This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2025**

**NEW ISSUE**
**BOOK-ENTRY-ONLY**

**MORAL OBLIGATION RATING: Moody's "Aa3"**
**UNDERLYING RATING: Moody's "Baa3"**
**See "MISCELLANEOUS—Ratings"**

*In the opinion of Casey Parrot LLC, Bond Counsel, assuming the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2025A Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Series 2025B Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel is further of the opinion that, pursuant to the Colorado Revised Statutes, interest on the Series 2025 Bonds is exempt from all taxation and assessments in the State of Colorado. See "TAX MATTERS" herein.*

# COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY
# CHARTER SCHOOL REFUNDING REVENUE BONDS
# (ADDENBROOKE CLASSICAL ACADEMY PROJECT)

Addenbrooke CLASSICAL ACADEMY

**$24,910,000***
**SERIES 2025A**

**$185,000***
**FEDERALLY TAXABLE**
**SERIES 2025B**

**Dated:** Date of Delivery

**Due:** June 1, as shown on inside cover

The Colorado Educational and Cultural Facilities Authority will issue its $24,910,000* Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A and its $185,000* Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B pursuant to an Indenture of Trust, dated as of August 1, 2025 by and between the Authority and UMB Bank, n.a., solely in its capacity as trustee, as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Principal and interest payments on the Series 2025 Bonds will be made by UMB Bank, n.a., as trustee, to the Registered Owners as of the close of business on the last day of the month immediately preceding the month in which an interest payment date occurs. The Series 2025 Bonds bear interest payable semiannually on June 1 and December of each year, commencing December 1, 2025*, until maturity or earlier redemption. DTC will act as securities depository for the Series 2025 Bonds, and the Series 2025 Bonds will be registered in the name of Cede & Co., as nominee of DTC. Capitalized terms used on this cover page are defined in the body of this Official Statement.

The proceeds derived from the sale of the Series 2025 Bonds will be loaned by the Authority to Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation, pursuant to the terms of a Loan and Security Agreement, dated as of August 1, 2025, by and between the Authority and the Corporation for the purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235, and constructing improvements thereto and equipping thereof, and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof ; (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Series 2025 Bonds.

The Series 2025 Bonds constitute special, limited obligations of the Authority and except to the extent payable from Bond proceeds and investment income, are payable solely from certain payments, revenues and other amounts derived by the Authority pursuant to the terms of the Loan Agreement. The Series 2025 Bonds are secured by the Trust Estate consisting of (a) certain rights and interests of the Authority under and pursuant to the Loan Agreement, (b) certain rights and interests of the Trustee under and pursuant to the Deed of Trust, encumbering the Facilities, subject to Permitted Encumbrances, (c) the Pledged Revenues and all rights and interests of the Authority in such Pledged Revenues, subject to Permitted Encumbrances, except certain rights of the Authority set forth in the Loan Agreement, (d) the rights and interests of the Trustee on behalf of the Authority and the Corporation, in the Lease (except certain rights of the Authority and the Corporation set forth in the Lease retained thereby), (e) all Funds created in the Indenture (other than the Rebate Fund), subject to certain provisions of the Indenture, and (f) any and all other interests in real or personal property specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture as set forth therein. Payments to be received from the Addenbrook Classical Academy, Inc., a Colorado nonprofit corporation and public charter school, by the Corporation under the Lease will be the Corporation's sole expected source of revenues and the Lease is subject to annual appropriation by the Charter School.

**The Authority, the Charter School, and the Trustee intend to participate in the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program for the payment of the Series 2025 Bonds. The Authority, the Charter School, and the Trustee intend to utilize the Colorado State Treasurer Charter School Intercept Program for the Series 2025 Bonds.**

The Series 2025 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity as set forth herein.

**The Series 2025 Bonds and the interest thereon shall never constitute debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the Constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority, the Charter School or the State. The Authority has no power to levy any tax or assessment.**

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

*The Series 2025 Bonds are offered when, as, and if issued by the Authority subject to the approval of certain matters by Casey Parrot LLC., Broomfield, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the Corporation and the Charter School by its counsel, Miller Farmer Carlson Law, LLC, Colorado Springs, Colorado, and for the Authority by its counsel, Taft Stettinius & Hollister LLP, Denver, Colorado. Additionally, PFM Financial Advisors, LLC is acting as financial advisor to the Authority. D.A. Davidson & Co. is acting as Underwriter in connection with the sale of the Series 2025 Bonds. Casey Parrot LLC has assisted in the preparation of this Official Statement as Disclosure Counsel. It is expected that the Series 2025 Bonds will be available for delivery through DTC in New York, New York, on or about August 28, 2025*, against payment therefor.*

D|A|DAVIDSON

This Official Statement is dated August __, 2025

* Preliminary; subject to change.

**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY**
**CHARTER SCHOOL REFUNDING REVENUE BONDS**
**(ADDENBROOKE CLASSICAL ACADEMY PROJECT)**

**$24,910,000*** **SERIES 2025A**

**$185,000*** **FEDERALLY TAXABLE SERIES 2025B**

## MATURITY SCHEDULE
## SERIES 2025A

### SERIAL MATURITIES

| Maturity Date (June 1)* | Principal Amount* | Interest Rate | Yield | Price | CUSIP©,[1] |
|---|---|---|---|---|---|
| 2026 | $110,000 | | | | 19645U ___ |
| 2027 | 395,000 | | | | 19645U ___ |
| 2028 | 415,000 | | | | 19645U ___ |
| 2029 | 435,000 | | | | 19645U ___ |
| 2030 | 460,000 | | | | 19645U ___ |
| 2031 | 480,000 | | | | 19645U ___ |
| 2032 | 505,000 | | | | 19645U ___ |
| 2033 | 530,000 | | | | 19645U ___ |
| 2034 | 555,000 | | | | 19645U ___ |
| 2035 | 585,000 | | | | 19645U ___ |

### TERM MATURITIES

**$3,390,000*** **[_____]%** **Term Bond** **Maturing June 1, 2040*** **Yield [_____]** **Price: [_____]%** **CUSIP©,[1] 19645U ___**
**$4,330,000*** **[_____]%** **Term Bond** **Maturing June 1, 2045*** **Yield [_____]** **Price: [_____]%** **CUSIP©,[1] 19645U ___**
**$5,560,000*** **[_____]%** **Term Bond** **Maturing June 1, 2050*** **Yield [_____]** **Price: [_____]%** **CUSIP©,[1] 19645U ___**
**$7,160,000*** **[_____]%** **Term Bond** **Maturing June 1, 2055*** **Yield [_____]** **Price: [_____]%** **CUSIP©,[1] 19645U ___**

## FEDERALLY TAXABLE SERIES 2025B

**$185,000*** **[_____]%** **Serial Bond** **Maturing June 1, 2026*** **Yield [_____]** **Price: [_____]** **CUSIP©,[1] 19645U ___**

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* Preliminary; subject to change.

