents that:

(a) The Company is a nonprofit corporation duly incorporated and in good standing under the laws of the State, has the power to enter into this Agreement, the Amended and Restated Master Indenture and the Series 2025 Notes, and by proper corporate action has duly authorized the execution and delivery of this Agreement, the Amended and Restated Master Indenture and the Series 2025 Notes.

(b) Neither the execution and delivery of this Agreement, the Amended and Restated Master Indenture or the Series 2025 Notes, and the consummation of the transactions contemplated

hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Amended and Restated Master Indenture or the Series 2025 Notes, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Company is now a party or by which it is bound or constitute a default under any of the foregoing.

(c) The Company intends to operate or to cause the Project to be operated as an "educational facility" within the meaning of the Act to the expiration or sooner termination of this Agreement as provided herein.

(d) As of the date of this Agreement, the Company is an organization described in Section 501(c)(3) of the Code; it has received a letter from the Internal Revenue Service to the effect that it is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code; the Company is in compliance with all terms, conditions and limitations, if any, contained in such letter.

(e) The Company is exempt from federal income taxes under Section 501(a) by virtue of being an organization described in Section 501(c)(3) of the Code and is not a "private foundation" as that term is used in Section 509 of the Code and agrees that it shall not perform any acts or enter into any agreements which adversely affect such Federal income tax status nor shall it carry on or permit to be carried on in any Project or permit any Project to be used in or for any trade or business the conduct of which is not substantially related to the exercise or performance by the Company of the purposes or functions constituting the basis for its exemption under Section 501 of the Code if such change in federal income tax status or activity would adversely affect the exemption of interest on any of the Bonds from federal income taxation.

(f) The Company is authorized to operate all of its existing facilities under current zoning and land use laws, rules and regulations.

(g) No event of default or any event which, with the giving of notice or the lapse of time, or both, would constitute an event of default under the Amended and Restated Master Indenture, has occurred.

ARTICLE III

TERM OF AGREEMENT

Section 3.1. Term of this Agreement. Subject to **Section 11.12** herein, this Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or provision made for such payment pursuant to the Bond Indenture and all reasonable fees and expenses of the Bond Trustee (including attorney fees) and the Issuer accrued and to accrue through final payment of the Bonds and all liabilities of the Company with respect to the Bonds accrued and to accrue through final payment of the Bonds have been paid.

ARTICLE IV

ISSUANCE OF THE BONDS; CONSTRUCTION OF THE PROJECT; DISBURSEMENT

Section 4.1. Agreement to Issue Bonds, Application of Bond Proceeds. (a) In order to finance and refinance a portion of the Costs of the Project and to pay the Costs of Issuance, the Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2025A Bonds and will loan the proceeds thereof to the Company by delivering the proceeds thereof for transfer or deposit as follows:

1. Transfer, to Republic Title of Texas, Inc., the amount specified in the request and authorization to the Bond Trustee described in **Section 2.07(d)** of the Bond Indenture.

2. Transfer, to TEA, the amount specified in the request and authorization to the Bond Trustee described in **Section 2.07(d)** of the Bond Indenture.

3. Deposit, into the Costs of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in **Section 2.07(d)** of the Bond Indenture.

4. Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2025A Bonds (if any) after applying funds pursuant to clauses (1) through (4) above.

(b) In order to finance and refinance a portion of the Costs of the Project and to pay the Costs of Issuance, the Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2025B Bonds and will loan the proceeds thereof to the Company by delivering the proceeds thereof for transfer or deposit as follows:

1. Transfer, to TEA, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

2. Deposit, into the Costs of Issuance Fund, the balance of the proceeds of the Series 2025B Bonds (if any) after applying funds pursuant to clause (1) above.

Section 4.2. Agreement to Construct Project. The Company shall cause each Project to be acquired, constructed, and improved with due diligence and pursuant to the requirements of the applicable laws of the State. The Company shall deliver to the Bond Trustee, within ninety (90) days after the final completion or termination of any Project, a certificate evidencing such completion or termination.

Section 4.3. Cost of Construction. The Company represents and warrants that it will use its best efforts to construct or cause the construction of each Project at a price which will permit completion of each Project within the amount of the funds to be deposited in the Construction Fund and within the amount of other available funds of the Company.

Section 4.4. Plans; Modifications of the Project. The Company hereby covenants and agrees that no changes or modifications, or substitutions, deletions, or additions shall be made with respect to a Project if such change disqualifies such Project under the Act or under the bylaws of the Issuer.

Section 4.5. Compliance with Regulatory Requirements. The Company agrees that each Project shall be constructed strictly in accordance with all applicable ordinances and statutes, and in accordance with the requirements of all regulatory authorities, and any rating or inspection organization, bureau, association, or office having jurisdiction, and it will furnish to the Issuer all information necessary for the Issuer to comply with all of the foregoing and all laws, regulations, orders and other governmental requirements.

Section 4.6. Requests for Disbursements. (a) The Company shall be entitled to disbursements of money in the Construction Fund to pay the Costs related to a Project. Requests for disbursements by the Company are to be made to the Bond Trustee by submission of a requisition in the form attached hereto as **Exhibit B**.

(b) The Company shall be entitled to disbursement of money in the Costs of Issuance Fund to pay the Costs of Issuance. The Company shall request disbursements from the Costs of Issuance Fund on the form attached hereto as **Exhibit C** to pay Costs of Issuance, and to reimburse itself for Costs of Issuance paid by the Company, upon presentation to the Bond Trustee of a request for disbursement signed by the Company, but in no event more often than four times a month.

(c) The Company shall make no request for disbursement of money from the Construction Fund for payment of Costs of Issuance.

Section 4.7. No Approval From Disbursements. The making of any disbursement or any part of a disbursement shall not be deemed an approval or acceptance by the Bond Trustee of the work theretofore done.

Section 4.8. Covenants Regarding Tax Exemption. The Company and the Issuer (to the extent within the Issuer's actual control) hereby represent and covenant as follows:

(a) the Company and the Issuer will comply with, and make all filings required by, all effective rules, rulings or Regulations promulgated by the U.S. Department of the Treasury or the Internal Revenue Service with respect to obligations such as the Series 2025A Bonds, if any;

(b) the Company will continue to conduct its operations in a manner that will result in it continuing to qualify as an organization described in Section 501(c)(3) of the Code including but not limited to the timely filing of all returns, reports and requests for determination with the Internal Revenue Service and the timely notification of the Internal Revenue Service of all changes in its organization and purposes from the organization and purposes previously disclosed to the Internal Revenue Service;

(c) 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 described in **Section 4.11** hereof;

(d) the proceeds of the Series 2025A Bonds and any investment earnings thereon will be expended for the purposes set forth in this Agreement and in the Bond Indenture and no portion thereof will be used in an "unrelated trade or business" of the Company within the meaning of Section 513(a) of the Code;

(e) the Company will not use the Series 2025 Project in a manner that will result in the Series 2025A Bonds becoming private activity bonds (other than qualified 501(c)(3) bonds) within the meaning of Section 145 of the Code;

(f) the Company will not use or permit to be used more than 5% of the proceeds of the Series 2025A Bonds, directly or indirectly, to be used in any trade or business carried on by any Person who is not a governmental unit or an organization described in Section 501(c)(3) of the Code. For purposes of the preceding sentence, use of the proceeds by an organization described in Section 501(c)(3) of the Code with respect to an "unrelated trade or business," determined in accordance with Section 513(a) of the Code, does not constitute a use by a tax-exempt organization; further any use of proceeds of the Series 2025A Bonds or any investment earnings thereon in any manner

contrary to the guidelines set forth in Revenue Procedure 97-13 and in Revenue Procedure 2017-13, including any revisions or amendments thereto, shall constitute the use of such proceeds in the trade or business of a nonexempt person;

(g) the Company will not use or permit the use of any portion of the proceeds of the Series 2025A Bonds including all investment income earned on such proceeds prior to the date of completion of the Series 2025 Project, directly or indirectly, to make or finance loans to Persons, who are not a governmental unit or an organization described in Section 501(c)(3) of the Code. 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," does not constitute a loan to such a unit or organization;

(h) the Company and the Issuer will refrain from taking any action that would result in the Series 2025A Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

(i) the Company and the Issuer will refrain from using any portion of the proceeds of the Series 2025A Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2025A Bonds, other than investment property acquired with --

(1) proceeds of the Series 2025A Bonds invested for a reasonable temporary period equal to three (3) years or until such proceeds are needed for the purpose for which the Series 2025A Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonable required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the stated principal amount (or, in the case of a discount, the issue price) of the Series 2025A Bonds and to the extent that at no time during any bond year will the aggregate amount so invested exceed one hundred fifty percent (150%) of debt service on the Series 2025A Bonds for such year;

(j) the Company and the Issuer will otherwise restrict the use of the proceeds of the Series 2025A Bonds or amounts treated as proceeds of the Series 2025A Bonds, as may be necessary, to satisfy the requirements of Section 148 of the Code (relating to arbitrage);

(k) the Company and the Issuer will use no more than two percent (2%) of the proceeds from the sale of the Series 2025A Bonds for the payment of Costs of Issuance (including underwriter's discount, if any);

(l) the Company shall immediately remit to the Bond Trustee for deposit in the Rebate Fund any Excess Earnings as required by **Section 3.12** of the Bond Indenture;

(m) the Company agrees to provide to the Bond Trustee, at such time as required by the Bond Trustee, all information required by the Bond Trustee with respect to Nonpurpose Investments (as defined in Section 148 of the Code) not held in any fund under the Bond Indenture; and

(n) the Company and the Issuer will refrain from using the proceeds of the Series 2025A Bonds to pay debt service on another issue more than ninety (90) days after the date of issue of the Series 2025A Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

For purposes of the foregoing, the Issuer and the Company understand that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Series 2025A Bonds. It is the understanding of the Issuer, the Company and the Bond Trustee that the covenants contained in this Section are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Series 2025A Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Series 2025A Bonds under Section 103 of the Code. If regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2025A Bonds, the Issuer and the Company agree to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Series 2025A Bonds under Section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Issuer Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2025A Bonds.

Section 4.9. Written Procedures.

(a) The Company (i) designates its Company Representative as the person who will contact the Issuer in the event of any change of use of any portion of the Project ("change of use") within fifteen (15) days of such change in use event, and (ii) will provide, within sixty (60) days of the applicable date, a rebate report or a letter (prepared by an independent, certified public accountant, nationally recognized rebate consultant or bond counsel) attesting that one is not required.

(b) The Issuer designates its President as the person who (i) will receive notice by the person described in the preceding paragraph of any change of use of the Project and who will determine, upon consultation with Bond Counsel, whether to take a remedial action or any other remedy available at law to ensure that the tax-exempt status of the Series 2025A Bonds is preserved following such change of use, and (ii) will receive the aforementioned rebate report or letter attesting that such report is not required.

Section 4.10. Allocation of, and Limitation on, Expenditures for the Series 2025 Project. The Company covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Cost of the Series 2025 Project on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Series 2025 Project is completed. The foregoing notwithstanding, the Company shall not expend sale proceeds or investment earnings thereon more than sixty (60) days after the earlier of (1) the fifth anniversary of the delivery of the Series 2025A Bonds, or (2) the date the Series 2025A Bonds are retired, unless the Company obtains an opinion of Bond Counsel that such expenditure will not adversely affect the tax-exempt status of the Series 2025A Bonds. For purposes hereof, the Company shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 4.11. Representations and Warranties as to Tax-Exempt Status of Company. The Company hereby represents and warrants as follows:

(a) the Company is an organization exempt from federal income taxation under Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(b) the purposes, character, activities and methods of operation of the Company have not changed materially since its organization and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Code (the "Determination");

(c) the Company has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated and disclosed to the Internal Revenue Service in connection with the Determination;

(d) the Company has not operated since its organization 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;

(e) 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 Person controlled by any such individual or individuals 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 period, if any, preceding the current Fiscal Year, other than as reported to the Internal Revenue Service by the Company;

(f) the Company is not a "private foundation" within the meaning of Section 509(a) of the Code;

(g) the Company has not received any indication or notice whatsoever to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(h) the Company has filed with the Internal Revenue Service 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 has notified the Internal Revenue Service of any changes in its organization and operation since the date of the application for the Determination;

(i) 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; and

(j) 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, which would cause the Company to lose its exemption from taxation under Section 501(a) of the Code or cause the interest on the Series 2025A Bonds to become taxable to the recipient thereof because such interest is not excludable from the gross income of such recipient for federal income tax purposes under Section 103(a) of the Code.

Section 4.12. Disposition of the Project. The Company covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Company of cash or other compensation, unless the Company obtains an Opinion of Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2025A Bonds.

ARTICLE V

Loan of Bond Proceeds; Notes; Provision for Payment

Section 5.1. Loan of Bond Proceeds. The Issuer hereby agrees to loan to the Company the proceeds of the Series 2025 Bonds to provide financing and refinancing for the Costs of the Project and to pay the Costs of Issuance of the Series 2025 Bonds. The Company hereby agrees to repay the loan pursuant to the conditions set forth in **Section 5.2** hereof.

Section 5.2. Repayment of Loan. The Company agrees to pay to the Bond Trustee for the account of the Issuer all payments when due on the Series 2025 Notes. If for any reason the amounts paid to the Bond Trustee by

the Company on the Series 2025 Notes, together with any other amounts available in the Bond Fund, are not sufficient to pay principal of, premium, if any, and interest on the Series 2025 Bonds when due, the Company agrees to pay the amount required to make up such deficiency. Specifically, to repay the loan of the proceeds of the Bonds evidenced by the Series 2025 Notes, the Company shall make or cause to be made loan payments in immediately available funds in accordance with the Bond Indenture and this Agreement directly to the Bond Trustee as follows:

(a) on or before the earlier of 10:00 a.m. Central Time on the tenth (10^{th}) Business Day prior to any Interest Payment Date or the twenty-fifth (25^{th}) day of each month, in equal monthly installments, for deposit in the Bond 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; and

(b) on or before the earlier of 10:00 a.m. Central Time on the tenth (10^{th}) Business Day prior to any Interest Payment Date or the twenty-fifth (25^{th}) day of each month, in twelve (12) equal monthly installments, for deposit in the Bond Fund, amounts sufficient to provide for the payment of the principal of or mandatory sinking fund redemption payment on the Bonds which is next due for payment of such principal or for such mandatory sinking fund redemption payment.

Section 5.3. Credits. Any amount in either account of the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding any payment date on the Series 2025 Notes in excess of the aggregate amount then required to be contained in such account of the Bond Fund pursuant to **Section 5.2** hereof shall be credited against the payments due by the Company on such next succeeding Interest Payment Date on the Series 2025 Notes.

If all of the Bonds then Outstanding are called for redemption, any amounts contained in the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Company on the Notes, as provided below.

The principal amount to be applied by the Bond Trustee as a credit against any mandatory sinking fund redemption payment for the Series 2025 Bonds pursuant to **Section 5.02(a)** of the Bond Indenture shall be credited against the obligation of the Company with respect to payment of installments of principal of the Series 2025 Notes as described in the Amended and Restated Master Indenture.

The cancellation by the Bond Trustee of any Series 2025 Bonds purchased by the Company or of any Series 2025 Bonds redeemed or purchased by the Issuer through funds other than funds received on the Series 2025 Notes shall constitute payment of a principal amount of the Series 2025 Notes equal to the principal amount of the Series 2025 Bonds so cancelled.

Section 5.4. Notes. Concurrently with the sale and delivery by the Issuer of the Series 2025 Bonds, the Company shall execute and deliver the Series 2025 Notes substantially in the form set forth in the Master Indenture. Concurrently with the sale and delivery by the Issuer of any Additional Bonds, the Master Indenture shall be supplemented to reflect the issuance of the additional Notes referred to below, and to make any other changes, amendments or modifications which, in the opinion of the parties thereto, may be necessary or appropriate. Concurrently with the sale and delivery by the Issuer of any Additional Bonds, the Company shall execute and deliver one or more additional Notes payable to the Bond Trustee for the account of the Issuer in substantially the form set forth in the Master Indenture. The additional Notes shall:

(a) require payment or payments of principal, premium, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal, premium, if any, and interest on the related Additional Bonds, taking into account any mandatory sinking fund requirements (pursuant to the Bond Indenture) which are required in respect of the related Additional Bonds, and

(b) require each payment on the Notes to be made on the due date for the corresponding payment to be made on the related Additional Bonds of the Issuer.

Section 5.5. Payment of Bond Trustee's and Paying Agent's Fees and Expenses. The Company agrees to pay the reasonable fees and expenses (including attorney fees) of the Bond Trustee and any Paying Agents as and when the same become due, upon submission by the Bond Trustee or any Paying Agent of a statement therefor. The Bond Trustee and any Paying Agents shall be a third-party beneficiary for the purposes of this Section 5.5.

Section 5.6. Reserved.

Section 5.7. Payment of Administration Expenses. In consideration of the agreement of the Issuer to issue the Bonds and loan the proceeds thereof to provide financing for the Project, the Company hereby agrees to pay any and all costs paid or incurred by the Issuer in connection with the financing or refinancing of any Project, including out-of-pocket expenses and compensation in connection with the issuance of Bonds, including, without limitation, reasonable sums for reimbursement of the fees and expenses incurred by the Issuer's financial advisors, consultants and legal counsel in connection with such Project and the issuance of the Bonds.

Section 5.8. Payees of Payments. The payments on the Series 2025 Notes pursuant to Section 5.2 hereof shall be paid in funds immediately available at the designated corporate trust office of the Bond Trustee, directly to the Bond Trustee for the account of the Issuer and shall be deposited into the appropriate account of the Bond Fund. The payments to be made to the Bond Trustee and the Paying Agent under Section 5.5 hereof shall be paid directly to the Bond Trustee and the Paying Agent for their own use. The payments for Administration Expenses under Section 5.7 hereof shall be paid directly to the Issuer for its own use.