[1] The Authority, Charter School and Corporation take no responsibility for the accuracy of the CUSIP numbers, which are including solely for the convenience of owners of the Series 2025 Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Charter School, the Corporation or the Underwriter and are included solely for the convenience of the holders of the Series 2025 Bonds. None of the Authority, the Charter School, the Corporation or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2025 Bonds or as indicated above. 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 as portion of the Series 2025 Bonds.

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## FINANCING PARTICIPANTS

## COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY
## CHARTER SCHOOL REFUNDING REVENUE BONDS
## (ADDENBROOKE CLASSICAL ACADEMY PROJECT)

### Building Corporation Board of Directors and Officers

Patrick Cordova, President
Evelyn Fiadonu, Treasurer
Ric Netzer, Secretary

### Charter School Board of Directors

Patrick Cordova, President
Ed Peterson, Vice President
Christi Palmore, Treasurer
Amanda Gomez, Member
Chrissy Liu, Member
Mark Pino, Member

### Charter School Administration

Ric Netzer, Executive Director
Evelyn Fiadonu, Manager of Finance and Human Resources

### Charter School and Corporation Counsel

Miller Farmer Carlson Law, LLC
Colorado Springs, Colorado

### Underwriter

D.A. Davidson & Co.
Denver, Colorado

### Bond and Disclosure Counsel

Casey Parrot LLC
Broomfield, Colorado

### Trustee and Paying Agent

UMB Bank, n.a.
Denver, Colorado

### Authority's Counsel

Taft Stettinius & Hollister LLP
Denver, Colorado

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 offer and sale 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 Authority 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 Authority, the Corporation or the Underwriter since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility 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.

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM OR THE APPENDICES AND DOES NOT ASSUME ANY RESPONSIBILITY FOR, AND MAKES NO REPRESENTATION WITH RESPECT TO, THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR ITS APPENDICES. EXCEPT FOR THE INFORMATION CONTAINED UNDER THE CAPTIONS "INTRODUCTION—THE AUTHORITY," "THE AUTHORITY" AND "LEGAL MATTERS—PENDING AND THREATENED LITIGATION—*NO PROCEEDINGS AGAINST THE AUTHORITY*," THE AUTHORITY NEITHER HAS NOR WILL ASSUME ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION IN THIS OFFICIAL STATEMENT.

Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Series 2025 Bonds or this Official Statement. Any representation to the contrary is unlawful.

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# OFFICIAL STATEMENT

## COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY
## CHARTER SCHOOL REFUNDING REVENUE BONDS
## (ADDENBROOKE CLASSICAL ACADEMY PROJECT)

| $24,910,000* | $185,000* |
|---|---|
| SERIES 2025A | FEDERALLY TAXABLE SERIES 2025B |

## INTRODUCTION

The purpose of this Official Statement is to provide certain information concerning the issuance and sale by the Colorado Educational and Cultural Facilities Authority (the "**Authority**") of its $24,910,000* Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A (the "**Series 2025A Bonds**") and its $185,000* Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B (the "**Series 2025B Bonds**" and together with the Series 2025A Bonds, the "**Series 2025 Bonds**"). The Series 2025 Bonds will be issued pursuant to an Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and UMB Bank, n.a., solely in its capacity as trustee (the "**Trustee**"). 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 described in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. The offering of the Series 2025 Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Introduction from this Official Statement or otherwise use it without the entire Official Statement. For the definitions of certain words and terms used in this Introduction, see "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

### 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 AND THE APPENDICES HERETO, 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

* Preliminary; subject to change.

THERE ARE LIKELY TO BE DIFFERENCES BETWEEN FORWARD LOOKING STATEMENTS AND ACTUAL RESULTS, AND THAT THOSE DIFFERENCES COULD BE MATERIAL.

**The Project**

The proceeds of the Series 2025 Bonds will be used for the purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, and currently outstanding in the aggregate principal amount of $23,905,000 ,which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Series 2025 Bonds (collectively, the "**Project**").

**The Authority**

The Series 2025 Bonds are being issued by the Authority to assist in financing the Project. The Authority, created in 1981, is an independent public body politic and corporate constituting a public instrumentality and political subdivision of the State of Colorado (the "**State**"). The Authority promotes the welfare of the people of the State by providing financing for educational institutions and cultural institutions. The Authority is governed by the "Colorado Educational and Cultural Facilities Authority Act," Title 23, Article 15 (the "**Act**"), Colorado Revised Statutes, as amended ("**C.R.S.**"). See "THE AUTHORITY."

The Series 2025 Bonds and the interest thereon will never constitute the debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority or the State. The Authority has no power to levy taxes or assessments. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds."

**The Corporation**

The Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation (the "**Corporation**"), is a Colorado nonprofit corporation organized for the purposes of, among others, serving as borrower under a Loan and Security Agreement, dated as of August 1, 2025 (the "**Loan Agreement**"), by and between the Authority and the Corporation, lessor of the land and buildings used by the Charter School including the Facilities under the Lease Agreement, dated as of August 1, 2025 (the "**Lease**"), by and between the Corporation and Addenbrooke Classical Academy, Inc., Colorado nonprofit corporation and public charter school (the "**Charter School**"), in connection with the Series 2025 Bonds. See "THE CORPORATION." Payments from the Charter School to the Corporation will be the Corporation's sole expected source of Pledged Revenue. See "THE CORPORATION," and See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION."

**The Charter School**

On May 3, 2011, the Charter School filed its original Articles of Incorporation, as Belmar Academy, Inc. with the Secretary of State to incorporate as a Colorado nonprofit corporation. Pursuant to Articles of Amendment filed on February 25, 2015, the Charter School changed its name to Addenbrooke Classical Academy, Inc.

The Charter School was established by Jefferson County School District R-l (the "**District**"), pursuant to an initial Charter School Contract dated February 7, 2013, (the "**Charter**") providing for a 6th through 12th grade charter school. In 2014 the District approved the inclusion of grades K-5. On February 4, 2021, by resolution of the District Board, the Charter was renewed for a five-year period ending June 30, 2026. The Charter School's secondary school (grades 6-12) opened for the 2013-14 Fiscal Year with 113 students. "**Fiscal Year**" is defined as the Charter School's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year. The Charter School added its primary school (grades K-5) in the 2014-15 Fiscal Year, for a total enrollment of 223 students. The Charter School currently has a 2024-25 enrollment of 965 students, with 53 student in Pre-K, 721 students in K-8th grade and 191 students in grades 9th-12th grade.

The Charter School operates its K-8 campus 3940 S. Teller street, Lakewood, Colorado (the "**Elementary-Middle School Campus**") and its secondary school campus at 3605 S. Teller St. (the "**High School Campus**"). The Charter School operates as a nonprofit corporation under the laws of the State of Colorado, exclusively for charitable, religious, educational, and scientific purposes, including, for such purpose, the receipt of contributions and the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION."

**The Facilities**

The Elementary-Middle School Campus, located on approximately 12.55 acres of land at 3940 and 4064 S. Teller Street in Lakewood, Colorado, houses the pre-school, primary and secondary schools. The Elementary-Middle School Campus was originally constructed in 2002 as a single story building consisting of approximately 68,000 square feet. In 2017 the Corporation constructed an approximately 17,000 square foot addition to the Elementary-Middle School Campus. As currently constructed the Elementary-Middle School Campus, includes a multi-purpose gymnasium, 32 classrooms, 25 administrative offices, breakrooms, library and support facilities (restrooms/mechanical). The Elementary-Middle School Campus currently has 393 (22 handicap) paved parking spaces with overhead parking lamps and landscaped medians. The Elementary-Middle School Campus currently serves 721 students in grades K – 8 and has a maximum capacity of 890 students.

The High School Campus is located at 3605 S. Teller Street, Lakewood, Colorado, consisting of approximately one (1) acre of land and an approximate 25,000 square foot three story building. A portion of the net proceeds of the 2020 Bonds were used to construct improvements to the High School Campus to convert it to an educational facility for the Charter School. The High School Campus serves approximately 191 students in grades 9 through 12 with a maximum student capacity of 260 students and consists of 16 classrooms or specials rooms, a library, administrative offices, breakroom, and support facilities (restrooms/storage). In addition the High School Campus includes 46 surface parking spaces (2 handicap) and 30 covered parking spaces as well as landscaping.

Upon issuance of the Series 2025 Bonds, the Corporation will lease the Facilities to the Charter School for use by the Charter School pursuant to the terms of the Lease. The Charter School may terminate its obligations under the Lease without a penalty on an annual basis. The Lease is "triple net" and requires

the Charter School to pay all expenses, taxes, fees, insurance and operational costs associated with the maintenance and operation of the Facilities, the expenses of the Corporation a landlord, and the expenses of the Trustee, subject to annual appropriation therefor, and all improvements, alterations, and additions to the Facilities made by the Charter School will become part of the Facilities owned by the Corporation and leased to the Charter School. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION."

**Limited Obligations**

The Series 2025 Bonds do not constitute the debt or indebtedness of the Authority within the meaning of any provision or limitation of the constitution or statutes of the State and shall never constitute or give rise to a pecuniary liability of the Authority, the District, or the State or a charge against the general credit or taxing power of the Authority, the District or the State. The Authority has no power to levy any tax or assessment. Except as provided in the Loan Agreement with respect to certain fees, expenses and indemnity rights of the Authority and the Trustee, recovery against the Corporation for any event of default under the Loan Agreement is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust (defined below) encumbering the Facilities. The obligations of the Corporation under the Loan Agreement are not general obligations of the Corporation and neither the Trustee, the Authority (subject to the exceptions described above), nor the Registered Owners (as defined in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE") of the Series 2025 Bonds shall have any recourse to any property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds."

**Registration and Denominations**

The Series 2025 Bonds will be issued by the Authority as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof (the "**Authorized Denominations**").

**Book-Entry-Only Registration**

The Series 2025 Bonds will be issued in fully registered form and will be registered initially in the name of "Cede & Co." as nominee for The Depository Trust Company, New York, New York ("**DTC**"), a securities depository. Beneficial ownership interests may be acquired through participants in the DTC system (the "**Participants**"). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Series 2025 Bonds (the "**Beneficial Owners**") will not receive certificates evidencing their interests in the Series 2025 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, payments of principal, premium, if any, and interest on the Series 2025 Bonds, as well as notices and other communications made by or on behalf of the Authority pursuant to the Indenture, will be made to DTC or its nominee only. Disbursement of such payments, notices and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM" for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

**Payment Provisions**

The Series 2025 Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof. Interest on the Series 2025 Bonds is payable semiannually on June 1 and December 1 in each year, commencing December 1, 2025*.

**Prior Redemption**

The Series 2025 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption. The terms and provisions regarding such prior redemption are set forth in "THE SERIES 2025 BONDS—Optional Redemption of Bonds."

**Security**

The Series 2025 Bonds are special, limited obligations of the Authority as described under "Limited Obligations" herein. Under the Loan Agreement, the Corporation is obligated unconditionally to pay amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds. The Series 2025 Bonds are secured by the Trust Estate, consisting of: (a) certain rights and interests of the Authority under and pursuant to the Loan Agreement; (b) certain rights and interests of the Trustee under and pursuant to the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of August 1, 2025, on the Facilities (the "**Deed of Trust**") executed by the Corporation, encumbering the Facilities, subject to Permitted Encumbrances; (c) the Pledged Revenues and all rights and interests of the Authority in such Pledged Revenues, subject to Permitted Encumbrances, except certain rights of the Authority set forth in the Loan Agreement; (d) the rights and interests of the Trustee, on behalf of the Authority and the Corporation, in the Lease (except certain rights of the Authority and the Corporation set forth in the Lease retained thereby); (e) all Funds created in the Indenture (other than the Rebate Fund), subject to certain provisions of the Indenture; and (f) any and all other interests in real or personal property specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture as set forth therein. See the documents included in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE" for a more detailed description of the security for the Series 2025 Bonds.