Section 5.9. Obligations of Company Hereunder Unconditional. The obligations of the Company to make the payments required in **Section 5.2** hereof shall be absolute and unconditional. The Company will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in **Section 5.2** hereof for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to any Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied. Nothing contained in this **Section 5.9** shall be construed to release the Issuer from the performance of any agreements on its part herein contained; and if the Issuer shall fail to perform any such agreement, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance, *provided that* no such action shall violate the agreements on the part of the Company contained herein and the Issuer shall not be required to pay any costs, expenses, damages or any amounts of whatever nature except for amounts received pursuant to this Agreement. Nothing herein shall be construed to impair the Company's right to institute an independent action for any claim that it may have against the Issuer, the Bond Trustee, any Registered Owner or any other third party. The Company may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceedings or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect this right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Company.

Section 5.10. Limitation on Interest. 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 that could have been contracted for, charged, reserved, received or taken at the Highest Lawful Rate (as defined below). If the applicable law is ever judicially interpreted so as to render usurious any amount called for under this Agreement or the Bond Indenture or otherwise contracted for, charged, reserved, received or taken in connection with any loan made hereunder, or if the Bond 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 this Agreement or the Bond Indenture, 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 that 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 nonusurious 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.

ARTICLE VI

Maintenance and Insurance

Section 6.1. Maintenance and Modifications of Projects by Company. The Company shall maintain the Project in accordance with the Master Indenture. The Company may, at its own expense, cause to be made from time to time any additions, modifications or improvements to any Project *provided* such additions, modifications or improvements do not impair the character of the Series 2025 Project as an "educational facility" within the meaning of the Act or impair the extent of the exemption of interest on the Series 2025A Bonds from federal income taxation.

Section 6.2. Insurance. Throughout the term of this Agreement, the Company will, at its own expense, provide or cause to be provided insurance against loss or damage to each Project in accordance with the terms of the Amended and Restated Master Indenture.

ARTICLE VII

Special Covenants

Section 7.1. No Warranty of Merchantability, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the condition of any Project or that any Project will be suitable for the Company's purposes or needs. Without limiting the effect of the preceding sentence, it is expressly agreed that in connection with each sale or conveyance pursuant to this Agreement (i) the Issuer makes NO WARRANTY OF MERCHANTABILITY and (ii) THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

Section 7.2. Right of Access to each Project. The Company agrees that the Issuer, the Bond Trustee, and any of their duly authorized agents shall have the right at all reasonable times upon reasonable notice to the Company to examine and inspect any Project to determine that the Company is in compliance with the terms and conditions of this Agreement; *provided that* any such inspection will be conducted in a manner that will minimize any intrusion on the operations of any Project.

Section 7.3. Nonsectarian Use. The Company agrees that no proceeds of the Bonds will be used to construct, acquire or install any portion of any Project which is intended to be used or which are being used for sectarian purposes.

Section 7.4. Further Assurances. 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 of or facilitating the performance of this Agreement. The Company will cause all continuation statements and all supplements to any financing statement or continuation statement or other instruments as may be required at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Registered Owners and all rights of the Bond Trustee under the Bond Indenture and this Agreement.

Section 7.5. Release and Indemnification Covenants. **(a) THE COMPANY RELEASES THE ISSUER, THE CITY OF ARLINGTON, TEXAS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, COUNCIL PERSONS, COMMISSIONERS, INCORPORATORS, OFFICIALS, CONSULTANTS, AGENTS, SERVANTS AND EMPLOYEES (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM, AGREES THAT THE INDEMNIFIED PARTIES SHALL NOT BE LIABLE FOR, AND AGREES TO INDEMNIFY AND HOLD THE INDEMNIFIED PARTIES HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW AGAINST, ANY AND ALL CLAIMS BY OR ON BEHALF OF ANY PERSON OCCASIONED BY ANY CAUSE WHATSOEVER IN ANY WAY ARISING OUT OF, RESULTING FROM, CONNECTED TO, OR PERTAINING TO ANY PROJECT OR THE USE THEREOF.**

THE COMPANY WILL INDEMNIFY AND HOLD THE INDEMNIFIED PARTIES FREE AND HARMLESS FROM ANY LOSS, CLAIM, DAMAGE, TAX, PENALTY, LIABILITY, DISBURSEMENT, LITIGATION EXPENSE, ATTORNEY FEES AND EXPENSE OR COURT COST ARISING OUT OF, OR IN ANY WAY RELATING TO, ARISING OUT OF, RESULTING FROM OR CONNECTED TO THE EXECUTION OR PERFORMANCE OF THIS AGREEMENT, OF THE SERIES 2025 BONDS, ACTIONS TAKEN UNDER THE BOND INDENTURE, ANY UNTRUE STATEMENT OR ALLEGED UNTRUE STATEMENT OF ANY MATERIAL FACT OR OMISSION OR ALLEGED OMISSION TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING IN ANY OFFICIAL STATEMENT OR OTHER OFFERING CIRCULAR UTILIZED IN CONNECTION WITH THE SALE OF THE SERIES 2025 BONDS OR IN ANY AGREEMENT, INSTRUMENT, CERTIFICATE OR OTHER ITEM EXECUTED IN CONNECTION HEREWITH, OR ANY OTHER CAUSE WHATSOEVER ARISING OUT OF THE INDEMNIFIED PARTIES' PARTICIPATION IN THE ACQUISITION, OWNERSHIP OR DISPOSITION OF ANY PROJECT.

THE PROVISIONS OF THIS SECTION SHALL REMAIN AND BE IN FULL FORCE AND EFFECT EVEN IF ANY SUCH LIABILITY, COST, EXPENSE, DAMAGE OR LOSS OR CLAIM THEREFOR BY ANY PERSON DIRECTLY OR INDIRECTLY RESULTS FROM, ARISES OUT OF, OR RELATES TO OR IS ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, IN WHOLE OR IN PART, ONE OR MORE NEGLIGENT ACTS OR OMISSIONS, EXCLUDING WILLFUL MISCONDUCT, OF ANY OF THE INDEMNIFIED PARTIES, OR ANY OTHER PARTY ACTING FOR OR ON BEHALF OF ANY OF THE INDEMNIFIED PARTIES IN CONNECTION WITH THE MATTERS SET FORTH ABOVE.

IT IS THE INTENTION OF THE PARTIES THAT THE INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY THE REASON OF THE EXECUTION OF THIS AGREEMENT OR THE UNDERTAKINGS OF THE INDEMNIFIED PARTIES HEREUNDER, BY REASON OF THE ISSUANCE OF THE SERIES 2025 BONDS, THE EXECUTION OF THE AGREEMENT, THE BOND INDENTURE, THE PERFORMANCE OF ANY ACT REQUIRED OF ANY OF THEM BY THIS AGREEMENT OR THE BOND INDENTURE OR THE PERFORMANCE OF ANY ACT RELATED TO THIS AGREEMENT, THE BOND INDENTURE, OR THE SERIES 2025 BONDS REQUESTED OF IT BY THE COMPANY. NEVERTHELESS, IF ANY OF THE INDEMNIFIED PARTIES SHALL INCUR ANY SUCH PECUNIARY LIABILITY, THEN IN SUCH EVENT THE COMPANY SHALL INDEMNIFY AND HOLD HARMLESS SUCH INDEMNIFIED PARTIES AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSONS ARISING OUT OF THE SAME AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING.

The Indemnified Parties shall promptly, after receipt of notice of the existence of a claim in respect of which indemnity hereunder may be sought or of the commencement of any action against the Indemnified Parties in respect of which indemnity hereunder may be sought, notify the Company in writing of the existence of such claim or commencement of such action. In case any such action shall be brought against any of the Indemnified Parties it shall notify the Company of the commencement thereof and the Company shall be entitled to participate in and, to the extent that it may wish, to assume the defense thereof, with counsel satisfactory to the Indemnified Parties unless (i) the Indemnified Parties shall have been advised by counsel that there may be legal defenses available to them

which are different from or in addition to those available to the Company in which case the Company shall not have the right to assume the defense of such action on behalf of the Indemnified Parties or (ii) the Company shall not have assumed the defense of such action and employed counsel therefor satisfactory to the Indemnified Parties within a reasonable time after notice of commencement of such action, in any of which events such fees and expenses shall be borne by the Company.

(b) The Company agrees to indemnify the Bond Trustee, and the Paying Agent (which, for purposes of this subsection, includes its officers, directors, agents, affiliates and employees) for and to hold the Bond Trustee, and the Paying Agent harmless against all loss, proceedings, suits, demands, penalties, liabilities, claims, costs, expenses and damages (including actual losses or damages) incurred without negligence, willful misconduct or bad faith on its part of (i) on account of any action taken or omitted to be taken by the Bond Trustee, and the Paying Agent in accordance with the terms of this Agreement, the Bonds, the Bond Indenture or any related document, or any action taken at the request of or with the consent of the Company or upon any other instruction or direction which the Bond Trustee, and the Paying Agent, may rely on under the Bond Indenture, (ii) arising out of or in connection with the acceptance or administration of the trust or trusts or its duties hereunder or under the Bond Indenture, including the costs and expenses of the Bond Trustee in defending itself against any such claim, action, or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Agreement or the Bond Indenture or (iii) any and all claims by or on behalf of any Person occasioned by any cause whatsoever in any way arising out of, resulting from, connected to, or pertaining to any Project or the use thereof or any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they are made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Bonds or in any agreement, instrument, certificate or other item executed in connection herewith and (iv) any reasonable fees and expenses of the Bond Trustee, and the Paying Agent to the extent funds are not available under the Bond Indenture for the payment thereof. The rights of the Bond Trustee under this **Section 7.5** shall survive the payment in full of the Bonds and the discharge of the Bond Indenture and the resignation or removal of the Bond Trustee or Paying Agent. In any action naming the Bond Trustee as defendant, the Bond Trustee shall have the right to retain separate legal counsel at the expense of the Company; *provided that*, in the event that the Company is not in default under this Agreement, the Company shall have the right of approval of any such legal counsel retained by the Bond Trustee for the Bond Trustee's defense, which approval shall not be unreasonably withheld and shall be given promptly upon request by the Bond Trustee. The Bond Trustee and the Company shall reasonably cooperate with each other in the defense of any such action.

(c) Any provision of this Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Issuer retains the right to (i) enforce the Issuer's rights under **Sections 5.7**, **7.5**, **7.9** and **9.5** of this Agreement, any applicable federal or state law or regulation or ordinance of the Issuer and (ii) enforce any rights afforded the Issuer by federal or state law or regulation or ordinance of the Issuer and nothing in this Agreement shall be construed as an assignment or an express or implied waiver thereof.

(d) If the Issuer is to take any action under this Agreement or any other instrument executed in connection herewith for the benefit of the Company, it will do so if and only if (i) the Issuer is a necessary party to any such action or proceeding, (ii) the Issuer has received specific written direction from the Company, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the Issuer and (iii) payment of Issuer's costs, liabilities and expenses has been made or a written agreement of indemnification and payment of costs, liabilities and expenses satisfactory to the Issuer has been executed by the Company prior to the taking of any such action by the Issuer.

(e) The obligation of the Company under this **Section 7.5** shall survive any assignment or termination of this Agreement and the resignation or removal of the Bond Trustee or Paying Agent. The Bond Trustee shall be a third-party beneficiary for the purposes of this **Section 7.5**.

Section 7.6. Authority of Company Representative. Whenever under the provisions of this Agreement the approval of the Company is required, or the Issuer or the Bond Trustee are required to take some action at the request of the Company, such approval or such request shall be made by the Company Representative unless otherwise specified in this Agreement and the Issuer or the Bond Trustee shall be authorized to act on any such

approval or request and the Company shall have no complaint against the Issuer or the Bond Trustee as a result of any action taken.

Section 7.7. Authority of Issuer Representative. Whenever under the provisions of this Agreement the approval of the Issuer or the Bond Trustee are required, or the Company is required to take some action at the request of the Issuer, such approval or such request shall be made by the Issuer Representative unless otherwise specified in this Agreement and the Company or the Bond Trustee shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Company or the Bond Trustee as a result of any such action taken.

Section 7.8. No Personal Liability. No obligations contained in the Bonds, the Bond Indenture or this Agreement shall be deemed to be the obligations of any officer, director, commissioner, trustee, agent or employee of the Issuer, the Bond Trustee, the Company or the City of Arlington, Texas, in such Person's individual capacity, and neither the governing body of the Issuer, the Company, the Bond Trustee, or of the City of Arlington, Texas, or any official of the Issuer or the City of Arlington, Texas, nor any official of the Issuer executing the Bonds, the Bond Indenture or this Agreement shall be liable personally thereon or be subject to any personal liability or accountability with respect thereto.

Section 7.9. Fees and Expenses. The Company agrees to pay promptly upon demand therefor all costs paid, incurred or charged by the Issuer in connection with the Bonds, including without limitation, (i) all fees required to be paid to the Issuer with respect to the Bonds, (ii) 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 (iii) all 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 Indenture or this Agreement.

Section 7.10. 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 Series 2025 Bonds to be guaranteed by the Permanent School Fund. If the Series 2025 Bonds are defeased, the guarantee of the Series 2025 Bonds will be removed in its entirety. 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: (i) foundation school fund, and (ii) available school fund. In connection with the Permanent School Fund Guarantee on the Series 2025 Bonds, the Company, hereby certifies and covenants that:

(a) a certified copy of this Agreement, the Bond Indenture, the Amended and Restated Master Indenture, the Twentieth Supplement, the bond purchase agreement relating to the Series 2025 Bonds 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 Series 2025 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 Series 2025 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 Guaranteed Bonds.

Section 7.11. Special Provisions Relating to the Permanent School Fund Guarantee. So long as there are Guaranteed Bonds Outstanding on which the Permanent School Fund Guarantee remains in effect, and no TEA Default has occurred and is continuing, the provisions of this **Section 7.11** shall be in addition to and reconciled with other provisions in the Bond Indenture and this Agreement; *provided, however*, that, if there has been any draw upon the Permanent School Fund Guarantee, then the provisions of this **Section 7.11** shall supersede any conflicting or inconsistent provisions in the Bond Indenture or this Agreement.

(a) Notices. The Company shall provide TEA, at its address specified in **Section 11.1** hereto, with all notices and other information that it is obligated to provide:

(i) to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website under its Continuing Disclosure Undertaking dated as of May 13, 2025, and

(ii) to the Registered Owners or the Bond Trustee.

(b) Other information to be Given to TEA. In addition to the notices and communications specified in **clause (a)** of this **Section 7.11**, if a notice or communication refers to an Event of Default or a claim on the Permanent School Fund Guarantee (pursuant to the provisions of **Section 2.15(h)** of the Bond Indenture), the Company shall send a copy of such notice or other communication to the TEA, at its address specified in **Section 11.1** hereto, to the attention of the General Counsel, along with email communications to tealegal@tea.texas.gov and to psfbgp@tea.texas.gov, in each case marked "URGENT MATERIAL ENCLOSED."

(c) Insolvency. The Company agrees that any reorganization or liquidation plan with respect to the Company must be acceptable to TEA.

(d) Acceleration of Agreement and Note. Acceleration of this Agreement and the Series 2025 Notes shall be a permitted remedy upon the Company's or Issuer's default.

(e) Consent Required.

(i) The Company agrees that during the pendency of any Event of Default and so long as there are Guaranteed Bonds Outstanding or any amounts are due and payable to TEA, no complete or partial release, sale, disposition or substitution of any real 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 Guaranteed Bonds (the "Property"), shall occur without TEA Consent. At any time other than during the pendency of an Event of Default, and so long as there are Guaranteed Bonds Outstanding, any complete or partial release, sale, disposition or substitution of any Property shall only occur in accordance with the applicable provisions of the Master Indenture and/or the Deed of Trust.

(ii) The Company covenants to provide at least thirty (30) days' prior written notice to TEA and the Bond Trustee of the substitution, replacement or subsequent acquisition of real property pledged to secure, directly or indirectly, the Guaranteed Bonds.

(f) TEA as Third-Party Beneficiary. TEA is recognized as and shall be deemed to be a third-party beneficiary hereunder and may enforce the provisions hereof as if it were a party hereto.

(g) Payment Procedure Under the Guarantee.

(i) The Company agrees that, in the event the Company has determined that it is or will be unable to pay, the principal of or interest coming due on a Guaranteed Bond on the respective Interest Payment Date, the Company will provide notice to the Commissioner of Education immediately but in no case later than the fifth (5^{th}) Business Day before the maturing or matured principal or interest become due.

(ii) The Issuer and Company agree for the benefit of TEA that: (A) to the extent that the Comptroller makes payment on behalf of TEA on account of principal of or interest on the Guaranteed Bonds, TEA will be subrogated to the rights of such Registered Owners 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 this Agreement and the

Bond Indenture 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 Bond Indenture and the Guaranteed Bonds, but only from the sources and in the manner provided therein for the payment of principal and interest on the Guaranteed Bonds to Registered Owners or as provided by law, and will otherwise treat TEA as the Registered Owner of such rights to the amount of such principal and interest.

(h) Additional Payments.

(i) 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 this Agreement, the Bond Indenture, the Master Indenture and the Deed of Trust. 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.

(ii) The Company agrees to pay to TEA (i) a sum equal to the total of all amounts paid by TEA under the Permanent School Fund Guarantee ("TEA Guarantee Payment"); and (ii) interest on such TEA Guarantee Payments payable to TEA at the rate borne by the Guaranteed Bonds as specified in the Bond Indenture (the "TEA Reimbursement Amounts"), with such interest compounded semi-annually. Anything to the contrary notwithstanding, 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 the Trust Estate.

(i) Non-Impairment of Rights. The Company agrees that it will not enter into any contract or take any action if the rights of TEA or security for or source of payment of the Guaranteed Bonds may be impaired or prejudiced in any material respect except upon obtaining TEA Consent, unless such actions are expressly permitted under this Agreement, the Bond Indenture, the Master Indenture or the Deed of Trust.