Pledged Revenues are defined in the Loan Agreement to include all revenues, rentals, fees, third-party payments, receipts, contributions or other income derived from the Facilities, including the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with Generally Accepted Accounting Principles, including, but not limited to, any revenues received from rentals of the Facilities, including, without limitation, rentals received pursuant to the Lease; proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation which are derived from the Facilities; and all donations, gifts, grants, bequests and contributions (including income and profits therefrom), to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for any of the payments required under the Loan Agreement (collectively, "**Pledged Revenues**"). Payments to be received by the Corporation from the Charter School under the Lease will be the sole expected source of Pledged Revenues and the Lease is subject to annual appropriation by the Charter School. Pledged Revenues do not include any administrative fee paid to the Corporation or Charter School by a lessee of the Facilities for the Corporation's or Charter School's administration of the Facilities, including, without limitation, Additional Rents paid to the Corporation pursuant to the Lease. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds."

* Preliminary; subject to change.

See the documents included in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE" for a more detailed description of the security for the Series 2025 Bonds.

**Bond Reserve Fund**

A bond reserve fund will be established pursuant to the Indenture for the Series 2025 Bonds (the "**Bond Reserve Fund**"). The Series 2025 Bond Reserve Account will be established within the Bond Reserve Fund in an amount equal to the maximum annual debt service on the Series 2025 Bonds (the "**Bond Reserve Fund Requirement**"), pledged for solely the repayment of the Series 2025 Bonds as provided in the Indenture. The Charter School is entitled to participate and be a beneficiary of the Colorado Charter School Debt Reserve Fund Program (the "**CSDRF**") and the Colorado Charter School Moral Obligation Program (the "**Moral Obligation Program**") which enhance the security for the Series 2025 Bonds. The CSDRF was created to provide a fund managed by the State Treasurer that is available to replenish amounts drawn from debt service reserve funds, once depleted, that secure qualifying charter school bond issues. Qualified charter schools are defined in State statutes as a school that has a stand-alone credit assessment or rating of at least equal to investment grade by a nationally recognized rating agency at the time of issuance of the bonds. The Series 2025 Bonds qualify for the CSDRF and the Moral Obligation Program. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds" for additional details regarding the CSDRF and the Moral Obligation Program.

**Direct Payment of Lease Amounts (Charter Intercept Statute)**

The State provides funding to school districts, which in turn provide funding to charter schools. Pursuant to the terms of the Lease, the Charter School is required to make application for the direct payment of Series 2025 Bonds by the Colorado State Treasurer pursuant to Section 22-30.5-406, C.R.S., as amended (the "**Charter Intercept Statute**"). Pursuant to the Charter Intercept Statute, the State Treasurer is to make payments in the amount of the monthly Base Rents due under the Lease, subject to appropriation therefor by the Charter School, to the Trustee for the payment of debt service on the Series 2025 Bonds. The Series 2025 Bonds qualify for such program and the Charter School's application is expected to be submitted to the Colorado State Treasurer prior to the first interest payment date for the Series 2025 Bonds. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds."

**Risk Factors**

Prospective purchasers are advised to read this entire Official Statement and the Appendices attached hereto in their entirety, particularly the section "RISK FACTORS" herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2025 Bonds.

**Continuing Disclosure Agreements**

The Corporation and the Charter School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2025 Bonds to provide certain financial information and other operating data and notices of material events through maturity of the Series 2025 Bonds. See "CONTINUING DISCLOSURE AGREEMENTS" and "APPENDIX F—FORMS OF CONTINUING DISCLOSURE AGREEMENTS."

**Tax Status**

In the opinion of Casey Parrot LLC, Bond Counsel, assuming the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, under existing

statutes, regulations, rulings and judicial decisions, interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2025A Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Series 2025B Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel is further of the opinion that, pursuant to the Colorado Revised Statutes, interest on the Series 2025 Bonds is exempt from all taxation and assessments in the State of Colorado. See "TAX MATTERS" herein.

**Authority for Issuance**

The Series 2025 Bonds are being issued in full conformity with the constitution and laws of the State, and pursuant to the authorizing resolution (the "**Bond Resolution**") adopted by the Authority's Board of Directors (the "**Authority's Board**"), and pursuant to the terms of the Indenture. The Authority is authorized by the Act, as amended, and the Supplemental Public Securities Act, Article 57, Title 11, Section 201, et seq. C.R.S., as amended, to issue the Series 2025 Bonds.

**Delivery Information**

The Series 2025 Bonds are offered when, as, and if issued by the Authority and accepted by D.A. Davidson & Co., as underwriter for the Series 2025 Bonds (the "**Underwriter**"), subject to the prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that the Series 2025 Bonds will be available for delivery through the facilities of DTC on or about August 28, 2025*.

**Financial Statements**

The Charter School's audited financial statements for the Fiscal Year ended June 30, 2024 and June 30, 2023, prepared by The Adams Group LLC, Certified Public Accountants, Greenwood Village, Colorado and June 30, 2022, prepared by John Cutler & Associates, Denver, Colorado are attached hereto as "APPENDIX B—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024," "APPENDIX C—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023," AND "APPENDIX D—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022."

**Agents and Advisors**

D.A. Davidson & Co. will serve as the Underwriter. PFM Financial Advisors, LLC will serve as the Authority's financial advisor. Casey Parrot LLC has acted as Bond Counsel and disclosure counsel. Certain legal matters will be passed on for the Corporation and the Charter School by their counsel, Miller Farmer Carlson Law, LLC, Colorado Springs, Colorado and for the Authority by its general counsel Taft Stettinius & Hollister LLP, Denver, Colorado. UMB Bank, n.a., Denver, Colorado will serve as the Trustee for the Series 2025 Bonds. Certain fees that are payable by the Authority with respect to the Series 2025 Bonds to various counsel, the Underwriter and the Trustee are contingent upon the issuance and delivery of the Series 2025 Bonds.

**Additional Information**

The summaries of, or references to, constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or

* Preliminary; subject to change.