ARTICLE VIII

Assignment and Leasing

Section 8.1. Assignment and Leasing by Company. This Agreement may be assigned, and all or any portion of any Project may be leased by the Company without the consent of either the Issuer or the Bond Trustee, *provided that* each of the following conditions is complied with:

(a) No assignment or leasing shall relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such assignment or leasing the Company shall continue to remain primarily liable for payment of the loan payments and other payments specified in **Article V** hereof and for performance and observance of the other covenants and agreements contained herein; *provided that* if the Company is released from its obligations on the Notes by the Master Trustee pursuant to the Amended and Restated Master Indenture, the Company shall also be released from its liability for its obligations hereunder, including payment of the loan payments and other payments specified in **Article V** hereof and the performance and observance of the other covenants and agreements contained herein.

(b) The assignee or lessee shall assume in writing the obligations of the Company hereunder to the extent of the interest assigned or leased, *provided that* the provisions of this subsection shall not

apply to a lease of a portion of any Project or an operating contract for the performance by others of educational services on or in connection with any Project, or any part thereof.

(c) The Company shall, within thirty (30) days calendar after the delivery thereof, furnish or cause to be furnished to the Issuer and the Bond Trustee a true and complete copy of each such assumption of obligations and assignment or lease of any Project, as the case may be.

Section 8.2. Assignment and Pledge by Issuer. Solely pursuant to the Bond Indenture, the Issuer may assign its interest in and pledge any money receivable under the Notes and this Agreement (except in respect of certain rights to indemnification and for Administration Expenses, indemnification and payment of attorney fees and expenses pursuant to **Sections 5.7**, **7.5** and **9.5** hereof) to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds. The Company consents to such assignment and pledge.

ARTICLE IX

Failure to Perform Covenants and Remedies Therefor

Section 9.1. Failure to Perform Covenants. Upon failure of the Company to pay when due any payment (other than payment on any Note) required to be made under this Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and continuation of such failure for a period of sixty (60) calendar days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the Issuer or the Bond Trustee, the Issuer or the Bond Trustee shall have the remedies provided in **Section 9.2** hereof.

Section 9.2. Remedies for Failure to Perform. Upon the occurrence of a failure of the Company to perform as provided in **Section 9.1** hereof, the Issuer or the Bond Trustee, as assignee or successor of the Issuer, upon compliance with all applicable law, in its discretion may take any one or more of the following steps:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer, and require the Company to carry out any agreements with or for the benefit of the Registered Owners and to perform its duties under the Act or this Agreement; or

(b) by action or suit in equity require the Company to account as if it were the trustee of an express trust for the Issuer; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer; or

(d) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Registered Owners, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

Section 9.3. Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Bond Trustee on account of any failure to perform under **Section 9.1** shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had been taken.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Bond Trustee 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 any 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 Issuer or the

Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required in **Section 9.1** hereof. Such rights and remedies given the Issuer hereunder shall also extend to the Bond Trustee and the Registered Owners, subject to the Bond Indenture.

Section 9.5. Agreement to Pay Attorney Fees and Expenses. In the event the Issuer or the Bond Trustee should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company herein or in the Bond Indenture contained, the Company agrees that it will on demand therefor pay to the Issuer or the Bond Trustee, as the case may be, the reasonable fee of such attorneys and such other reasonable expenses incurred by the Issuer or the Bond Trustee.

Section 9.6. Waivers. If any 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 waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Agreement to the Bond Trustee under the Bond Indenture, the Issuer shall have no power to waive any failure to perform under **Section 9.1** hereunder without the consent of the Bond Trustee.

Section 9.7. Remedies Subject to Law. The remedies available to the Bond Trustee hereunder upon a failure to comply with the covenants hereunder shall be subject to Section 12.128 of the Texas Education Code, as amended.

ARTICLE X

Prepayment of Notes

Section 10.1. General Option to Prepay Notes. The Company shall have and is hereby granted the option exercisable at any time to prepay all or any portion of its payments due or to become due on any or all of the Notes by depositing with the Bond Trustee for payment into the Bond Fund or any bond fund created with respect to any series of Additional Bonds an amount of money or Defeasance Obligations the principal and interest on which when due, will be equal to an amount sufficient to pay the principal of (in integral multiples of $5,000 for Series 2025 Bonds), premium, if any, and interest on any portion of the Bonds then Outstanding under the Bond Indenture, without penalty. The exercise of the option granted by this **Section 10.1** shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Bond Indenture and the Company specifies the date for such redemption. If the Company prepays all of its payments due and to become due on all the Notes by exercising the option granted by this Section and upon payment of all reasonable fees and expenses of the Bond Trustee (including attorney fees), the Issuer and any Paying Agent accrued and to accrue through final payment of the Bonds called for redemption as a result of such prepayment and of all Administration Expenses through final payment of the Bonds called for redemption as a result of such prepayment, this Agreement shall terminate; *provided that* no such termination shall occur unless all of the Bonds are no longer Outstanding.

Section 10.2. Exercise of Option. To exercise the option granted in **Section 10.1** hereof, the Company shall give written notice to the Issuer and the Bond Trustee which shall specify therein the date of such prepayment, which date shall be not less than forty-five (45) calendar days (or a shorter period as may be agreed to by the Bond Trustee) from the date the notice is mailed.

ARTICLE XI

Miscellaneous

Section 11.1. Notices. Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

(a) The date an e-mail transmission was sent;

(b) Three (3) Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail;

(c) The date of the receipt thereof by such other party if not given pursuant to **clause (a)** or **(b)** above.

The foregoing notwithstanding, notices, requests or other communications addressed to the Bond Trustee shall be effective only upon receipt.

The address for notice for each of the parties shall be as follows:

Issuer:
Arlington Higher Education Finance Corporation
4381 W. Green Oaks Blvd., St. 200
Arlington, TX 76016-4452
Attention: Assistant Secretary

Company:
Uplift Education
3000 Pegasus Park, Suite 1100
Dallas, Texas 75247
Attention: Chief Financial Officer

Bond Trustee:
The Bank of New York Mellon Trust Company, National Association
601 Travis Street, 16th Floor
Houston, Texas 77002
Attention: Global Corporate Trust – Uplift Education

TEA:
Texas Education Agency
1701 N. Congress Ave.
Austin, Texas 78701
Attention: Commissioner of Education, Re: Guarantee No. [____-___-Uplift Education-1]
Email: commissioner@tea.texas.gov
Telephone: (512) 463-9734

Section 11.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company, and their respective successors and assigns, subject, however, to the limitations contained in **Sections 8.1**, **8.2** and **11.9** hereof.

Section 11.3. Severability. 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 11.4. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any Fund upon expiration or sooner termination of this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Indenture), the fees, charges, and expenses of the Bond Trustee, the Issuer and the Paying Agent in accordance with the Bond Indenture, the Administration Expenses and all other amounts required to be paid under this Agreement and the Bond Indenture, shall belong to and be paid to the Company by the Bond Trustee or the Issuer.

Section 11.5. Amendments, Changes, and Modifications. Except as otherwise provided in this Agreement or in the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Indenture), this Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of the Bond Trustee (acting upon the direction of the Issuer).

Section 11.6. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. Payment. At such time as the principal of, premium, if any, and interest on all Bonds Outstanding under the Bond Indenture shall have been paid, or shall be deemed to be paid, in accordance with the Bond Indenture, and all other sums payable by the Company under this Agreement shall have been paid, the Notes shall be deemed to be fully paid and shall be delivered by the Bond Trustee to the Company.

Section 11.8. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State.

Section 11.9. No Pecuniary Liability of Issuer. No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation of the State or shall constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Agreement, the Issuer has not obligated itself except with respect to the application of the Trust Estate, as hereinabove provided.

Section 11.10. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Agreement.

Section 11.11. No Individual Liability. No covenant or agreement contained in this Agreement or the Bond Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors of the Issuer or the Bond Trustee, Paying Agent or the Board of Directors or Board of Trustees of the Company or of any officer, director, trustee, agent or employee of the Issuer, the Bond Trustee, Paying Agent or the Company or the governing body of the City of Arlington, Texas, in such Person's individual capacity, and none of such Persons shall be subject to any personal liability or accountability by reason of the execution hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement or any assessment or penalty, or otherwise.

Section 11.12. Survival of Covenants. All covenants, agreements, representations and warranties made by the Company in this Agreement, the Bond Indenture, the Notes and the Bonds, and in any certificates or other documents or instruments delivered pursuant to this Agreement or the Bond Indenture, shall survive the execution and delivery of this Agreement, and the Bond Indenture and the Notes and shall continue in full force and effect until the Bonds and the Notes are paid in full and all of the Company's other payment obligations (including without limitation the indemnification obligation under **Section 7.5** and the obligations under **Sections 5.5**, **5.7**, **7.9** and **9.5** hereof) under this Agreement, the Bond Indenture, the Notes and the Bonds are satisfied. All such covenants, agreements, representations and warranties shall be binding upon any successor and assigns of the Company.

Section 11.13. Duties and Obligations under the Bond Indenture. The Company agrees to carry out any and all duties and obligations of the Company required of the Company under the Bond Indenture.

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of May 1, 2025, between **ARLINGTON HIGHER EDUCATION FINANCE CORPORATION**, a Texas nonprofit corporation duly organized and existing under the laws of the State of Texas (the "Issuer"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION**, a limited purpose national banking association with trust powers, as Bond Trustee (the "Bond Trustee"),

WITNESSETH:

WHEREAS, the Issuer is a nonprofit corporation created pursuant to Chapters 53 and 53A, Texas Education Code, as amended, and the Texas Business Organizations Code, hereinafter collectively defined as the "Act"; and

WHEREAS, the Issuer is authorized by the Act to sell and deliver its bonds for the purpose of enabling accredited or authorized charter schools to finance or refinance the cost of acquiring, improving, constructing, equipping and renovating "educational facilities" (as defined in the Act); and

WHEREAS, the Issuer is further authorized by the Act to make a loan of the proceeds of its bonds in the amount of all or part of the cost of the educational facility or facilities for which such bonds have been authorized, to pay capitalized interest and to pay costs of issuance for the bonds; and

WHEREAS, the execution and delivery of this Indenture of Trust (hereinafter sometimes referred to as this "Bond Indenture"), and the issuance of the bonds hereinafter authorized under this Bond Indenture, pursuant to the provisions of the Act, have been in all respects duly and validly authorized by a resolution duly adopted and approved by the Board of Directors of the Issuer; and

WHEREAS, the Issuer is authorized by law and deems necessary, in accordance with its powers described above, and has duly authorized and directed that its bonds, to be known as "Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025A" (the "Series 2025A Bonds") and the "Arlington Higher Education Finance Corporation Taxable Education Revenue Bonds (Uplift Education) Series 2025B" (the "Series 2025B Bonds" and, together with the Series 2025A Bonds, the "Series 2025 Bonds"), be issued in two or more series (the Series 2025 Bonds, together with all other bonds from time to time outstanding under the terms of this Bond Indenture being hereinafter referred to as the "Bonds") in the Aggregate Principal Amounts set forth herein, for the purpose of financing or refinancing the cost of educational facilities for the Company and paying a portion of the Costs of Issuance of the Series 2025 Bonds; and

WHEREAS, the proceeds of the Bonds shall be loaned to Uplift Education, a Texas nonprofit corporation (the "Company"), pursuant to a Loan Agreement dated as of May 1, 2025 (the "Agreement") between the Issuer and the Company; and

WHEREAS, to secure the payment of the principal of the Bonds, premium, if any, and the interest thereon and the performance and observance of the covenants and conditions herein contained the Issuer has authorized the execution and delivery of this Bond Indenture; and

WHEREAS, the Series 2025A Bonds and the Series 2025B Bonds are sometimes hereinafter collectively referred to as the "Series 2025 Bonds"; and

WHEREAS, all things necessary to make the Series 2025 Bonds, when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, binding, and legal obligations of the Issuer and to constitute this Bond Indenture a valid, binding, and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2025 Bonds by the Registered Owners thereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Bond Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, including all TEA Reimbursement Amounts (as defined in the Agreement) and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Bond Indenture and has granted, bargained, sold, warranted, alienated, remised, released, conveyed, assigned, pledged, set over, and confirmed, and by these presents does grant, bargain, sell, warrant, alien, remise, release, convey, assign, pledge, set over, and confirm unto The Bank of New York Mellon Trust Company, National Association, as Bond Trustee, and to its successors and assigns forever, all and singular the following described property, franchises, and income:

A. All of the Issuer's right, title and interest in and to any Note delivered by the Company to the Issuer pursuant to the Agreement; and

B. All of the Issuer's right, title and interest in and to the Agreement (except for the rights of the Issuer to receive payments, if any, under **Sections 5.7**, **7.5, 7.9** and **9.5** of the Agreement), together with all powers, privileges, options and other benefits of the Issuer contained in the Agreement; *provided*, *however*, that nothing in this clause shall impair, diminish or otherwise affect the Issuer's obligations under the Agreement or, except as otherwise provided in this Bond Indenture, impose any such obligations on the Bond Trustee; and

C. Amounts on deposit from time to time in the Bond Fund, Construction Fund and Costs of Issuance Fund, but excluding the Rebate Fund (all as defined in the Agreement), subject to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

D. Any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with the Bond Trustee as additional security by the Issuer or anyone on its part or with its written consent, or which pursuant to any of the provisions hereof or of the Agreement or any Note may come into the possession of or control of the Bond Trustee or a receiver appointed pursuant to **Article VIII** hereof, as such additional security; and the Bond Trustee is hereby authorized to receive any and all such property as and for additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security, and protection of all Registered Owners of the Bonds issued under and secured by this Bond Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds;

PROVIDED, *HOWEVER*, that if the Issuer, its successors or assigns, shall pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Bond Trustee the entire amount due or to become due hereon, or certain securities as herein permitted and shall keep, perform, and observe all the covenants and conditions pursuant to the terms of this Bond Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final

payments this Bond Indenture and the rights hereby granted shall cease, determine, and be void; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective Registered Owners from time to time of the Bonds as follows:

[END OF PREAMBLE]

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ARTICLE I

Definitions

Section 1.01. Definitions. All defined words and phrases used in this Bond Indenture but not defined herein shall have the meaning given and ascribed to such words and phrases in **Article I** of the Agreement.

ARTICLE II

Authorization, Terms, Form, Execution and Issuance of Bonds

Section 2.01. Authorized Amount of Series 2025A Bonds. No Series 2025 Bonds may be issued under this Bond Indenture except in accordance with this **Article II**. The total original principal amount of Series 2025A Bonds that may be issued hereunder is hereby expressly limited to $21,725,000, and the total original principal amount of Series 2025B Bonds that may be issued hereunder is expressly limited to $300,000, except as provided in **Section 2.06** hereof.

Section 2.02. All Bonds Equally and Ratably Secured; Bonds Not an Obligation of Issuer. All Bonds issued under this Bond Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien, and preference under and by virtue of this Bond Indenture, and shall all be equally and ratably secured hereby. The Bonds shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer.

Section 2.03. Authorization and Form of Series 2025A Bonds.

(a) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the "Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025A." The Series 2025A Bonds shall be numbered consecutively upward from RA-1. There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the "Arlington Higher Education Finance Corporation Taxable Education Revenue Bonds (Uplift Education) Series 2025B." The Series 2025B Bonds shall be numbered consecutively upward from RB-1.

(b) The Series 2025A Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Date of Initial Delivery of the Series 2025A Bonds. The Series 2025A Bonds shall bear interest payable each June 1 and each December 1, beginning December 1, 2025, at the rates per annum and shall mature on December 1 in the years and principal amounts as follows:

Year	Principal Amount ($)	Interest Rate (%)
2028	235,000	5.000
2029	285,000	5.000
2030	300,000	5.000
2031	315,000	5.000
2032	335,000	5.000
2033	350,000	5.000
2034	370,000	5.000
2035	390,000	5.000
2036	410,000	5.000
2037	430,000	5.000
2038	450,000	5.000

2039	475,000	5.000
2040	500,000	5.000
***	***	***
2045	2,870,000	4.625
***	***	***
2050	3,615,000	4.625
***	***	***
2055	4,575,000	4.750
***	***	***
2060	5,820,000	4.875

(c) The Series 2025B Bonds shall bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Date of Initial Delivery of the Series 2020B Bonds. The Series 2025B Bonds shall bear interest payable each June 1 and each December 1, beginning December 1, 2025, at the rates per annum and shall mature on December 1 in the year and principal amount as follows:

Maturity Date (December 1)	Principal Installment ($)	Interest Rate (%)
***	***	***
2028	300,000	4.750

(d) The Series 2025 Bonds shall be issued in Authorized Denominations and shall be dated May 13, 2025. Interest on the Series 2025 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

(e) The Series 2025 Bonds (i) shall be issued in fully-registered form, without interest coupons, with the principal of and interest on such Series 2025 Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be exchanged for other Bonds, (iv) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Bond Trustee by the Company at least forty-five (45) days prior to any such redemption date), (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Series 2025 Bonds shall be payable, and (viii) shall be administered and the Bond Trustee, the Issuer, and the Company shall have certain duties and responsibilities with respect to the Series 2025 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the "Forms of Bond" set forth in **Exhibit A** of this Bond Indenture. 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.

(f) The principal of and premium, if any, on the Series 2025 Bonds shall be payable at the designated corporate trust office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and surrender of the Series 2025 Bond. Payment of interest on any Series 2025 Bond shall be made to the Person who is the Registered Owner thereof at the close of business on the Regular Record Date for such Interest Payment Date by check or draft mailed by the Bond Trustee to such Registered Owner at the Registered Owner's address as it appears on the registration records kept by the Bond Trustee or by wire transfer of same day funds to an account located in the United States upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of $1,000,000 or more in Aggregate Principal Amount. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal, premium, if any, and interest on the Series 2025 Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the Registered Owner of such Series 2025 Bond at the close of business on the Regular Record Date and shall be payable to the Person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Series 2025 Bonds not less than ten (10) calendar days prior thereto by first-class postage prepaid mail to each such Registered Owner as shown on the registration records,

stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owners of any Series 2025 Bonds and the Bond Trustee. All such payments shall be made in lawful money of the United States of America.

Section 2.04. Execution of Bonds, Signatures. The Bonds shall be executed on behalf of the Issuer by its President or Vice President and its corporate seal shall be thereunto affixed and attested by the Secretary or Assistant Secretary. The signatures of such officers and the seal of the Issuer may be in facsimile. In case any officer who shall have signed any of the Bonds shall cease to hold such office and any of such Bonds shall have been authenticated by the Bond Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Bond Trustee, and delivered, and may be sold by the Issuer, as though the Person or Persons who signed such Bonds had remained in office.

Section 2.05. Registration and Exchange of Bonds; Persons Treated as Registered Owners. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Bond Indenture to be kept by the Bond Trustee which is hereby appointed the bond registrar of the Issuer for the Series 2025 Bonds. Upon surrender for transfer of any fully registered Bond at the designated office of the Bond Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or Registered Owner's attorney duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds for a like principal amount, maturity and interest rate.

The Issuer shall execute and the Bond Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Issuer of any fully registered Bond of any denomination shall constitute full and due authorization of such denomination and the Bond Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Bond Trustee shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or any portion thereof for redemption (as provided in **Section 5.04** hereof) has been given as herein provided, nor during the period beginning at the opening of business fifteen (15) calendar days before the day of mailing by the Bond Trustee of a notice calling such Bond or any portion thereof for redemption and ending at the close of business on the day of such mailing.

As to any Bond, the Registered Owner shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or the Registered Owner's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Trustee shall require the payment by any Registered Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.06. Lost, Stolen, Destroyed, and Mutilated Bonds. Upon receipt by the Bond Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction, or mutilation of any Bond and, in the case of a lost, stolen, or destroyed Bond, of security or indemnity satisfactory to the Bond Trustee to hold the Issuer and the Bond Trustee harmless, and upon surrender and cancellation of the Bond if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond in lieu of such lost, stolen, destroyed, or mutilated Bond or (ii) if such lost, stolen, destroyed, or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Issuer may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Bond Trustee in connection with the issue of such new Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds, negotiable instruments, or other securities. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in

lieu of which such duplicate Bond was issued presents for payment such original Bond, the Issuer or the Bond Trustee shall be entitled to recover upon such new Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Bond Trustee in connection therewith.

Section 2.07. Delivery of Series 2025 Bonds. Upon the execution and delivery of this Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Series 2025 Bonds and deliver them to the initial purchasers thereof as directed by the Issuer and as hereinafter in this **Section 2.07** provided.

Prior to the delivery by the Bond Trustee of any of the Series 2025 Bonds there shall be filed with and delivered to the Bond Trustee:

(a) A Certified Resolution of the Issuer authorizing the execution and delivery of the Agreement and this Bond Indenture and the issuance of the Series 2025 Bonds.

(b) Executed counterparts of the Agreement, this Bond Indenture and the Twentieth Supplement.

(c) The Series 2025 Notes, duly executed and authenticated and duly assigned and payable to the Bond Trustee.

(d) A request and authorization to the Bond Trustee on behalf of the Issuer and signed by its President or Vice President to authenticate and deliver the Series 2025 Bonds to the purchasers therein identified upon payment to the Bond Trustee but only upon receipt by the Bond Trustee for the account of the Issuer of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery, if any, together with instructions as to the disposition of the proceeds of the Series 2025 Bonds.

(e) An Opinion of Bond Counsel to the effect that the Series 2025 Bonds have been duly authorized, issued and delivered and constitute valid and binding obligations of the Issuer, that the interest payable on the Series 2025A Bonds is excludable from gross income of the Registered Owners thereof for federal income tax purposes and an opinion to the effect that each of the instruments to which the Issuer is a party has been duly authorized, executed and delivered by the Issuer and constitutes the valid and binding obligation of the Issuer, subject to customary qualifications on enforceability.

(f) The favorable opinion or opinions of the Attorney General of Texas with respect to the validity of the Series 2025 Bonds and the Initial Series 2025 Bonds (as defined herein) registered by the Comptroller.

Section 2.08. Bond Trustee's Authentication Certificate. The Bond Trustee's authentication certificate upon the Bonds shall be substantially in the form and tenor provided in **Exhibit A**. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless (i) the certificate of authentication, substantially in such form, has been duly executed by the Bond Trustee or (ii) a manually or facsimile signed Comptroller's Registration Certificate has been attached thereto; and such certificate of the Bond Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Bond Trustee's Certificate of Authentication shall be deemed to have been duly executed by it if manually or electronically signed by a Responsible Officer of the Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.09. Issuance of Additional Bonds. Additional Bonds are hereby authorized to be issued hereunder to pay Costs of a Project or, to the extent permitted by law, to refund any Bonds theretofore issued and then Outstanding hereunder. If the Company requests the issuance of any Additional Bonds, it shall file with the

Issuer and the Bond Trustee a certificate specifying the amount of Additional Bonds to be issued and the purpose for such issuance.

Thereupon, the Issuer may request the authentication and delivery of such Additional Bonds; provided that the Company and the Issuer shall have entered into an amendment to the Agreement to provide, among other things, that the Project shall include the additional facilities, if any, being financed by the Additional Bonds, for delivery of Notes entitled to the benefit and security of the Amended and Restated Master Indenture in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due and for such additional covenants and conditions as the Issuer and the Company deem desirable. All Additional Bonds shall be secured in the same manner as and rank on a parity with the Series 2025 Bonds, but shall bear such date or dates, bear such interest rate or rates, have such maturity dates, redemption dates, options and premiums, and be issued at such prices as shall be approved in writing by the Issuer and the Company. Upon the execution and delivery of appropriate supplements to this Bond Indenture and the Amended and Restated Master Indenture and amendments to the Agreement, the Issuer may execute and deliver to the Bond Trustee, and the Bond Trustee shall authenticate, such Additional Bonds and deliver them to the initial purchasers thereof as directed by the Issuer.

Section 2.10. Requirements for Authentication and Delivery of Additional Bonds. Whenever requesting the authentication and delivery under this **Article II** of any Additional Bonds the Issuer shall furnish the Bond Trustee the following:

(a) Company's Certificate. A certificate of the Company stating (i) that no default or Event of Default exists under the Agreement, the Amended and Restated Master Indenture or this Bond Indenture and (ii) that the Company approves the issuance and delivery of such Additional Bonds.

(b) Certified Resolution. A Certified Resolution of the Issuer authorizing the issuance of the Additional Bonds and the execution and delivery of the amendment to the Agreement and a supplement to this Bond Indenture.

(c) Amendment to the Agreement. An original executed counterpart of the amendment to the Agreement.

(d) Supplemental Bond Indenture. An indenture supplemental hereto, designating the new series to be created and prescribing expressly or by reference with respect to the Bonds of such series:

(1) the principal amount of the Bonds of such series,

(2) the text of the Bonds of such series,

(3) the maturity date or dates thereof,

(4) the place or places where principal, premium, if any, and interest are to be paid and where the Bonds are to be registrable, transferable, or exchangeable.

(5) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable,

(6) provisions as to redemption,

(7) provisions (if any) as to exchangeability,

(8) any other provisions necessary to describe and define such series within the provisions and limitations of this Bond Indenture, and

(9) any other provisions and agreements in respect thereof provided, or not prohibited, by this Bond Indenture.

(e) Supplement to Amended and Restated Master Indenture. Original executed counterparts of a supplement to the Amended and Restated Master Indenture authorizing the execution and delivery of an additional Note or Notes.

(f) Additional Notes. A Note or Notes executed by the Company which shall:

(1) require payment or payments of principal of, premium, if any, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal of, premium, if any, and interest on the Additional Bonds, taking into account any mandatory sinking fund redemption requirements (pursuant to the Bond Indenture) which are required in respect of the related Bonds, and

(2) require each payment on the Note to be made on the due date for the corresponding payment to be made on the related Bonds of the Issuer.

(g) Governmental Approvals. An approval of the issuance of the Additional Bonds by the Attorney General of the State or any other governmental entity or officer with jurisdiction over the Additional Bonds.

(h) Opinion as to Instruments Furnished Bond Trustee, Etc. Opinion or Opinions of Counsel acceptable to the Bond Trustee that:

(1) all instruments furnished to the Bond Trustee conform to the requirements of this Bond Indenture and constitute sufficient authority hereunder for the Bond Trustee to authenticate and deliver the Additional Bonds then applied for,

(2) all laws and requirements with respect to the form and execution by the Issuer of the supplement to the Bond Indenture, the amendment to the Agreement, and the execution and delivery by the Issuer of the Additional Bonds then applied for have been complied with,

(3) the Issuer has corporate power to issue such Additional Bonds and has taken all necessary action for that purpose,

(4) the Additional Bonds are valid and binding in accordance with their terms and are secured by the lien of this Bond Indenture, equally and ratably with all other Bonds theretofore issued and then Outstanding hereunder,

(5) the extent to which the interest on the Outstanding Bonds is excludable from the gross income of the recipients thereof under the Code will not be impaired by the issuance of the Additional Bonds then applied for, and

(6) the additional Note referred to in **clause (f)** of this **Section 2.10** and the supplement to the Amended and Restated Master Indenture are valid and binding in accordance with their terms and the additional Note is entitled to the benefits of the Amended and Restated Master Indenture.

Section 2.11. Cancellation of Bonds by the Bond Trustee. Whenever any Outstanding Bonds shall be delivered to the Bond Trustee for the cancellation thereof pursuant to this Bond Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to **Section 2.06** hereof, such Bonds shall be promptly cancelled and maintained in accordance with the Bond Trustee's standard retention policies; *provided*, *however*, that Bonds delivered pursuant to **Section 5.09** herein shall not be cancelled.

Section 2.12. Book-Entry Only System. The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity of the Bonds of each series registered to Robert W. Baird & Co. Incorporated.

After initial issuance, the ownership of the Bonds shall be transferred to and registered in the name of Cede & Co., as nominee of the Securities Depository, and except as provided in **Section 2.13** hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of the Securities Depository.

With respect to Bonds registered in the name of Cede & Co., as nominee of the Securities Depository, the Issuer and the Bond Trustee shall have no responsibility or obligation to any participant in the Securities Depository (a "Participant") or to any Person on behalf of whom such a Participant holds an interest in the Bonds, except as provided in this Bond Indenture. Without limiting the immediately preceding sentence, the Issuer and the Bond Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than a Registered Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other Person, other than a Registered Owner, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. The Issuer and the Bond Trustee shall be entitled to treat and consider the Registered Owner as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners as provided in this Bond Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, pursuant to this Bond Indenture. Upon delivery by the Securities Depository to the Bond Trustee of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Bond Indenture with respect to payment of interest to the Registered Owner at the close of business on the Regular Record Date, the word "Cede & Co." in this Bond Indenture shall refer to such new nominee of the Securities Depository.

Section 2.13. Successor Securities Depository; Transfers Outside Book-Entry Only System.

(a) If the Company determines that the Securities Depository is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to the Securities Depository (the "Letter") and that it is in the best interest of the Registered Owners of the Bonds that they be able to obtain certificated Bonds, the Issuer, at the direction of the Company, shall (i) appoint a successor Securities Depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify the Securities Depository and Participants, identified by the Securities Depository, of the appointment of such successor Securities Depository and transfer one or more separate Bonds to such successor Securities Depository or (ii) notify the Securities Depository and Participants, identified by the Securities Depository, of the availability through the Securities Depository of Bonds and transfer one or more separate Bonds to Participants, identified by the Securities Depository, having Bonds credited to their accounts. In such event, the Bonds shall no longer be restricted to being registered in the registration books in the name of Cede & Co., as nominee of the Securities Depository, but may be registered in the name of the successor Securities Depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Bond Indenture.

(b) Upon the written consent of 100% of the Registered Owners of the Bonds, the Bond Trustee, in accordance with the Letter, shall withdraw the Bonds from the Securities Depository, and authenticate and deliver Bonds fully registered to the assignees of the Securities Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the Persons requesting such withdrawal, authentication and delivery.

(c) In connection with any proposed transfer outside the book-entry system, prior to or in conjunction with the issuance of any certificated Bonds the Registered Owner shall provide or cause to be provided to the Bond Trustee all information necessary to allow the Bond Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. Each of the Issuer and the Company acknowledge such tax reporting obligations and, if necessary, agree to use commercially reasonable efforts to assist the Bond Trustee in obtaining such information. The Bond Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.14. Notices and Payments to Cede & Co. Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, all payments with respect to principal of, premium, if any, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter and the rules and regulations promulgated by the Securities Depository.

Section 2.15. Temporary Bonds. Pending preparation of definitive Series 2025 Bonds, the Issuer may issue, in lieu of definitive Series 2025 Bonds, one or more temporary printed or typewritten Series 2025 Bonds representing the entire principal amount of the respective Series 2025A Bonds or Series 2025B Bonds (respectively, the "Initial Series 2025A Bonds" and the "Initial Series 2025B Bonds," and collectively, the "Initial Series 2025 Bonds"), payable in stated installments to the initial purchaser or its designee, executed in the manner set forth in **Section 2.04** of this Bond Indenture, approved by the Attorney General of the State, and registered and signed by the Comptroller of Public Accounts of the State. At the written request of the Issuer, the Bond Trustee shall authenticate definitive Series 2025 Bonds in exchange for and upon surrender of the Initial Series 2025 Bonds. Until so exchanged, the Initial Series 2025 Bonds shall have the same rights, remedies and security hereunder as definitive Series 2025 Bonds. Initial Series 2025 Bonds shall be numbered TA-1 with respect to the Series 2025A Bonds and TB-1 with respect to the Series 2025B Bonds.

Section 2.16. Special Provisions Relating to the Permanent School Fund Guarantee.

(a) So long as there are Guaranteed Bonds Outstanding on which the Permanent School Fund Guarantee remains in effect, and no TEA Default has occurred and is continuing, the provisions of this **Section 2.16** shall be in addition to and reconciled with other provisions in this Bond Indenture and the Agreement; *provided, however*, that, if there has been any draw upon the Permanent School Fund Guarantee, then the provisions of this **Section 2.16** shall supersede any conflicting or inconsistent provisions in this Bond Indenture or the Agreement.

(b) Notices. All notices and other information required to be provided to a Registered Owner or to the Bond Trustee must also be provided to TEA at the address and in the manner provided by **Section 11.10** of this Bond Indenture. In each case in which notice or other communication refers to an Event of Default hereunder or a claim on the Permanent School Fund Guarantee (pursuant to **Section 2.16(h)** herein), 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".

(c) Trustee and Paying Agent.

(i) *Notice of Change and Qualifications*. TEA shall receive prior written notice of any name change of the Bond Trustee or, if applicable, the Paying Agent or the resignation or removal of the Bond Trustee or, if applicable, the Paying Agent. Any Bond Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by TEA in writing in TEA's sole and exclusive discretion.

(ii) *Successor*. No removal, resignation or termination of the Bond Trustee or, if applicable, the Paying Agent shall take effect until a successor, meeting the qualifications set forth in **Section 2.16(c)(i)** above, shall be qualified and appointed.

(d) TEA Consent in Addition to Registered Owner Consent. Any amendment, supplement, modification, or waiver, that (i) requires the consent of the Registered Owners, or (ii) adversely affects the rights or interests of TEA, shall be subject to prior TEA Consent (provided, in the case of **clause (ii)**, if such amendment, supplement or modification is expressly permitted under this Bond Indenture or the Agreement and is necessary to effectuate the provisions of the Bond Indenture and Agreement that are expressly permitted, in which case no TEA Consent shall be required).

(e) Insolvency. The Registered Owners and the Bond Trustee appoint TEA as their agent and attorney-in-fact hereunder 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 Bond Trustee and each Registered Owner delegate and assign to TEA, to the fullest extent permitted by law, the rights of the Bond Trustee and each Registered Owner 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.

(f) Control by TEA Upon Default. Upon the occurrence and during the continuance of an Event of Default that is not remedied or cured pursuant to the corrective actions required or permitted under this Bond Indenture or the Agreement, TEA shall be entitled to control and direct the enforcement of all rights and remedies granted to the Registered Owners. No Event of Default may be waived without TEA Consent.

(i) *TEA as Registered Owner*. Upon the occurrence and during the continuance of an Event of Default, TEA shall be deemed the sole Registered Owner for all purposes, including, without limitations, for purposes of exercising remedies and approving amendments.

(ii) *No Acceleration of Guaranteed Bonds*. Scheduled, but not yet due and owing, principal and interest payments on Guaranteed Bonds shall not be accelerated and do not become due by virtue of the Company's or the Issuer's default.

(iii) *Acceleration of Agreement and Note*. Acceleration of the Agreement and Notes shall be a permitted remedy upon the Company's or the Issuer's default.

(iv) *Grace Period for Payment Defaults*. No grace period is permitted for payment defaults on the Guaranteed Bonds.

(v) *Special Provisions for TEA Default*. If a TEA Default shall occur and be continuing, then anything in **Sections 2.16(f)(i)-(iv)** to the contrary notwithstanding, (A) if at any time prior to or following a TEA Default, TEA has made payment under the Permanent School Fund Guarantee, to the extent of such payment TEA shall be treated like any other Registered Owner for all purposes, including giving of consents, and (B) if TEA has not made any payment under the Permanent School Fund Guarantee, TEA shall have no further consent rights until the particular TEA Default is no longer continuing or TEA makes a payment under the Permanent School Fund Guarantee, in which event, **Section 2.16(f)(v)(A)** shall control.