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 Charter School's offices, 3940 S. Teller Street in Lakewood, Colorado, 80235, (303) 989-1336 or D.A. Davidson & Co. at 1550 Market Street, Suite 300, Denver, Colorado 80202, (303) 764-6000.

## THE AUTHORITY

The Authority is an independent public body politic and corporate constituting a public instrumentality and political subdivision of the State. The Authority promotes the welfare of the people of the State by providing financing for educational institutions and cultural institutions. The Authority is governed by the "Colorado Educational and Cultural Facilities Authority Act," Title 23, Article 15, C.R.S. as amended (as previously defined, the "**Act**"). The Authority is not an agency of State government and is not subject to administrative direction by any department, commission, board or agency of the State. The Authority is authorized by the Act to provide financing for educational institutions and cultural institutions and to acquire, construct, reconstruct, repair, alter, improve, extend, own, lease and dispose of properties to the end that the Authority may be able to promote the welfare of the people of the State. The Authority was originally created in 1981 and was formerly known as the Colorado Postsecondary Educational Facilities Authority.

The Authority has offered the Series 2025 Bonds and plans to offer other obligations from time to time to finance other educational facilities and cultural institutions with respect to facilities located in Colorado and subject to the satisfaction of certain requirements, in other states. The Authority has financed educational facilities that compete with the Charter School and may finance additional such facilities in the future. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Series 2025 Bonds and the interest thereon will never constitute the debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority or the State. The Authority has no power to levy taxes or assessments. See "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds."

The Authority has not prepared or assisted in the preparation of this Official Statement, except the statements under this Section and the information with respect to the Authority under the headings "INTRODUCTION—The Authority" and "LEGAL MATTERS—Pending and Threatened Litigation—*No Proceedings Against the Authority*" and, except as described in this paragraph, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Series 2025 Bonds, the Authority has not otherwise assisted in the offer, sale or distribution of the Series 2025 Bonds. Accordingly, except as aforesaid, the Authority disclaims any responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Series 2025 Bonds.

## THE CORPORATION

The Articles of Incorporation of the Corporation were filed with the Colorado Secretary of State on August 26, 2016. The Corporation was incorporated as a nonprofit corporation under the laws of the State of Colorado, to carry out educational and charitable purposes, and to lease and hold title to property and otherwise act to facilitate the operations of the Charter School and other charter schools. The sole

member of the Corporation is the Charter School, a Colorado public charter school and nonprofit corporation.

The Corporation's Board of Directors (the "**Corporation Board**"), who conduct and manage the affairs of the Corporation, will consist of not less than three nor more than five. The exact number of directors will be determined by resolution adopted by a majority of all directors then in office. Each director holds office indefinitely, until such director's successor shall have been appointed and qualified, or until each director's earlier death, resignation or removal A majority of the Corporation Board members must be appointed by the Charter School Board. The Corporation Board may appoint additional directors, so long as the number of directors appointed by the Corporation Board remains a minority.

Directors appointed by the Corporation Board may be removed, with or without cause, by vote of the affirmative vote of two-thirds of the Corporation Board or a majority vote of the Charter School Board Charter School Board. If a member of the Corporation Board is an employee of the Charter School, then, upon resignation, termination, or removal of his/her position with the Charter School, will be removed from the Corporation Board, unless such tenure on the Corporation Board is affirmatively approved by the Charter School Board. Any vacancy of a director appointed by the Charter School Board is to be filled by the Charter School Board and no action of the Corporation Board shall be taken until such vacancy is filled.

The Corporation Board will hold a regular annual meeting, additional regular meetings, and/or special meetings as requested by the president or a majority directors. Corporation Board members serve without compensation; however, by resolution of the Corporation Board, the reasonable expenses of directors of attendance at Corporation Board meetings may be paid or reimbursed by the Corporation. The following table sets forth certain information regarding the initial Corporation Board.

| Corporation Board of Directors | | |
|---|---|---|
| **Name** | **Occupation** | **Office** |
| Patrick Cordova | Director of IT | President |
| Evelyn Fiadonu | Manager of Finance and Human Resources | Treasurer |
| Ric Netzer | Executive Director | Secretary |

The Corporation has agreed to enter into the Lease with the Charter School to facilitate the financing of the Facilities (defined below). The Corporation has assigned its rights and interests under the Lease (with certain exceptions) to the Trustee for the benefit of the Owners of the Series 2025 Bonds.

Brief biographical information pertaining to the current Corporation Board members is presented below.

***Patrick Cordova, President.*** Mr. Cordova is the Director of IT for a nonprofit dental insurance company.

***Ric Netzer, Executive Director***. Mr. Netzer holds a Bachelor of Music Education degree from Wichita State University. He taught in a Classical School in Wichita, Kansas for 10 years. After that Mr. Netzer worked for almost 30 years in business in the student travel industry. The position included marketing and serving as the ground operations director. He is about to complete his fourth year as the Executive Director at Addenbrooke Classical Academy. During that time the student enrollment has increased from 780 to well over 950 students. The school has improved its financial state greatly in the past 4 years.

***Evelyn Fiadonu, Manager of Finance and Human Resources***. Evelyn Fiadonu was first the Business Manager for the Charter School at inception. As the Business Manager her responsibilities

include: all financial related issues for the Charter School; supervise all office functions and office staff, including school registrar and receptionist; monitor performance of all office staff; serve as the Charter School's primary liaison to all departments of the School Support Team including Finance, Development, IT, Maintenance, Food Services, Student Data, and Operations; assist the Executive Director in developing and managing the Charter School's budget; manage the procurement of all goods and services for the Charter School; risk management and managing work orders; the Charter School food services program, including compliance with the National School Breakfast Program and the National School Lunch Program; maintaining necessary documents and files to ensure compliance with all state and federal reporting requirements; maintaining accurate data on staff, students, and master schedule; manage the monthly calendar of activities; provide logistical support for events; and greeting visitors and responding to inquiries about the Charter School.

Ms. Fiadonu holds a Bachelor of Science degree in Geology with Mathematics from the University of Ghana, a Master's degree in Mineral Economics, Quantitative Business Methods from the Colorado School of Mines, and a Master's degree in Business Administration, Project Management from Colorado Christian University. Ms. Fiadonu's previous experience includes three years as an assistant geologist with Ghana National Petroleum Corporation and seven years as a senior geologist for Ashanti Goldfields Company in Ghana.