(g) TEA as Third-Party Beneficiary. TEA is recognized as and shall be deemed to be a third-party beneficiary hereunder and may enforce the provisions hereof as if it were a party hereto.

(h) Payment Procedure Under the Guarantee.

(i) In the event that the Company has determined that it is or will be unable to pay, the principal of or interest coming due on a Bond on the respective Interest Payment Date, the Company will provide notice to the Commissioner of Education immediately but in no case later than the fifth (5^{th}) Business Day before the principal or interest become due.

(ii) In the event that principal or interest due on the Guaranteed Bonds shall be paid by TEA pursuant to the Permanent School Fund Guarantee, the Guaranteed 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 Registered Owners shall continue to exist and shall run to the benefit of TEA, and TEA shall be subrogated to the rights of such Registered Owners.

(iii) 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 Interest Payment Date or other date on which debt service of the Guaranteed Bonds may become due, the Paying Agent or Bond Trustee has not received sufficient moneys to pay all principal of and interest on the Guaranteed Bonds due on such payment date, the Paying Agent or Bond Trustee shall immediately notify the Commissioner of Education by 12:00 noon Central Time on the same Business Day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Paying Agent or Bond Trustee shall so notify the Commissioner of Education.

(iv) In addition, if the Paying Agent or Bond Trustee has written notice that any Registered Owner of the Guaranteed Bonds has been required to disgorge payments of principal of or interest on the Guaranteed Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Registered Owner within the meaning of any applicable bankruptcy law, then the Paying Agent or Bond 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.

(v) The Paying Agent or Bond Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for the Registered Owners as follows:

(A) *Deficiency in Interest*. If there is a deficiency in amounts required to pay interest on the Guaranteed Bonds, the Paying Agent or Bond Trustee shall (1) execute and deliver to TEA, in form satisfactory to TEA, an instrument appointing TEA as agent and attorney-in-fact for such Registered Owners of the Guaranteed Bonds in any legal proceeding related to the payment and assignment to TEA of the claims for interest on the Guaranteed Bonds, (2) receive as designee of the respective Registered Owners (and not as Paying Agent) in accordance with the tenor of the Permanent School Fund Guarantee payment from TEA with respect to the claims for interest so assigned, (3) 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 Guaranteed Bonds, and (4) disburse the same to the Registered Owners; and

(B) *Deficiency in Principal*. If there is a deficiency in amounts required to pay principal of the Guaranteed Bonds, the Paying Agent or Bond Trustee shall (1) execute and deliver to TEA, in form satisfactory to TEA, an instrument appointing TEA as agent and attorney-in-fact for such Registered Owners of the Guaranteed Bonds in any legal proceeding related to the payment of such

principal and an assignment to TEA of the Guaranteed Bonds surrendered to TEA, (2) receive as designee of the respective Registered Owners (and not as Paying Agent) in accordance with the tenor of the Permanent School Fund Guarantee payment therefore from TEA, (3) 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 Guaranteed Bonds, and (4) disburse the same to such respective Registered Owners. The Bond Trustee shall designate any portion of payment of principal on Guaranteed 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 Guaranteed Bonds registered to the then current Registered Owner, whether the Securities Depository or its nominee or otherwise; *provided that* the Bond 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 Guaranteed Bonds or the subrogation or assignment rights of TEA.

(vi) Payments with respect to claims for interest on and principal of the Guaranteed Bonds disbursed by the Paying Agent or Bond Trustee from proceeds of the Permanent School Fund Guarantee shall not be considered to discharge the obligation of the Issuer with respect to such Guaranteed Bonds, and TEA shall become the Registered Owner of such unpaid Guaranteed 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. This Bond Indenture and the Agreement 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.

(vii) Irrespective of whether any such assignment is executed and delivered, the Issuer, the Company, the Paying Agent and the Bond 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 Guaranteed Bonds, TEA will be subrogated to the rights of such Registered Owners to receive the amount of such principal and interest from the Issuer or the Company, with interest thereon, as provided and solely from the sources stated in this Bond Indenture and the Agreement and the Guaranteed 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 this Bond Indenture and the Guaranteed Bonds, but only from the sources and in the manner provided therein for the payment of principal and interest on the Guaranteed Bonds to Registered Owners or as provided by law, and will otherwise treat TEA as the Registered Owner of such rights to the amount of such principal and interest.

(i) Exercise of Rights by TEA. The rights granted to TEA under this Bond Indenture and the Agreement to request, consent to or direct any action are rights granted to TEA in consideration of its issuance of the Permanent School Fund 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 Registered Owners of the Guaranteed Bonds and such action does not evidence any position of TEA, affirmative or negative, as to whether the consent of the Registered Owners of the Guaranteed Bonds or any other person is required in addition to TEA Consent.

(j) Entitlement to Pay Guaranteed Bonds. TEA shall be required to pay principal or interest on the Guaranteed Bonds that shall become due for payment but shall be unpaid by reason of nonpayment by the Issuer or Company only upon TEA's receipt of the requisite notice specified in **Section 2.16(h)(i)** or **Section 2.16(h)(iii)** hereof.

(k) Removal of Guarantee upon Defeasance. Immediately upon the defeasance of Guaranteed Bonds in accordance with **Section 7.01** hereof, the Permanent School Fund Guarantee on such defeased Guaranteed Bonds is removed in its entirety.

ARTICLE III
Revenues and Funds

Section 3.01. Application of Proceeds of Series 2025A Bonds.

(a) In order to finance and refinance a portion of the Costs of the Project and to pay a portion of the Costs of Issuance, the Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2025A Bonds and will loan the proceeds thereof to the Company by delivering the proceeds thereof to the Bond Trustee for transfer or deposit as follows:

(1) Transfer, to Republic Title of Texas, Inc., the amount specified in the request and authorization to the Bond Trustee described in **Section 2.07(d)**.

(2) Transfer, to TEA, the amount specified in the request and authorization to the Bond Trustee as described in **Section 2.07(d)**.

(3) Deposit, into the Costs of Issuance Fund, the amount specified in the request and authorization to the Bond Trustee described in **Section 2.07(d)**.

(4) Deposit, into the Project Account of the Construction Fund, the balance of the proceeds of the Series 2025A Bonds (if any) after applying funds pursuant to clauses (1) through (4) above.

(b) In order to finance and refinance a portion of the Costs of the Project and to pay the Costs of Issuance, the Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2025B Bonds and will loan the proceeds thereof to the Company by delivering the proceeds thereof for transfer or deposit as follows:

(1) Transfer, to TEA, the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(2) Deposit, into the Costs of Issuance Fund, the balance of the proceeds of the Series 2025B Bonds (if any) after applying funds pursuant to clause (1) above.

Section 3.02. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Bond Trustee a trust fund to be designated as the "Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025 Bond Fund." There are hereby created by the Issuer and ordered established with the Bond Trustee two separate accounts within the Bond Fund to be designated as the Principal Account and the Interest Account, respectively. Money on deposit in the Principal Account shall be used to pay the principal of and premium, if any, on the Bonds, when due and payable. Money on deposit in the Interest Account shall be used to pay the interest on the Bonds.

Section 3.03. Payments into the Bond Fund. There shall be deposited into the Interest Account all accrued interest received from the sale of the Bonds to the initial purchasers thereof, if any. In addition, there shall also be deposited into the Principal Account or the Interest Account, as appropriate and when received, (i) all payments on the Notes, (ii) all money transferred to the Bond Fund from the Funded Interest Account of the Construction Fund pursuant to **clause (b)** of **Section 3.06**, (iii) all other money required to be deposited therein pursuant to the Agreement and (iv) all other money received by the Bond Trustee when accompanied by written directions that such money is to be paid into the Principal Account or the Interest Account. There also shall be retained or deposited in the Principal Account or the Interest Account all interest and other income received on investments or money required to be transferred thereto, in accordance with **Section 6.02** hereof. The Issuer hereby covenants and agrees that so long as any of the Bonds are Outstanding it will deposit, or cause to be deposited, into the Principal Account or the Interest Account for its account sufficient sums from revenues and receipts derived from the Agreement promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable.

Nothing herein shall be construed as requiring the Issuer to operate any Project or to use any funds or revenues from any source other than funds and revenues derived from the Notes and the Agreement.

Section 3.04. Use of Money in the Principal Account and the Interest Account.

(a) The amounts deposited into the Interest Account pursuant to **Section 3.03** hereof shall be used to pay accrued interest on the appropriate series of Bonds on each Interest Payment Date therefor. Except as provided in **Sections 3.11** and **8.05** hereof, money in the Principal Account or the Interest Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on a pro rata basis.

(b) The Bond Trustee shall notify the Company by 12:00 noon Central Time ten (10) Business Days prior to any Interest Payment Date or other date on which debt service on the Bonds may come due if there are insufficient funds in the Principal Account and the Interest Account to pay the principal and interest then coming due, whether by reason of maturity or earlier redemption. The Bond Trustee shall also notify the TEA within such time period for payment under the Permanent School Fund Guarantee.

Section 3.05. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to withdraw sufficient funds from the Principal Account or the Interest Account of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same come due and payable, which authorization and direction the Bond Trustee hereby accepts.

Section 3.06. Construction Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the "Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025 Construction Fund." Money in the Construction Fund shall be used as hereinafter provided. There are hereby created by the Issuer and ordered established with the Bond Trustee two separate accounts within the Construction Fund to be designated as the "Funded Interest Account" and the "Project Account." Money in the Construction Fund shall be used to pay Costs of the Project or as hereinafter provided. Under no circumstances shall money in the Construction Fund be used to pay Costs of Issuance.

(b) If there is insufficient money in the Interest Account of the Bond Fund to pay interest on the Bonds when due, or upon the written direction of the Company, the Bond Trustee shall transfer money in the Funded Interest Account of the Construction Fund to the Interest Account of the Bond Fund to pay such interest when due. The Bond Trustee shall disburse money in the Project Account as provided in **Article IV** of the Agreement. All money (including money earned pursuant to the provisions of **Article VI** hereof) remaining in any account of the Construction Fund after completion of each Project (as evidenced by the certificate referred to in **Section 3.07** hereof) and payment of all other costs then due and payable (hereinafter referred to as "Surplus Construction Fund Money"), shall be transferred to the Principal Account and shall constitute a credit to the Company on the then next succeeding payment or payments of principal due or to become due under the Agreement.

(c) Payments from any account of the Construction Fund shall be made in accordance with this **Article III** and **Article IV** of the Agreement. Upon receipt of the certificates required by **Section 4.6** of the Agreement, the Bond Trustee shall pay the amount requested in such certificates pursuant to the Agreement.

Section 3.07. Completion Certificate. When all Projects to be financed with the proceeds of a series of Bonds shall have been completed, such fact shall be evidenced to the Bond Trustee by a certificate, stating the date of such completion, signed by the Company Representative.

Section 3.08. Nonpresentment of Bonds. If any Bonds are not presented for payment when the principal thereof or interest thereon becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof have been deposited into the Bond Fund or otherwise made available to the Bond Trustee for deposit therein as provided in **Section 3.03** hereof, all liability of the Issuer to the Registered Owner or Registered Owners thereof for the payment of such Bonds will forthwith cease, terminate and be

completely discharged, and thereupon it will be the duty of the Bond Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Registered Owner or Registered Owners of such Bonds, who will thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on the Registered Owner's or Registered Owners' part under this Bond Indenture or on, or with respect to, said Bond, and all such funds shall remain uninvested. If any Bond is not presented for payment within the period of two (2) years following the date of final maturity of such Bond, the Bond Trustee shall, to the extent required by law, transfer such funds to the state treasury of the state in which the applicable office of the Bond Trustee is located, in which case the Registered Owner of such Bonds shall look only to such state for payment, or, in the alternative, to the extent permitted by law, the Bond Trustee shall, upon request in writing by the Company, return such funds to the Company free of any trust or lien and such Bond shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Company. In either event, the Bond Trustee shall have no further responsibility with respect to such money or payment of such Bonds. Thereafter, the Registered Owners shall be entitled to look only to the Company for payment, and then only to the extent of the amount so repaid by the Bond Trustee. The Company shall not be liable for any interest on any sums paid to it.

Section 3.09. Bond Trustee's and Paying Agents' Fees, Charges, and Expenses. Pursuant to the provisions of the Agreement, and notwithstanding the satisfaction and discharge of this Bond Indenture, the Company has agreed to pay to the Bond Trustee and to each Paying Agent, commencing with the effective date of the Agreement and continuing until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Bond Indenture, the reasonable fees and expenses (including attorney fees) of the Bond Trustee and each Paying Agent, as and when the same become due, upon the submission by the Bond Trustee and each Paying Agent of a statement therefor.

Section 3.10. Money to be Held in Trust. All money required to be deposited with or paid to the Bond Trustee under any provision of this Bond Indenture shall be held by the Bond Trustee in trust for the purposes specified in this Bond Indenture, and except for money deposited with or paid to the Bond Trustee for the redemption of Bonds for which the notice of redemption has been duly given and except for money in the Rebate Fund, shall, while held by the Bond Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 3.11. Repayment to the Company from the Funds. Any amounts remaining in the Bond Fund or Construction Fund after payment in full of the Bonds (or after making provision for such payment), the fees and expenses of the Bond Trustee and the Paying Agents, the Administration Expenses, and all other amounts required to be paid hereunder and under the Agreement, unless otherwise required to be deposited to the Rebate Fund, shall be paid to the Company upon the termination of the Agreement.

Section 3.12. Covenants Regarding Rebate.

(a) A special Rebate Fund is hereby established by the Bond Trustee on behalf of the Issuer. The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including, without limitation, the Registered Owners. The Rebate Fund is established for the purpose of complying with section 148 of the Code and the Treasury Regulations promulgated pursuant thereto. The money deposited in 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 3.12**. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Bond Indenture. Notwithstanding the foregoing, the Bond Trustee is afforded all the rights, protections and immunities otherwise accorded to it hereunder with respect to the Rebate Fund.

(b) Within fifty-five (55) calendar days after each Calculation Date (as defined below), the Company shall deliver to the Bond Trustee a computation in the form of a certificate of an officer of the Company of the amount of "Excess Earnings," if any, for the period beginning on the date of delivery of the Series 2025A Bonds and ending on such Calculation Date and the Company shall pay to the Bond Trustee for deposit into the Rebate Fund an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. The term "Calculation Date" means the last day of each fifth (5^{th}) Bond Year for the Series 2025A Bonds and the date on which the Series 2025A Bonds are paid in full. The term "Bond Year" means with respect to the Series 2025A Bonds each one-year period ending on the anniversary of the date of delivery of the Series 2025A

Bonds or such other period as may be elected by the Issuer in accordance with the Regulations and written notice of which election has been given to the Bond Trustee. If, as of any Calculation Date, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States of America under **clause (d)** of this **Section 3.12** if the Series 2025A Bonds had been paid in full, such excess may, at the request of the Company, be transferred from the Rebate Fund and paid to the Company.

(c) In general, "Excess Earnings" for any period of time means the sum of

(1) the excess of --

(A) the aggregate amount earned during such period of time on all "Nonpurpose Investments" (including gains on the disposition of such Obligations) in which "Gross Proceeds" of the issue are invested (other than amounts attributable to an excess described in this **clause (c)(1)**), over

(B) the amount that would have been earned during such period of time if the "Yield" on such Nonpurpose Investments (other than amounts attributable to an excess described in this **clause (c)(1)**) had been equal to the yield on the issue, plus

(2) any income during such period of time attributable to the excess described in **clause (c)(1)** above.

The terms Nonpurpose Investments, Gross Proceeds, Issue Date and Yield shall have the meanings given to such terms in section 148 of the Code and the Regulations promulgated pursuant to such section.

(d) As directed by the Company in writing, the Bond Trustee shall pay to the United States of America at least once every five (5) years, to the extent that funds are available in the Rebate Fund or otherwise provided to the Bond Trustee by the Company, an amount that ensures that at least ninety percent (90%) of the Excess Earnings from the date of delivery of the Series 2025A Bonds to the close of the period for which the payment is being made will have been paid. The Bond Trustee shall pay to the United States of America not later than sixty (60) calendar days after the Series 2025A Bonds have been paid in full as directed by the Company in writing, to the extent that funds are available in the Rebate Fund or otherwise provided to the Bond Trustee by the Company, one hundred percent (100%) of the amount then required to be paid under section 148(f) of the Code as a result of Excess Earnings.

(e) The amounts to be computed, paid, deposited or disbursed under this Section shall be determined by the Company acting on behalf of the Issuer within fifty-five (55) calendar days after each Calculation Date. By such date, the Company shall also notify, in writing, the Bond Trustee and the Issuer of the determinations the Company has made and the payment to be made pursuant to the provisions of this **Section 3.12**. Upon written request of any Registered Owner of Series 2025A Bonds, the Company shall furnish to such Registered Owner of Series 2025A Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this Section and other applicable provisions of section 148 of the Code.

(f) The Bond Trustee shall maintain a record of the periodic determinations by the Company of the Excess Earnings for a period beginning on the first anniversary date of the issuance of the Series 2025A Bonds and ending on the date six (6) years after the final retirement of the Series 2025A Bonds. Such records shall state each such anniversary date and summarize the manner in which the Excess Earnings, if any, was determined.

(g) If the Series 2025A Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any account of the Construction Fund shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Excess Earnings computed by the Company as of the date of such redemption, and the balance of such amount shall be used immediately by the Bond Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Series 2025A Bonds

when due. In furtherance of such intention, the Issuer hereby authorizes and directs its President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2025A Bonds.

(h) Notwithstanding any of the provisions of this **Section 3.12**, the Bond Trustee shall have no duty or responsibility with respect to the Rebate Fund except to follow the specific written instructions of the Company.

Section 3.13. Costs of Issuance Fund. There is hereby created and established with the Bond Trustee a trust fund designated as the "Arlington Higher Education Finance Corporation Education Revenue Bonds (Uplift Education) Series 2025 Costs of Issuance Fund" (the "Costs of Issuance Fund"). The Bond Trustee shall disburse money in the Costs of Issuance Fund as provided in **Article IV** of the Agreement. Money in the Costs of Issuance Fund may be used only for payment of Costs of Issuance. On July 11, 2025, any money remaining in Costs of Issuance Fund shall be transferred to the Project Account of the Construction Fund, and thereafter no such money shall be used to pay Costs of Issuance, and the Costs of Issuance Fund shall be closed.

Section 3.14. Additional Funds and Accounts. The Bond Trustee may establish such additional funds and accounts as it deems reasonably necessary for administration of this Bond Indenture.

ARTICLE IV
Covenants of the Issuer

Section 4.01. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Bond Indenture, in any and every Bond and in all proceedings of the Board of Directors pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Series 2025 Bonds and to execute this Bond Indenture, and to pledge the revenues and receipts hereby pledged, and to assign its rights under and pursuant to the Agreement and the Series 2025 Notes in the manner and to the extent herein set forth, that all action on its part and to the extent herein set forth, that all action on its part for the issuance of the Series 2025 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Series 2025 Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 4.02. Payments of Principal, Premium, if any, and Interest. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from revenues and other amounts derived from the Notes, and from the other security pledged hereby, which revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Bond Indenture shall be considered or construed as pledging any funds or assets of the Issuer, or the City of Arlington, Texas, other than those pledged hereby.

Section 4.03. Supplemental Indentures, Recordation of Bond Indenture and Supplemental Indentures. The Issuer will execute and deliver all indentures supplemental hereto, and will cause this Bond Indenture, the Agreement, and all supplements hereto and thereto, as well as all security instruments and financing statements relating thereto, to be filed in each office required by law in order to publish notice of the liens created by this Bond Indenture and the Agreement. The Company has agreed in the Agreement to cause all continuation statements and all supplements to any financing statement or continuation statement or other instruments as may be required at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Registered Owners and all rights of the Bond Trustee under the Bond Indenture and the Agreement.

Section 4.04. Lien of Bond Indenture. The Issuer hereby agrees not to create any lien having priority or preference over the lien of this Bond Indenture upon the Trust Estate or any part thereof, other than the security interest granted by it to the Bond Trustee, except as otherwise specifically provided in **Article VIII** hereof. The Issuer agrees that no obligations the payment of which is secured by payments or other money or amounts derived

from the Agreement and the other sources provided herein will be issued by it except in accordance with **Sections 2.09** and **2.10** of this Bond Indenture.

Section 4.05. Rights Under the Agreement. The Issuer will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The Issuer agrees that wherever in the Agreement it is stated that the Issuer will notify the Bond Trustee, give the Bond Trustee some right or privilege, or in any way attempts to confer upon the Bond Trustee the ability for the Bond Trustee to protect the security for payment of the Bonds, that such part of the Agreement shall be as though it were set out in this Bond Indenture in full.

The Issuer agrees that the Bond Trustee as assignee of the Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer (except those rights to indemnification and payment under **Sections 5.5**, **5.7**, **7.5** and **9.5** thereof) and all obligations of the Company under and pursuant to the Agreement for and on behalf of the Registered Owners, whether or not the Issuer is in default hereunder.

Section 4.06. Covenants Regarding Tax-Exempt Status of Series 2025A Bonds. The Issuer hereby covenants, to the extent within its actual control, to take such action or refrain from such action necessary to ensure the status of the Series 2025A Bonds as obligations described in section 103 of the Code. In particular, but not by way of limitation, the Issuer covenants, to the extent within its actual control, as follows:

(a) All of the facilities financed with the proceeds of the Series 2025A Bonds (including investment earnings thereon) will be owned by the Company, and no more than five percent (5%) of such proceeds (including investment earnings thereon) or of such facilities will be used, directly or indirectly, in the trade or business of any Person other than a governmental unit or an organization described in section 501(c)(3) of the Code which uses such facilities solely and directly in the operation of a facility for its exempt purposes (hereinafter referred to as "exempt persons"). For purposes of the foregoing, any use of such proceeds or facilities in any manner contrary to the guidelines set forth in Revenue Procedure 97-13 and in Revenue Procedure 2017-13, or any amendments, revisions or supplements thereto, shall constitute the use of such proceeds or facilities in the trade or business of a Person other than an exempt person;

(b) None of the proceeds of the Series 2025A Bonds (including investment earnings thereon) will be used, directly or indirectly, to finance loans to any Persons (other than exempt persons);

(c) The Issuer will take such action or will refrain from any action which would adversely affect the exclusion from gross income under section 103(a) of the Code of the interest paid on the Series 2025A Bonds, including without limitation any action that would permit any of the Series 2025A Bonds to be treated as "private activity bonds" within the meaning of section 141 of the Code other than "qualified 501(c)(3) bonds" as described in section 145 of the Code, or as "federally guaranteed" within the meaning of section 149(b) of the Code, and will take, or require to be taken, such acts as may be reasonably within its ability and as may from time to time be required under applicable law or regulation to continue to cause interest on the Series 2025A Bonds to be excludable from gross income of the Registered Owner, including the preparation and filing of any statements or information reports required to be filed by the Issuer in order to maintain the tax-exempt status of the interest on the Series 2025A Bonds;

(d) The Issuer has not taken, has no present intention of taking any action and knows of no action taken or intended which would cause interest on the Series 2025A Bonds to be includable in the gross income of any Registered Owners for federal income tax purposes; and

(e) The Issuer covenants to restrict the use of the proceeds of the Series 2025A Bonds in such manner and to such extent, as may be necessary, so that the Series 2025A Bonds will not constitute arbitrage bonds under section 148 of the Code or otherwise violate the provisions of section 149(d) of the Code. Any authorized representative of the Issuer having responsibility with respect to the issuance of the Series 2025A Bonds is authorized and directed, alone or in conjunction with

any other official, employee or consultant of the Issuer to give an appropriate certificate on behalf of the Issuer, for inclusion in the transcript of proceedings for the Series 2025A Bonds, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to section 148 of the Code and, to the extent applicable, section 149(d) of the Code.

Section 4.07. Voting Rights with Respect to Notes.

The Issuer hereby assigns and grants to the Bond Trustee, and the Bond Trustee shall exercise for the benefit of the Registered Owners, the power to execute all waivers, directions, consents, instructions, approvals, and other exercises of the voting rights of a Holder (as defined in the Amended and Restated Master Indenture) of any Notes, which power shall be irrevocable so long as such Notes shall be pledged hereunder. The Bond Trustee shall exercise such power when and as directed to do so by written direction of the Registered Owners of a majority in Aggregate Principal Amount and may exercise such power in its own discretion.

ARTICLE V
Redemption of Bonds

Section 5.01. Optional Redemption of Series 2025A Bonds.

(a) The Series 2025A Bonds are subject to optional redemption prior to maturity by the Issuer at the written direction of the Company in whole or in part on December 1, 2034, or on any date thereafter, at a redemption price equal to 100% of the principal amount of the Series 2025A Bonds to be redeemed, together with accrued interest to the redemption date. The redemption price of Series 2025A Bonds subject to optional redemption will not be payable from the Permanent School Fund.

(b) The Series 2025B Bonds are not subject to optional redemption prior to maturity.

Section 5.02. Mandatory Sinking Fund Redemption.

(a) The Series 2025A Bonds maturing on December 1 in the years 2045, 2050, 2055 and 2060 (the "Series 2025A Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the mandatory sinking fund redemption date on December 1 in the years and in the principal amounts specified in the mandatory sinking fund redemption schedules set forth below:

Series 2025A Term Bond
Maturity: December 1, 2045

YEAR	PRINCIPAL AMOUNT ($)
2041	$520,000
2042	545,000
2043	575,000
2044	600,000
2045 (Maturity)	630,000

Series 2025A Term Bond
Maturity: December 1, 2050

YEAR	PRINCIPAL AMOUNT ($)
2046	$660,000
2047	690,000
2048	720,000
2049	755,000
2050 (Maturity)	790,000

Series 2025A Term Bond
Maturity: December 1, 2055

YEAR	PRINCIPAL AMOUNT ($)
2051	$830,000
2052	870,000
2053	915,000
2054	955,000
2055 (Maturity)	1,005,000

Series 2025A Term Bond
Maturity: December 1, 2060

YEAR	PRINCIPAL AMOUNT ($)
2056	$1,055,000
2057	1,105,000
2058	1,160,000
2059	1,220,000
2060 (Maturity)	1,280,000

On or before the thirtieth (30th) day prior to each mandatory sinking fund redemption payment date, the Bond Trustee shall proceed to select for redemption (except as otherwise provided herein, by lot or in such manner as the Bond Trustee may determine) from all Series 2025A Bonds Outstanding maturing on December 1 in the years 2045, 2050, 2055 or 2060, as the case may be, a principal amount of such Series 2025A Bonds equal to the Aggregate Principal Amount of such Series 2025A Bonds redeemable with the required mandatory sinking fund redemption payment, and shall call such Series 2025A Bonds or portions thereof in the principal amount of an Authorized Denomination for mandatory sinking fund redemption from the sinking fund on the next December 1, and give notice of such call. At the option of the Company to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth (45th) calendar day next preceding any mandatory sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2025A Bonds or portions thereof maturing on December 1 in the years 2045, 2050, 2055 or 2060, as the case may be, in an Aggregate Principal Amount desired by the Company or (ii) specify a principal amount of Series 2025A Bonds or portions thereof maturing on December 1 in the years 2045, 2050, 2055 or 2060, as the case may be, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Company and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2025A Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem Series 2025A Bonds on such sinking fund redemption date. Any excess shall be credited against the next sinking fund redemption obligation to redeem Series 2025A Bonds. In the event that the Company shall avail itself of the provisions of **clause (i)** of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2025A Bonds or portions thereof to be canceled.

(b) The Series 2025B Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the mandatory sinking fund redemption date on December 1 in the years and in the principal amounts specified in the mandatory sinking fund redemption schedules set forth below:

Series 2025B Term Bond
Maturity: December 1, 2028

YEAR	PRINCIPAL AMOUNT ($)
2027	$260,000
2028 (Maturity)	40,000

On or before the thirtieth (30th) day prior to each mandatory sinking fund redemption payment date, the Bond Trustee shall proceed to select for redemption (except as otherwise provided herein, by lot or in such manner as the Bond Trustee may determine) from all Series 2025B Bonds Outstanding a principal amount of such Series 2025B Bonds equal to the Aggregate Principal Amount of such Series 2025B Bonds redeemable with the required mandatory sinking fund redemption payment, and shall call such Series 2025B Bonds or portions thereof in the principal amount of an Authorized Denomination for mandatory sinking fund redemption from the sinking fund on the next December 1, and give notice of such call. At the option of the Company to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth (45th) calendar day next preceding any mandatory sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2025B Bonds or portions thereof in an Aggregate Principal Amount desired by the Company or (ii) specify a principal amount of Series 2025B Bonds or portions thereof which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Company and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2025B Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation of the Issuer to redeem Series 2025B Bonds on such sinking fund redemption date. Any excess shall be credited against the next sinking fund redemption obligation to redeem Series 2025B Bonds. In the event that the Company shall avail itself of the provisions of **clause (i)** of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2025B Bonds or portions thereof to be canceled.

Section 5.03. Method of Selection of Bonds in Case of Partial Redemption. If less than all of the Outstanding Series 2025A Bonds or Series 2025B Bonds or portions thereof shall be redeemed as provided in **Sections 5.01** or **5.08** hereof, the Company shall select the particular maturities to be redeemed. If less than all Series 2025A Bonds or Series 2025B Bonds or portions thereof of a single maturity are to be redeemed, they shall be selected by lot or by other method deemed reasonable by the Bond Trustee.

In case a fully registered Series 2025 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2025 Bond may be redeemed, but Series 2025 Bonds shall be redeemed only in the principal amount of an Authorized Denomination.

Section 5.04. Notice of Redemption. Series 2025 Bonds shall be called for redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee at least forty-five (45) calendar days prior to the redemption date (or a shorter period as may be agreed to by the Bond Trustee) of a certificate of the Company directing the redemption of the Series 2025 Bonds and specifying the series, principal amount and maturities of Series 2025 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Bond Indenture pursuant to which such Series 2025 Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the mandatory sinking fund redemption of Series 2025 Bonds pursuant to the provisions of **Section 5.02** hereof and such Series 2025 Bonds shall be called for redemption by the Bond Trustee without the necessity of any action by the Company or the Issuer. In the case of every redemption, the Bond Trustee shall cause notice of such redemption to be given by mailing by first-class mail, postage prepaid, a copy of the redemption notice to the Registered Owners of the Series 2025 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration books, in each case not more than sixty (60) nor less than thirty (30) calendar days prior to the redemption date. An additional notice of redemption shall be given by certified mail, postage prepaid, mailed not less than sixty (60) nor more than ninety (90) calendar days after the redemption date to any Registered Owner of Series 2025 Bonds selected for redemption that has not surrendered the Series 2025 Bonds called for redemption, at the address as the same shall last appear upon the registration books.

All notices of redemption shall state:

(a) the redemption date,

(b) the redemption price,

(c) the identification, including complete designation (including series) and issue date of the Series 2025 Bonds and the CUSIP number (and in the case of partial redemption, certificate number and the respective principal amounts, interest rates and maturity dates) of the Series 2025 Bonds to be redeemed,

(d) that on the redemption date the redemption price will become due and payable upon each such Series 2025 Bonds, and that interest thereon shall cease to accrue from and after said date,

(e) the name and address of the Bond Trustee and any Paying Agent for such Series 2025 Bonds, including the place where such Series 2025 Bonds are to be surrendered for payment of the redemption price and the name and phone number of a contact person at such address,

provided, *however*, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2025 Bonds.

Section 5.05. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue. On or before the Business Day immediately prior to the redemption date specified in a notice of redemption, an amount of money sufficient to redeem all Series 2025 Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Bond Trustee. If at the time of mailing of notice of any optional redemption in connection with a refunding of all or a portion of the Series 2025 Bonds the Company shall not have deposited with the Bond Trustee money sufficient to redeem all of the Series 2025 Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of sufficient proceeds to redeem such Series 2025 Bonds with the Bond Trustee not later than the redemption date, and such notice shall be of no effect unless such money is so deposited. On the redemption date the principal amount of each Series 2025 Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this **Article V**, then, notwithstanding that any Series 2025 Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Series 2025 Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Series 2025 Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Issuer shall be under no further liability in respect thereof.

Section 5.06. Cancellation. All Bonds which have been redeemed shall be cancelled by the Bond Trustee and retained as provided in **Section 2.11** hereof.

Section 5.07. Partial Redemption of Fully Registered Bonds. Upon surrender of any fully registered Bond for redemption in part only, the Issuer shall execute and the Bond Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the Company, a new Bond or Bonds of the same maturity of Authorized Denominations in an Aggregate Principal Amount equal to the unredeemed portion of the Bond surrendered.

Section 5.08. Extraordinary Optional Redemption. The Series 2025 Bonds shall be subject to extraordinary optional redemption by the Issuer at the direction of the Company prior to their scheduled maturities, in whole or in part at any time at a redemption price equal to the principal amount thereof plus accrued interest from the most recent Interest Payment Date to the redemption date on any date following the occurrence of any of the following events:

(a) the facilities of the Company or a substantial portion thereof shall have been damaged or destroyed to such an extent that, in the opinion of the Company (i) the required restoration and repair could not reasonably be expected to be completed within a reasonable period of time, (ii) the Company is prevented or would likely be prevented from using the facilities or a substantial portion thereof for its normal purposes, or (iii) the cost of restoration and repair would not be economically practical or desirable; or

(b) title to the whole or any part of the facilities of the Company or the use of possession thereof has been taken or condemned by a competent authority to such an extent that, in the opinion of the

Company, the Company is prevented or would likely be prevented from using the facilities or a substantial portion thereof for its normal purposes; or

(c) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Company under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement; or

(d) in case of damage or destruction to, or condemnation of, any property, plant, and equipment of the Company, to the extent that the net proceeds of insurance or condemnation award exceeds $500,000, and the Company has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant, and equipment of the Company.

The redemption price of Series 2025 Bonds subject to extraordinary optional redemption will not be payable from the Permanent School Fund.

Section 5.09. Purchase in Lieu of Redemptions. If any Series 2025A Bond is called for optional redemption in whole or in part pursuant to **Section 5.01**, the Company may elect to have such Series 2025A Bond purchased in lieu of redemption in accordance with this **Section 5.09**.

(a) Purchase in Lieu of Redemption. Purchase in lieu of redemption shall be available to all Series 2025A Bonds called for optional redemption or for such lesser portion of such Bonds as constitute Authorized Denominations. The Company may direct the Bond Trustee to purchase all or such lesser portion of the Bonds so called for redemption. Any such direction to the Bond Trustee must:

(1) be in writing;

(2) state either that all the Series 2025A Bonds called for redemption are to be purchased or, if less than all of the Series 2025A Bonds called for redemption are to be purchased, identify those Bonds to be purchased by maturity date and outstanding principal amount in Authorized Denominations; and

(3) be received by the Bond Trustee no later than 12:00 noon, Central Time, one (1) Business Day prior to the scheduled redemption date thereof.

If so directed, the Bond Trustee shall purchase such Bonds on the date which otherwise would be the redemption date of such Bonds in accordance with the standard policies and procedures of the Securities Depository. Any of the Series 2025A Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by this Bond Indenture on such redemption date.

(b) Withdrawal of Direction to Purchase. On or prior to the scheduled redemption date, any direction given to the Bond Trustee pursuant to this **Section 5.09** may be withdrawn by the Company by written notice to the Bond Trustee. Subject generally to this Bond Indenture, should a direction to purchase be withdrawn, the scheduled redemption of such Bonds shall occur (unless also withdrawn).