## THE CHARTER SCHOOL

The Charter Schools Act authorizes teachers, parents and/or community members to contract with the local board of education to establish a publicly funded school operating with significant freedom from district policies and State regulations. A charter school is, nonetheless, a public school, which is part of the school district in which it is located. Charter schools operate under a "charter contract" between the charter school and the local board of education. If the local board of education fails to grant a charter, the charter school may appeal that decision to the Colorado State Board of Education (the "**State Board**").

The Charter defines the charter school's goals, standards, education design, governance and operations. The degree of authority to be exercised by the charter school on such issues as personnel, curriculum and facilities is negotiated between the charter applicants and the local school district and reflected in the Charter. School-centered governance, autonomy, and a clear design for the how and what students will learn are the essential characteristics of a charter school.

On May 3, 2011, the Charter School filed its original Articles of Incorporation, as Belmar Academy, Inc. with the Secretary of State to incorporate as a Colorado nonprofit corporation. Pursuant to Articles of Amendment filed on February 25, 2015, the Charter School changed its name to Addenbrooke Classical Academy, Inc.

The Charter School was established by Jefferson County School District R-l (the "**District**"), pursuant to an initial Charter School Contract dated February 7, 2013, (the "**Charter**") providing for a 6$^{th}$ through 12$^{th}$ grade charter school. In 2014 the District approved the inclusion of grades K-5. On February 4, 2021, by resolution of the District Board, the Charter was renewed for a five-year period ending June 30, 2026. The Charter School's secondary school (grades 6-12) opened for the 2013-14 Fiscal Year with 113 students. "**Fiscal Year**" is defined as the Charter School's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year. The Charter School added its primary school (grades K-5) in the 2014-15 Fiscal Year, for a total enrollment of 223 students. The Charter School currently has a 2024-25 enrollment of 965 students, with 53 student in Pre-K, 721 students in K-8th grade and 191 students in grades 9th-12th grade.

The Charter School operates its K-8 campus 3940 S. Teller street, Lakewood, Colorado (the "**Elementary-Middle School Campus**") and its secondary school campus at 3605 S. Teller St. (the "**High School Campus**"). The Charter School operates as a nonprofit corporation under the laws of the State of Colorado, exclusively for charitable, religious, educational, and scientific purposes, including, for such purpose, the receipt of contributions and the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. The Charter School was recognized as an exempt organization under Section 501(c)(3) Internal Revenue Code of 1986, as amended (the "Code") pursuant to a determination letter dated July 19, 2022, with an effective date of May 15, 2014.

For additional information regarding the Charter School, see "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION."

## PLAN OF FINANCE

The proceeds of the Series 2025 Bonds will be used for the purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000 (the "**Series 2020 Bonds**" or the "**Refunded Bonds**"), which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Series 2025 Bonds (collectively, the "**Project**"). See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION."

### The Refunding Project

The Series 2020 Bonds will be redeemed in full on August 28, 2025 (the "**2020 Bond Redemption Date**"), at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the Redemption Date, without premium. Proceeds of the Series 2025A Bonds in the amount of $22,719,153.17* will be transferred on the date of issuance thereof to UMB Bank, n.a., as trustee for the Series 2020 Bonds, to be applied to the total redemption price for the Series 2020 Bonds of $23,654,475.00* together with amounts on deposit with UMB Bank, n.a., in the amount of $935,321.83*.

* Preliminary; subject to change.

## ESTIMATED SOURCES AND USES OF FUNDS

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

| | |
|---|---|
| SOURCES | |
| Series 2025 Bond Proceeds | |
| Original Issue Discount | |
| Reoffering Premium | |
| Amounts on Deposit with the Refunded Bonds' trustee | |
| Total Sources | |
| USES | |
| Refunding Project | |
| Bond Reserve Fund | |
| Costs of Issuance, Including Underwriter's Discount | |
| Total Uses | |

Source: The Underwriter.

## THE SERIES 2025 BONDS

### Description of the Series 2025 Bonds

For further description of the Series 2025 Bonds, including, but not limited to, redemption provisions, tender provisions, if any, interest rates, maturity schedules, additional bond provisions, payment provisions and security for the Series 2025 Bonds, see the Indenture in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

### Direct Payment of Lease Amounts

The State provides funding to school districts, which in turn provide funding to charter schools. Pursuant to the terms of the Lease, the Charter School is required to make application for the direct payment of Series 2025 Bonds by the Colorado State Treasurer pursuant to Section 22-30.5-406, C.R.S., as amended (the "**Charter Intercept Statute**"). The Series 2025 Bonds qualify for such program and the Charter School's application is expected to be submitted to the Colorado State Treasurer upon issuance of the Series 2025 Bonds. The Charter Intercept Statute shall not be construed to create a debt of the State or any State financial obligation whatsoever with respect to any bonds which qualify for direct payment pursuant to its provisions and no moneys can otherwise be paid by the State Treasurer under the Charter Intercept Statute unless an allocable portion of the State share of Total Program funding which the Charter School is entitled to receive equals or exceeds the applicable amount of the payments which the State Treasurer is directed to make. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—CHARTER SCHOOL FINANCIAL INFORMATION."

Further, the Charter Intercept Statute shall not be construed to require the State to continue the payment of state assistance to any school district or to limit or prohibit the State from repealing or amending any law relating to the amount of State assistance to school districts or the manner or timing of the payment of such assistance. If direct payment of the Series 2025 Bonds is not made through the Charter Intercept Statute, the Charter School is required to make such payments pursuant to the Lease and the Corporation is required to make such payments pursuant to the Loan Agreement. The information set forth in this Official Statement has not been verified or approved by the State and the State has no responsibility with respect to any disclosure matters relating to the offer or sale of the Series 2025 Bonds.

Financial information about the State is available at http//www.colorado.gov/dpa/dfp/scho/cafr/cafr.htm. The State's internet address is provided as a matter of convenience for purchasers of the Series 2025 Bonds. None of the Authority, the Charter School or the Corporation incorporate herein any information that may be provided at such internet address or any other internet addresses that may be contained therein, and disclaim any responsibility for any such information. The information at such internet address or internet addresses is not to be construed or incorporated as part of this Official Statement.