(c) Purchaser. If the purchase is directed by the Company, the purchase shall be made for the account of the Company or its designee.

(d) Purchase Price. The purchase price of the Series 2025A Bonds shall be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Bonds on the scheduled redemption date for such redemption. To pay

the purchase price of such Bonds, the Bond Trustee shall use such funds (i) deposited by the Company with the Bond Trustee into the Bond Fund or a separate fund created for such purpose and (ii) funds, if any, in Funds held under this Bond Indenture, if any, that the Bond Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Bonds on the scheduled redemption date. The Bond Trustee shall not purchase the Series 2025A Bonds pursuant to this **Section 5.09** if by no later than the redemption date, sufficient money has not been deposited with the Bond Trustee, or such money is deposited, but is not available.

(e) No Notice to Registered Owners. No notice of the purchase in lieu of redemption shall be required to be given to the Registered Owners (other than the notice of redemption otherwise required under this Bond Indenture).

Section 5.10. Extraordinary Mandatory Redemption of Series 2025A Bonds. The Series 2025A Bonds are also subject to extraordinary mandatory redemption in whole on any date specified by the Company in a written notice to the Bond Trustee given at least sixty (60) days prior to such redemption date, at their principal amount, plus accrued interest to the date of redemption, upon the occurrence of a Determination of Taxability; *provided*, *however*, that the Bond Trustee shall not give a notice to redeem the Series 2025A Bonds unless the Bond Trustee shall have on deposit, at the time of mailing such notice, funds in the amount sufficient to pay the principal and accrued interest on the Series 2025A Bonds to be redeemed to the date of such redemption. For purposes of this **Section 5.10**, the term "Determination of Taxability" means a written determination of the Internal Revenue Service that interest on the Series 2025A Bonds is includible in the gross income of the Registered Owners. The redemption price of Series 2025A Bonds subject to redemption upon a Determination of Taxability will not be payable from the Permanent School Fund.

ARTICLE VI
Investments

Section 6.01. Investment of Bond Fund and Construction Fund. Any money held as part of any fund established hereunder shall be invested or reinvested by the Bond Trustee at the written request and direction of the Company Representative (upon which the Bond Trustee is entitled to rely as to both the suitability and legality of the directed investments) in Investment Securities. All Investment Securities shall be either subject to redemption at any time at a fixed value at the option of the owner thereof or shall mature or be marketable not later than the Business Day immediately prior to the date on which the proceeds are expected to be expended. For the purpose of any investment or replacement under this **Section 6.01**, the Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. The Bond Trustee may make any and all investments permitted by the provisions of this **Section 6.01** through its trust department or an affiliate and the Bond Trustee or such affiliate may receive compensation in connection therewith. In order to comply with the provisions of this Bond Indenture, the Bond Trustee shall sell, or present for redemption, or otherwise cause liquidation prior to their maturities, after receipt of written direction of the Company which shall instruct the Bond Trustee which investments to sell or redeem, any of the obligations in which funds have been invested, and the Bond Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Company may instruct the Bond Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investment for investments in another fund or account that may be liquidated at no, or at reduced, loss. The Bond Trustee shall be under no liability for interest on any money received hereunder unless specifically agreed to in writing and shall not be responsible for losses on investments made in compliance with this Bond Indenture. Although the Issuer and the Company each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Company agree that confirmations of investments in Investment Securities are not required to be issued by the Bond Trustee for any month in which a monthly statement is rendered. No monthly statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. Absent the provision of investment instructions hereunder, the Bond Trustee shall hold moneys hereunder uninvested. The Bond Trustee shall have no investment discretion.

Section 6.02. Allocation and Transfers of Investment Income. Any investments in any Fund shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the Fund from which the

investment was made. Any loss resulting from such investments shall be charged to such Fund. The Bond Trustee shall not be liable for any loss or penalty resulting from any such investment made in accordance with any permitted direction by a Company Representative or in accordance with the Bond Indenture or for the Series 2025A Bonds becoming "arbitrage bonds" by reason of any such investment. Any interest or other gain from any Fund (except the Rebate Fund) from any investment or reinvestment pursuant to **Section 6.01** hereof shall be allocated and transferred as follows:

(a) Any earnings realized as a result of any investments or reinvestments of money in any account of the Construction Fund shall be credited to the same account of the Construction Fund.

(b) Any earnings realized as a result of any investments or reinvestments of money in the Principal Account and the Interest Account of the Bond Fund shall be credited June 15 and December 15 to the Interest Account.

The Bond Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in any fund is insufficient for the purposes of such Fund, after giving notice to the Company of such insufficiency and after receipt of written direction of the Company which shall instruct the Bond Trustee which investments to sell.

Section 6.03. Valuation of Investment Securities. Accounting and valuation of Investment Securities in any Fund will be performed as follows:

(a) On a monthly basis the Bond Trustee shall furnish to the Company a full and complete statement of all receipts and disbursements of Investment Securities in any Fund covering such period.

(b) The Bond Trustee shall also furnish to the Company on the fifth (5^{th}) Business Day after June 1 and December 1 of each year, a statement of the assets contained in each Fund as of May 31 and November 30. The assets will be valued at market value thereof determined by the Bond Trustee using and relying conclusively and without liability upon any generally accepted industry standards and from a generally accepted pricing information service available to it.

ARTICLE VII
Discharge of Bond Indenture

Section 7.01. Discharge of the Bond Indenture. If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Bond Indenture and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder (including but not limited to the fees and expenses of the Bond Trustee (including attorney fees) and any Paying Agent, then the right, title and interest of the Bond Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon the written request of the Issuer or of the Company, and upon receipt of an Opinion of Counsel to the effect that all conditions precedent herein provided relating to the satisfaction and discharge of this Bond Indenture have been complied with, the Bond Trustee shall, at the expense of the Company, execute such documents as may be reasonably required by the Issuer, and shall turn over to the Company any surplus in any fund established hereunder.

Any Outstanding Bonds of any one or more series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this **Section 7.01** if (i) in case said Bonds are to be redeemed on any date prior to their maturity, the Company shall have given to the Bond Trustee in form satisfactory to it irrevocable written instructions to give on a date in accordance with the provisions of **Section 5.04** hereof notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of **Section 5.04** hereof, (ii) there shall have been deposited with the Bond Trustee (or another depository) either money in an amount which shall be sufficient, or Defeasance Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, or any other Person other than the holder

thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Bond Trustee or any Paying Agent at the same time (including the Bond Fund), shall be sufficient, to pay when due the principal of, premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (iii) the Bond Trustee shall have received an Opinion of Bond Counsel to the effect that such deposit will not adversely affect any exclusion of interest on the Bonds for federal income tax purposes and that all conditions precedent to the defeasance have been complied with, and (iv) if said Bonds are not by their terms subject to redemption within the next forty-five (45) calendar days, the Company shall have given the Bond Trustee in form satisfactory to it irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to **Section 5.04** hereof, a notice to the Registered Owners of such Bonds that the deposit required by **clause (ii)** above has been made with the Bond Trustee (or another depository) and that said Bonds are deemed to have been paid in accordance with this **Section 7.01** and stating such maturity or redemption date upon which money is to be available for the payment of the principal of, premium, if any, and interest on said Bonds. Neither the Defeasance Obligations nor money deposited with the Bond Trustee pursuant to this **Section 7.01** nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds; *provided* any such cash received from such principal or interest payments on such Defeasance Obligations deposited with the Bond Trustee (or another depository), if not then needed for such purpose, shall, at the written direction of the Company, either (1) be reinvested, to the extent practicable, in Defeasance Obligations of the type described in **clause (ii)** of this paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be or (2) be used to pay principal or interest on the Bonds; provided that, in the event of an advance refunding, prior to any reinvestment or substitution of Defeasance Obligations the Trustee shall receive, either (a) an opinion of counsel to the effect that no adverse federal tax consequences will result from such reinvestment or substitution or (b) an opinion of counsel to the effect that such bonds will not become "arbitrage bonds" as the result of such reinvestment or substitution. At such time as any Bond shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Bond Indenture, except for the purpose of any payment from such money or Defeasance Obligations deposited with the Bond Trustee and the purpose of transfer and exchange pursuant to **Section 2.05** hereof. If Bonds are paid or deemed paid pursuant to this **Section 7.01**, the guarantee by the Permanent School Fund of such Bonds shall automatically be removed in its entirety.

Notwithstanding the satisfaction and discharge of this Bond Indenture, the Bond Trustee shall continue to perform all paying agency and transfer functions until all Bonds have been actually paid in full and the provisions of this Bond Indenture relating to such functions and the provisions of **Section 9.01** shall remain applicable to the Bond Trustee.

The release of the obligations of the Issuer under this **Section 7.01** shall be without prejudice to the rights of the Bond Trustee to be paid reasonable compensation for all services rendered by it hereunder (including fees of its counsel) and all its reasonable and necessary expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

ARTICLE VIII
Defaults and Remedies

Section 8.01. Events of Default. If any of the following events occur, it is hereby defined as and shall be deemed an "Event of Default:"

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, or upon proceedings for redemption or as required by the mandatory sinking fund redemption provisions hereof or otherwise.

(b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable.

(c) Declaration under the Amended and Restated Master Indenture that the principal of, and accrued interest on, any obligation issued thereunder is immediately due and payable.

(d) Failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions in its part in this Bond Indenture or in the Bonds contained, which failure shall continue for a period of sixty (60) calendar days after written notice specifying such failure and requesting that it be remedied, is given to the Issuer and the Company by the Bond Trustee or to the Issuer or to the Company and to the Bond Trustee by the Registered Owners of not less than 25% in Aggregate Principal Amount; *provided that* such failure is the result of the failure of the Company to perform its obligations under the Agreement.

(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 instrument creating an obligation secured by a Note, occurs and is continuing beyond any applicable period of grace.

Section 8.02. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Bond Trustee shall have the following rights and remedies:

(a) by mandamus, or other suit, action or proceeding at law or in equity enforce the rights of the Registered Owners, and require the Issuer or the Company or both of them to carry out the agreements with or for the benefit of the Registered Owners and to perform its or their duties under the Act, the Agreement and this Bond Indenture;

(b) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners but any such judgment against the Issuer shall be enforceable only against the Funds (excluding the Rebate Fund) and accounts hereunder in the hands of the Bond Trustee;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners; or

(d) upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Registered Owners, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred and if requested by the Registered Owners of at least 25% in Aggregate Principal Amount and indemnified as provided in **Section 9.01(m)** hereof, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this **Section 8.02** as it shall deem most expedient in the interests of such Registered Owners. If the Bond Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Registered Owners of Outstanding Bonds, each representing less than a majority of the Aggregate Principal Amount of the Outstanding Bonds, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Notwithstanding any other provision contained in this Bond Indenture, so long as the Bonds of a series are guaranteed by the Permanent School Fund, such Bonds may not be accelerated.

Section 8.03. Majority of Registered Owners May Control Proceedings. Anything in this Bond Indenture to the contrary notwithstanding the Registered Owners of at least a majority in Aggregate Principal Amount, shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method, and place of conducting all proceedings, to

be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, or for the appointment of a receiver, and any other proceedings hereunder; *provided that* such direction shall not be otherwise than in accordance with the provisions hereof. The Bond Trustee shall not be required to act on any direction given to it pursuant to this **Section 8.03** until indemnity as set forth in **Section 9.01(m)** hereof is furnished to it by such Registered Owners.

Section 8.04. Rights and Remedies of Registered Owners. No Registered Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other applicable remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in **Section 9.01** hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the Registered Owners of at least a majority in Aggregate Principal Amount shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in their own names, nor unless they have also furnished to the Bond Trustee indemnity as provided in **Section 9.01(m)** hereof, nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and furnishing of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture, and to any action or cause of action for the enforcement of this Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb, or prejudice the lien of this Bond Indenture by such Registered Owner(s) action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the Registered Owners of all Bonds then Outstanding. However; nothing contained in this Bond Indenture shall affect or impair the right of any Registered Owner of Bonds to enforce the payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Registered Owners of the Bonds at the time and place, from the source and in the manner herein, and in the Bonds expressed.

Section 8.05. Application of Money.

(a) All money received by the Bond Trustee pursuant to any right given or action taken under the provisions of this **Article VIII** shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and the fees, expenses, liabilities, and advances incurred or made by the Bond Trustee, be deposited into the Bond Fund, and all money so deposited into the Bond Fund and all money held in or deposited into the Bond Fund during the continuance of an Event of Default and available for payment of the Bonds under the provisions of **Section 3.04** hereof shall (after payment of the fees and expenses, including attorney fees, of the Bond Trustee) be applied as follows:

> First – To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and
>
> Second – To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Bond Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due at the rate of interest borne by such Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(b) Whenever money is to be applied pursuant to the provisions of this **Section 8.05** such money shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Bond Trustee shall apply such money, it shall fix the date or dates (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit of any such money and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any unpaid Bond until such unpaid Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Whenever all of the Bonds and interest thereon have been paid under the provisions of this **Section 8.05** and all expenses and fees of the Bond Trustee and the Paying Agents and all Administration Expenses have been paid, any balance remaining in any Funds shall be paid to the Company as provided in **Section 3.11** hereof.

(d) If the Master Trustee has accelerated the Series 2025 Notes, the portion of the Trust Estate (as defined in the Amended and Restated Master Indenture) received by the Master Trustee allocable to the Series 2025 Notes accelerated under the Amended and Restated Master Indenture and paid to the Bond Trustee shall be applied as directed by the Commissioner of Education. If the Commissioner of Education fails to direct the application of such proceeds within thirty (30) days of a request for direction from the Bond Trustee, the Bond Trustee shall use such proceeds to optionally redeem the related Series 2025 Bonds if then subject to optional redemption or, if not then subject to optional redemption, to defease all or a portion of the related Series 2025 Bonds in accordance with **Section 7.01** of this Bond Indenture, in each case in inverse order of maturity.

Section 8.06. Bond Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Bond Indenture or any of the Bonds Outstanding hereunder may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds and any recovery of judgment shall be for the ratable benefit of the Registered Owners of the Bonds, subject to the provisions of this Bond Indenture.

Section 8.07. Bond Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the Company, the Bond Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Bond Trustee and of the Registered Owners allowed in such proceedings for the entire amount due and payable by the Issuer under the Bond Indenture or by the Company at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Registered Owner to file a claim on such Registered Owner's own behalf.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Bond Trustee or of any Registered Owner to exercise any right or power accruing upon any default or Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or acquiescence therein; and every power and remedy given by this Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. Discontinuance of Proceedings on Default, Position of Parties Restored. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 8.10. Enforcement of Rights. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title, and interest of the Issuer in and to the Agreement (except those rights under **Sections 5.5**, **5.7**, **7.5**,

and **9.5** thereof) and the Notes shall, upon compliance with applicable requirements of law and except as otherwise set forth in this **Article VIII**, be the sole real party in interest in respect of, and shall have standing, exclusive of Registered Owners to enforce each and every right granted to the Issuer under the Agreement and under the Notes.

Section 8.11. Undertaking for Costs. All parties to this Bond Indenture agree, and each Registered Owner of any Bond by 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 Bond Indenture, or in any suit against the Bond Trustee for any action taken or omitted by it as Bond 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 access 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 8.11** shall not apply to any suit instituted by the Bond Trustee, to any suit instituted by any Registered Owner, or group of Registered Owners, holding in aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by a Registered Owner for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective maturities thereof expressed in such Bond (or, in the case of redemption, on or after the redemption date).

Section 8.12. Remedies Subject to Law. To the extent applicable, the remedies available to the Bond Trustee hereunder upon an Event of Default shall be subject to Chapter 12 of the Texas Education Code, as amended, including Section 12.128.

ARTICLE IX
Concerning the Bond Trustee and Paying Agents

Section 9.01. Duties of the Bond Trustee. The Bond Trustee hereby accepts the trust imposed upon it by this Bond Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture. In case an Event of Default has occurred (which has not been cured) the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder, either directly or by or through attorneys, agents, receivers, or employees, and the Bond Trustee shall not be responsible for any willful misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder, and shall be entitled to act and rely upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trust hereof. The Bond Trustee has the right to consult with counsel and may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication by the Bond Trustee endorsed on the Bonds and the acceptance of the trusts hereunder).

(d) The Bond Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or the proceeds thereof, or for any money disbursed by the Bond Trustee in accordance with this Bond Indenture. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture or the Bonds. The Bond Trustee is not a party to, is not responsible for, and makes no representations with respect to matters set forth in any preliminary

official statement, or similar document prepared and distributed in connection with the sale of the Bonds. The Bond Trustee may become the Registered Owner of the Bonds with the same rights which it would have if not Bond Trustee.

(e) The Bond Trustee shall be protected in acting and relying upon any notice, opinion, request, consent, certificate, order, affidavit, letter, telegram, teletransmission or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any request or direction of the Issuer or the Company mentioned herein shall be sufficiently evidenced by a written request, order, or consent signed in the name of the Issuer or Company, by the Issuer Representative, or Company Representative, as the case may be. Any action taken by the Bond Trustee pursuant to this Bond Indenture upon the request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future Registered Owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or matter or as to the sufficiency or validity of any instrument, paper, or proceeding, the Bond Trustee shall be entitled to rely and shall be protected in acting or refraining to act upon a certificate signed on behalf of the Issuer or the Company by the Issuer Representative or Company Representative or such other Person as may be designated for such purpose by resolution as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in **clause (h)** of this **Section 9.01**, or of which by said clause it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty (except as otherwise herein provided) and the Bond Trustee shall not be answerable for other than its own negligence or willful misconduct, except that:

(1) the Bond Trustee shall not be liable for any error of judgment made by it in good faith by a Responsible Officer, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts;

(2) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Registered Owners of at least a majority in Aggregate Principal Amount relating to the time, method, and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture; and

(3) the Bond Trustee shall not be liable if the Bond Trustee was relying in good faith upon a certificate of the Issuer or the Company delivered pursuant to this Bond Indenture or an Opinion of Counsel.