**Optional Redemption of Bonds**

The Series 2025A Bonds maturing on and after June 1, 2036* are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in Authorized Denominations, in any order of maturity and in whole or partial maturities, on June 1, 2035* and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption.

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

**Redemption of Bonds Upon Occurrence of Certain Events**

The Series 2025 Bonds are also redeemable at the option and upon the written direction of the Corporation in whole at any time or in part (only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to paragraphs (a) or (b) of this Section) on any interest payment date from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2025 Bond redeemed and accrued interest to the redemption date upon the occurrence of any of the following events:

(a) the Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee (i) the Facilities cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii) the Corporation or its lessee are thereby prevented from carrying on its normal operations for a period of six consecutive months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement;

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

(c) as a result of any changes in the Constitution of the State of Colorado or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement or Deed of Trust shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the Facilities, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement. Redemption pursuant to this paragraph (c) shall be in whole only.

* Preliminary; subject to change.

**Sinking Fund Redemption**

The Series 2025A Bonds maturing on June 1, 2040* are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025A maturing on June 1, 2040* plus accrued interest thereon to the redemption date:

| June 1 of the Year* | Principal Amount* |
|---|---|
| 2036 | $615,000 |
| 2037 | 645,000 |
| 2038 | 675,000 |
| 2039 | 710,000 |
| 2040[1] | 745,000 |

[1] Maturity Date.

The Series 2025A Bonds maturing on June 1, 2045* are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025A maturing on June 1, 2045* plus accrued interest thereon to the redemption date:

| June 1 of the Year* | Principal Amount* |
|---|---|
| 2041 | $780,000 |
| 2042 | 820,000 |
| 2043 | 865,000 |
| 2044 | 910,000 |
| 2045[1] | 955,000 |

[1] Maturity Date.

The Series 2025A Bonds maturing on June 1, 2050* are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025A maturing on June 1, 2050* plus accrued interest thereon to the redemption date:

| June 1 of the Year* | Principal Amount* |
|---|---|
| 2046 | $1,005,000 |
| 2047 | 1,055,000 |
| 2048 | 1,110,000 |
| 2049 | 1,165,000 |
| 2050[1] | 1,225,000 |

[1] Maturity Date.

* Preliminary; subject to change.

The Series 2025A Bonds maturing on June 1, 2055* are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025A maturing on June 1, 2055* plus accrued interest thereon to the redemption date:

| June 1 of the Year* | Principal Amount* |
|---|---|
| 2051 | $1,290,000 |
| 2052 | 1,355,000 |
| 2053 | 1,430,000 |
| 2054 | 1,505,000 |
| 2055[1] | 1,580,000 |

[1] Maturity Date.

Not more than 45 days nor less than 30 days prior to the sinking fund payment date for the Series 2025 Bonds, the Trustee is required to proceed to select for redemption (by lot in such manner as the Trustee may determine) from all outstanding Series 2025 Bonds, a principal amount of Series 2025 Bonds equal to the aggregate principal amount of Series 2025 Bonds, redeemable with the required sinking fund payment and is required to call such Series 2025 Bonds for redemption from the sinking fund on the next June 1 and give notice of such call.

**Security for the Series 2025 Bonds**

The Series 2025 Bonds are special, limited obligations of the Authority as described in the documents included in "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE" attached hereto. Under the Loan Agreement, the Corporation is obligated unconditionally to pay amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds. The Series 2025 Bonds are secured solely by a pledge of (a) certain rights and interests of the Authority under and pursuant to the Loan Agreement; (b) certain rights and interests of the Trustee under and pursuant to the Deed of Trust, encumbering the Facilities, subject to Permitted Encumbrances; (c) the Pledged Revenue and all rights and interests of the Authority in such Pledged Revenues, subject to Permitted Encumbrances, except certain rights of the Authority set forth in the Loan Agreement; (d) the rights and interests of the Trustee, the Authority and the Corporation in the Lease, except certain rights of the Trustee, the Authority, and the Corporation set forth in the Lease; (e) all Funds created in the Indenture (other than the Rebate Fund), subject to certain provisions of the Indenture; and (f) any and all other interests in real or personal property specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture as set forth therein. The Payments received by the Corporation from the Charter School under the Lease are the Corporation's sole expected source of revenues.

The Series 2025 Bonds do not constitute debt or indebtedness of the Authority within the meaning of any provision or limitation of the constitution or statutes of the State and shall never constitute or give rise to a pecuniary liability of the Authority or the State or a charge against the general credit or taxing power of the Authority or the State. The Authority has no power to levy taxes or assessments. Recovery against the Corporation for any event of default under the Loan Agreement will likely be from the Pledged Revenues of the Corporation, which are expected to be only the rental payments made by the Charter School under the Lease, and amounts realized from foreclosure on the Deed of Trust on the Facilities. See "THE

* Preliminary; subject to change.

SERIES 2025 BONDS" and "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

**Bond Reserve Fund, CSDRF and Moral Obligation Program**

A bond reserve fund will be established pursuant to the Indenture (the "**Bond Reserve Fund**"). A bond reserve account will be established within the Bond Reserve Fund pursuant to the Indenture for the Series 2025 Bonds (the "**Series 2025 Bond Reserve Account**") in an amount equal $1,668,012.50* (the "**Series 2025 Bond Reserve Requirement**"), which amount is equal to the maximum annual debt service on the Series 2025 Bonds, and is pledged for solely the repayment of the Series 2025 Bonds pursuant to the terms of the Indenture.

Anything contained in the Indenture to the contrary notwithstanding, $12,296.57* (the amount of the Bond Reserve Fund Requirement initially funded with the proceeds of the Series 2025B Bonds) on deposit in the Bond Reserve Fund, plus any interest earned thereon, to the extent such amounts do not consist of the proceeds of the Series 2025A Bonds, shall be transferred by the Trustee to the Debt Service Fund, as needed, to cure a deficiency, and, if, on any Interest Payment Date, the amount then on hand in the Debt Service Fund is not sufficient to pay the principal and interest then due on the Series 2025B Bonds, whether at maturity or upon redemption or by acceleration. No amounts in the Bond Reserve Fund funded with proceeds of the Series 2025A Bonds, or any interest earnings on such amounts, may be used to pay the amounts due on the Series 2025B Bonds.