(h) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by **Article III** hereof unless the Bond Trustee shall be specifically notified in writing of such default or Event of Default by the Issuer or by the Registered Owners of at least 25% in Aggregate Principal Amount or a majority in Aggregate Principal Amount and all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee, must, in order to be effective, be delivered at the designated corporate trust office of the Bond Trustee, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

(i) All money received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds except to the extent required by this Bond Indenture or law.

(j) At any and all reasonable times the Bond Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any Project, including all books, papers, and records of the Issuer and the Company pertaining to any Project and the Bonds.

(k) The Bond 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, and no provision of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have grounds for believing that repayment of such funds or indemnity satisfactory against such risk or liability is not assured to it.

(l) Notwithstanding anything in this Bond Indenture contained, the Bond Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinion, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Bond Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Bond Trustee.

(m) Before taking any action under this Section or **Article VIII** hereof, the Bond Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of its fees, costs, liabilities and all expenses (including attorney fees) which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken or omitted to be taken.

(n) It shall not be the duty of the Bond Trustee, except as expressly provided herein, to see that any duties or obligations imposed herein or in the Agreement upon the Issuer, the Company, or other Persons are performed, and the Bond Trustee shall not be liable or responsible because of the failure of the Issuer, the Company, or other Persons to perform any act required of them pursuant to the terms of this Bond Indenture.

(o) In acting or omitting to act pursuant to the provisions of the Agreement, the Bond Trustee shall be entitled to and be protected by the rights, indemnities and immunities accorded to it by the terms of this Bond Indenture.

Section 9.02. Fees and Expenses of Bond Trustee and Paying Agent. The Issuer agrees, but solely from any funds received from the Company pursuant to the Agreement,

(a) to pay to the Bond Trustee, each Paying Agent and all other agents their reasonable and necessary fees for services rendered hereunder as and when the same become due and all expenses (including attorney fees) reasonably and necessarily made or incurred by the Bond Trustee, such Paying Agent or such other agent in connection with such services as and when the same become due as provided in **Section 3.09** hereof; and

(b) to reimburse the Bond Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bond Trustee in accordance with any provisions of this Bond Indenture (including the reasonable compensation, expenses, and disbursements of its agents and counsel), except any such expense, disbursement, or advance as may be attributable to the negligence or bad faith of the Bond Trustee.

As security for the performance of the obligations of the Issuer under this **Section 9.02**, the Bond Trustee shall be secured under this Bond Indenture by a lien prior to the Bonds, and for the payment of the expenses and reimbursements due hereunder, the Bond Trustee shall have the right to use and apply any trust funds held by it hereunder, unless held or required to be held in the Construction Fund.

Section 9.03. Resignation or Replacement of Bond Trustee. The present or any future Bond Trustee may resign by giving to the Issuer, the Company, the TEA and each Registered Owner thirty (30) calendar days' notice of such resignation. Such resignation shall not be effective until such time as a successor Bond Trustee shall be appointed hereunder. The present or any future Bond Trustee may be removed upon at least thirty (30) days prior written notice (a) at any time by an instrument in writing executed by the Registered Owners of at least a majority in Aggregate Principal Amount or (b) if an Event of Default hereunder has not occurred and is continuing, by an instrument in writing executed by the Company, *provided, however*, that no such removal shall be effective until the TEA has been given notice of such removal.

In case the present or any future Bond Trustee shall at any time resign or be removed or otherwise become incapable of acting, upon giving notice to the TEA, a successor may be appointed by (i) the Company in an instrument in writing executed by the Company, so long as no Event of Default has occurred and is continuing hereunder, or (ii) the Registered Owners of at least a majority in Aggregate Principal Amount by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; *provided that* the Issuer may, by an instrument executed by order of the Board of Directors, appoint a successor until a new successor shall be appointed by the Company or the Registered Owners as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to each Registered Owner, to the Company and to the TEA, which notice may be given concurrently with the notice of resignation given by any resigning Bond Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Company or by the Registered Owners of at least a majority in Aggregate Principal Amount. In the event that the Issuer does not so act within thirty (30) calendar days after notice of resignation or a successor Bond Trustee has not been appointed within 30 calendar days of removal of the Bond Trustee, the Bond Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Bond Trustee.

If the Bond Trustee shall undergo a name change, it shall promptly provide written notice of such change to the TEA.

Every successor Bond Trustee shall always be a national bank supervised by the office of the Comptroller of the Currency in good standing, qualified to act hereunder, and having a combined capital and surplus of not less than $250,000,000 or a state-chartered commercial bank that is a member of the Federal Reserve System, in good standing, qualified to act hereunder, and having a combined capital and surplus of not less than $1,000,000,000. Any successor appointed hereunder shall execute, acknowledge, and deliver to the Issuer and the predecessor Bond Trustee an instrument accepting such appointment hereunder and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its predecessor in the trust hereunder with like effect as if originally named as Bond Trustee herein; but the Bond Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the predecessor, who shall, upon payment of the expenses, charges and other disbursements which are due and owing to it pursuant to **Sections 3.09** and **9.02** hereof, duly assign, transfer and deliver to the successor all properties and money held by it under this Bond Indenture. Should any instrument in writing from the Issuer be required by any successor for more fully and certainly vesting in and confirming to it all of such estates, properties, rights, powers, and trusts, the Issuer shall, on request of such successor, make, execute, acknowledge, and deliver the deeds, conveyances, and necessary instruments in writing.

The notices herein provided for shall be given by mailing a copy thereof to the Company and the Registered Owners of the Bonds at their addresses as the same shall last appear on the registration books.

Section 9.04. Conversion, Consolidation or Merger of Bond Trustee. Any bank or trust company into which the Bond Trustee merges or is consolidated, or to which it (or a receiver on its behalf) may sell or transfer all or substantially all of its corporate trust business, shall be the successor of the Bond Trustee under this Bond Indenture with the same rights, powers, duties, and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have authenticated, but not delivered, any successor Bond Trustee may adopt the certificate of any predecessor Bond Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Bond Trustee may authenticate such Bonds in the name of such successor Bond Trustee.

Section 9.05. Designation and Succession of Paying Agent. The Bond Trustee and any other banks or trust companies, if any, designated as Paying Agent or Paying Agents in any supplemental indenture providing for the issuance of Additional Bonds, shall be the Paying Agent or Paying Agents for the applicable series of Bonds.

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 Bond Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within thirty (30) calendar days thereafter, appoint such bank or trust company as shall be specified by the Company and located in the same city as such Paying Agent to fill such vacancy; *provided*, *however*, that if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Trustee shall make such appointment.

The Paying Agents, if any, shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in **Section 9.01** hereof with respect to the Bond Trustee insofar as such provisions may be applicable.

ARTICLE X
Supplemental Indentures and Amendments to the Agreement

Section 10.01. Supplemental Indentures Not Requiring Consent of Registered Owners. The Issuer and the Bond Trustee may, without the consent of, or notice to, the Registered Owners, enter into such indentures or agreements supplemental hereto (which supplemental indentures or agreements shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) To add to the covenants and agreements in this Bond Indenture other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners.

(b) To cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained in this Bond Indenture, or to make any provisions with respect to matters arising under this Bond Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Registered Owners of Bonds.

(c) To subject to this Bond Indenture additional revenues, properties, or collateral.

(d) To qualify this Bond Indenture under the Trust Indenture Act of 1939, if such be hereafter required in the Opinion of Counsel.

(e) To set forth the terms and conditions of Additional Bonds issued pursuant to **Sections 2.09** and **2.10** hereof.

(f) To satisfy any requirements imposed by a Rating Agency or TEA if necessary to maintain the then current rating on the Bonds.

(g) To maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the Opinion of Bond Counsel such supplemental indenture or agreement is necessary.

Section 10.02. Supplemental Indentures Requiring Consent of Registered Owners. Exclusive of supplemental indentures covered by **Section 10.01** hereof, the Registered Owners of not less than a majority in Aggregate Principal Amount of the Bonds of any series then Outstanding affected thereby, in case one or more but less than all series of Bonds then Outstanding hereunder are so affected, shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Bond Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture; *provided*, *however*, that without the consent of the Registered Owners of all the Bonds at the time Outstanding nothing herein contained shall permit, or be construed as permitting any of the following:

(a) An extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond.

(b) The deprivation of the Registered Owner of any Bond then Outstanding of the lien created by this Bond Indenture (other than as originally permitted hereby).

(c) A privilege or priority of any Bond or Bonds, over any other Bond.

(d) A reduction in the Aggregate Principal Amount of the Bonds required for consent to any supplemental indenture.

Upon the execution of any supplemental indenture pursuant to the provisions of this **Section 10.02**, this Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all Registered Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments.

If at any time the Issuer shall request the Bond Trustee to enter into such supplemental indenture for any of the purposes of this **Section 10.02**, the Bond Trustee shall, upon being satisfactorily indemnified with respect to costs, fees and expenses (including attorney fees), cause notice of the proposed supplemental indenture to be mailed to the Issuer and the Registered Owners of the Bonds at their addresses as the same last appear on the registration books at least fifteen (15) calendar days prior to the proposed date of execution of such supplemental indenture. Such notice shall contain a copy of the proposed supplemental indenture. If, within sixty (60) calendar days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Registered Owners of not less than a majority in Aggregate Principal Amount at the time of the proposed execution of any such supplemental indenture under Section 10.02 shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Bond Trustee is authorized to join with the Issuer in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Bond Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties, or immunities under this Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of a supplemental indenture is authorized or permitted by this Bond Indenture and has been effected in compliance with the provisions and all conditions precedent hereof. In connection with a supplemental indenture entered into pursuant to **clause (b)** of **Section 10.01** hereof, the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Registered Owners would be affected by modification or amendment of this Bond Indenture, and any such determination shall be binding and conclusive upon the Issuer, the Company, and Registered Owners. The Bond Trustee may receive and be fully protected in relying upon an Opinion of Counsel as conclusive evidence as to whether the Registered Owners would be so affected by any such modification or amendment to this Bond Indenture.

Any supplemental indenture executed in accordance with the provisions of this **Article X** shall thereafter form a part of this Bond Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Bond Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any, if deemed necessary or desirable by the Bond Trustee.

Section 10.04. Consent of Company. Anything herein to the contrary notwithstanding, a supplemental indenture under this **Article X** shall not become effective unless and until the Company shall have consented in writing to the execution and delivery of such supplemental indenture.

Section 10.05. Amendments, Etc., of the Agreement Not Requiring Consent of Registered Owners. The Issuer and the Bond Trustee (upon direction from the Issuer) shall, without the consent of or notice to the Registered Owners, consent to any amendment, change, or modification of the Agreement as may be required (i) by the provisions of the Agreement and this Bond Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Agreement, (iii) in connection with the issuance of Additional Bonds as herein provided, (iv) to satisfy any requirements imposed by a Rating Agency or TEA if necessary to maintain the then current rating on the Bonds, (v) to maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the Opinion of Bond Counsel such amendment is necessary, or (vi) in connection with any other change therein which is not to the prejudice of the Bond Trustee or the Registered Owners of the Bonds.

Section 10.06. Amendments, etc., of the Agreement Requiring Consent of Registered Owners. Except for the amendments, changes, or modifications as provided in **Section 10.05** hereof, neither the Issuer nor the Bond Trustee shall consent to any other amendment, change, or modification of the Agreement without the giving of notice and the written approval or consent of the Registered Owners of not less than a majority in Aggregate Principal Amount at the time Outstanding given and procured as provided in **Section 10.02** hereof. If at any time the Issuer and the Company shall request the consent of the Bond Trustee to any such proposed amendment, change, or modification of the Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided in **Section 10.02** hereof. Such notice shall attach a copy of the proposed amendment to the Agreement.

In executing any amendment, change or modification of the Agreement, the Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of such amendment, change, modification of the Agreement is authorized or permitted by this Bond Indenture and the Agreement and has been effected in compliance with the provisions and all conditions precedent of this Bond Indenture and the Agreement. The Bond Trustee may, but shall not be obligated to, enter into any such amendment, change, or modification which affects the Bond Trustee's own rights, duties or immunities. In connection with any amendment, change or modification in connection with **clause (vi)** of **Section 10.05**, the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bond Trustee or the Registered Owners would be prejudiced by such amendment, change, modification. Any such determination shall be binding and conclusive on the Issuer, the Company, and the Registered Owners. The Bond Trustee may receive and be fully protected in relying upon an Opinion of Counsel as conclusive evidence as to whether the Registered Owners would be so affected by any such amendment, change, or modification of the Agreement.

ARTICLE XI
Miscellaneous

Section 11.01. Evidence of Signature of Registered Owners and Ownership of Bonds. Any request, consent, or other instrument which the Bond Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or of the ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Bond Trustee may, nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Registered Owner or Registered Owner's attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any fully registered Bond and the amount and numbers of such Bonds and the date of holding the same shall be proved by the registration books of the Issuer kept by the Bond Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future Registered Owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Bond Trustee in accordance therewith.

Section 11.02. No Personal Liability. No recourse under or upon any obligation, covenant or agreement contained in this Bond Indenture, or in any Bond hereby secured, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable preceding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond Indenture, shall be had against any officer, director, agent, incorporator, council member, commissioner or employee, past, present or future, of any of the Issuer, the Bond Trustee, Paying Agent, or the City of Arlington, Texas, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Registered Owner of any Bond issued hereunder or otherwise of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such Person to respond by reason of any act or omission on such Person's part or otherwise, for the payment for or to the Issuer or any receiver thereof or for or to the Registered Owner of any Bond issued hereunder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issue of such Bonds.

Section 11.03. Special Limited Obligation. Neither the State, nor the City of Arlington, Texas shall in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds issued hereunder. The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate and not from any other revenues, funds or assets of the Issuer. None of the Bonds of the Issuer issued hereunder shall be construed or constitute an indebtedness of the Issuer or an indebtedness or obligation (special, moral or general) of the State or the City of Arlington, Texas within the meaning of any constitutional or statutory provision whatsoever.

Section 11.04. UCC Financing Statements; Deposit Account Control Agreements. The Company hereby expressly grants to the Bond Trustee the full right and authority to file any Uniform Commercial Code continuation statement or amendment that may be required by law or is, necessary to maintain any security interest granted by the Company to the Bond Trustee pursuant to this Bond Indenture. Notwithstanding anything to the contrary contained herein, the Bond Trustee shall not be responsible for any initial filings of any financial statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy of sufficiency of any description of collateral in such filings, and unless the Bond Trustee shall have been notified by the Company that any such initial filing or description of collateral was or has become defective, the Bond Trustee shall be fully protected in relying on such initial filing and descriptions in filing any continuation statement(s) pursuant to this Section. The Company shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this Section. The Bond Trustee shall only be responsible for making any such filings upon direction from the Issuer or the Company, and does not have a duty to review such statements, is not considered to have notice of the content of such statements, or a default or Event of Default based on such content, and does not have a duty to verify the accuracy of such statements.

Section 11.05. Parties Interested Herein. With the exception of rights herein expressly conferred on the Company, and except as provided below, nothing in this Bond Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the Issuer, the Bond Trustee, the Paying Agents, and the Registered Owners of the Bonds, any right, remedy, or claim under or by reason of this Bond Indenture, and any

covenants, stipulations, promises, and agreements in this Bond Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Bond Trustee, the Paying Agents, and the Registered Owners of the Bonds.

Section 11.06. Titles, Headings, Etc. The titles and headings of the articles, sections, and subdivisions of this Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.07. Severability. In the event any provision of this Bond Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.08. Governing Law. This Bond Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.09. Execution of Counterparts. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.10. Notices. Any notice, request or other communication under this Bond Indenture shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

(a) The date the e-mail transmission was sent;

(b) Three (3) Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail; or

(c) The date of the receipt thereof by such other party if not given pursuant to **(a)** or **(b)** above.

Notwithstanding the foregoing, notices, requests or other communications addressed to the Bond Trustee shall be effective only upon receipt.

The address for notice for each of the parties shall be as follows:

Issuer:
Arlington Higher Education Finance Corporation
4381 W. Green Oaks Blvd., St. 200
Arlington, TX 76016-4452
Attention: Assistant Secretary

Company:
Uplift Education
3000 Pegasus Park, Suite 1100
Dallas, Texas 75247
Attention: Chief Financial Officer

Bond Trustee:
The Bank of New York Mellon Trust Company, National Association
601 Travis Street
16th Floor
Houston, Texas 77002
Attention: Global Corporate Trust – Uplift Education

TEA:
Texas Education Agency
1701 N. Congress Ave.
Austin, Texas 78701
Attention: Commissioner of Education, Re: Guarantee No. [____-__-Uplift Education-1]
Email: commissioner@tea.texas.gov
Telephone: (512) 463-9734

The Bond Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Bond Indenture or the Agreement and delivered using Electronic Means; *provided, however*, that the Issuer and the Company shall provide to the Bond Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Issuer or the Company whenever a Person is to be added or deleted from the listing. If the Issuer or the Company elects to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Issuer and the Company understand and agree that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Issuer and the Company shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee and that the Issuer and the Company and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer or the Company. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Company agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Issuer or the Company; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.11. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Bond Indenture, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Bond Indenture.

IN WITNESS WHEREOF, ARLINGTON HIGHER EDUCATION FINANCE CORPORATION has caused this Bond Indenture to be executed on its behalf by its President and its corporate seal to be hereunto affixed and attested by its Secretary, and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Bond Trustee, has caused this Bond Indenture to be executed on its behalf by its duly authorized signatory to evidence its acceptance of the trusts hereby created, all as of the date first above written.

APPENDIX G

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.

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Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase	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	-	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	
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.

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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]

Fiscal Year Ended 8/31	School District Bonds		Charter District Bonds		Totals	
	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]

		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. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

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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