The Charter School is entitled to participate and be a beneficiary of the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program which enhance the security for the Series 2025 Bonds. The CSDRF was created to provide a fund managed by the State Treasurer that is available to replenish amounts drawn from debt service reserve funds, once depleted, that secure qualifying charter school bond issues, such as the Bond Reserve Fund. Qualified charter schools are defined in State statutes as a school that has a stand-alone credit assessment or rating of at least equal to investment grade by a nationally recognized rating agency at the time of issuance of its bonds. The Series 2025 Bonds are additionally secured by the CSDRF and the Moral Obligation Program.

The CSDRF has been funded with $7.5 million of State appropriated moneys and is being funded from certain interest earnings on such deposit. The CSDRF is additionally funded with monies on deposit in the State charter school interest savings account (the "**Interest Savings Fund**"), which deposits are from amounts contributed by charter schools that participate in the Moral Obligation Program in an amount equal to ten basis points of the principal amount of the bonds outstanding as of each annual calculation date and the interest earnings thereon. As of June 30, 2024, the balance in the CSDRF was $8,963,471.37 (having received $1,463,471.37 in interest earnings to date), and the balance in the Interest Savings Fund was $9,396,846.05, including $7,919,903.62 paid in by the participating schools plus $1,476,942.43 in interest earnings to date. Amounts in the CSDRF are available to replenish the Series 2025 Bond Reserve Account, to the extent amounts are available, and any other bond reserve fund created to secure other qualifying bond issues. The CSDRF is required by State statute to be replenished if drawn upon from charter school facilities aid money. There can be no assurance that the CSDRF will be adequate to meet all the demands that might be made upon it because by statute the State has committed to allow up to $1,000,000 in bonds to be secured by the CSDRF. As described in the Report to the State Auditor Issuance of Qualified Charter School Bonds Required by C.R.S. 22-30.5-407 and 408 by the Authority. As of August 1, 2025, there was approximately $200,000 in additional funding capacity under the Moral Obligation Program.

* Preliminary; subject to change.

If the Bond Reserve Fund is depleted and not immediately restored to the Bond Reserve Fund Requirement for the Series 2025 Bonds, in addition to the monies available under the CSDRF program, if any, the Board of Directors of the Authority is required by statute to submit to the Governor of the State a certificate certifying any amount of moneys required to restore such fund to the applicable Bond Reserve Fund Requirement for the Series 2025 Bonds. The Governor of the State is then required to submit a request for an appropriation from the State legislature in an amount sufficient to restore such account to the Bond Reserve Fund Requirement and the general assembly of the State may, but shall not be required to appropriate moneys for such purpose.

**Limitations on Incurrence of Additional Bonds and Additional Indebtedness**

Under the Indenture, the Authority may not issue additional Bonds unless, among other requirements, the Corporation meets the additional Indebtedness requirements under the Loan Agreement. Under the Loan Agreement, the Corporation agrees that it will not after the date thereof, except as provided below, incur any additional Indebtedness secured in whole or in part by the Facilities or the Pledged Revenues, except as follows:

***Parity Indebtedness***. So long as the Lease is in effect, the Corporation may, with the written consent of the Charter School and written confirmation by the Trustee that the Trustee has received all documents and consents required pursuant the Indenture for the issuance of Additional Bonds, incur additional Indebtedness, which may be evidenced by amending the Loan Agreement, secured in whole or in part by Liens on the Facilities and a security interest in the Pledged Revenues on a parity with amounts secured by the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by the Loan Agreement for the purposes provided in the Act, to pay the costs associated with such Indebtedness and/or for the purpose of refunding any Outstanding Bonds, (a) if the Charter School affirms a standalone credit rating or assessment of at least investment grade by a Rating Agency at the time of issuance of such additional Indebtedness; or (b) if the Corporation delivers a certificate signed by its Authorized Representative and verified by an independent third party, setting forth projections that indicate that the estimated Net Revenue of the Charter School are equal to at least 1.10 times Maximum Annual Debt Service for all Indebtedness then Outstanding, including the proposed additional Indebtedness, in the Fiscal Year immediately following the completion of the Project being financed or refinanced with such additional Indebtedness, but only if, the requirements of subsection (a) above are not required under State statutes.

***Non-Recourse Indebtedness****:* The Corporation reserves the right in the Loan Agreement to incur Indebtedness that is not secured by Liens on the Facilities and a security interest in the Pledged Revenues on a parity with amounts secured by the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by the Loan Agreement.

***Senior Indebtedness***. The Corporation is precluded from incurring additional Indebtedness secured by Liens on the Facilities or the Pledged Revenues that are senior to the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by the Loan Agreement and the Deed of Trust.

**Financial Covenants**

***Operating Fund Balance***. The Charter School covenants and agrees in the Lease to maintain the following balances set forth below:

(a) Days Cash on Hand of not less than 40 days;

(b) emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution; and

(c) cumulative unrestricted cash reserves sufficient to meet all accrued and unpaid salary obligations of the Charter School; provided, however, such amount may be included in the Days Cash on Hand required pursuant to clause (a) above.

Such balances required above are required to be tested on June 30 of each year, commencing June 30, 2026. The Charter School is to provide the Trustee with a certificate stating whether the balances required above have been met and setting forth the calculation of such amounts on June 30 of each year within 210 days of each June 30.

If the Charter School's Days Cash on Hand on June 30 of any Fiscal Year is less than 40 days, then the Trustee is to give notice to the Registered Owners and, upon the written direction of a majority of the Registered Owners, the Charter School is to employ a Consultant to review and analyze the operations and administration of the Charter School, inspect the Leased Property and submit to the Charter School, the Authority and the Trustee written reports, and make such recommendations as to the operation and administration of the Charter School as such Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School is to consider any recommendations by the Consultant and, apply a best efforts approach to carry out such recommendations, subject to the Charter School's annual appropriation therefor.

It constitutes an Event of Default if the Days Cash on Hand is less than 40 days on the June 30 testing date for two consecutive Fiscal Years.

"**Days Cash on Hand**" is defined in the Lease to mean as of any date of determination, the product of 365 times a fraction, (a) the numerator of which is the aggregate amount of the Charter School's unrestricted cash, cash equivalents, liquid investments, and marketable securities (valued at the lower of cost or market); and (b) the denominator of which is the total Operating Expenses, in each case, determined in accordance with Generally Accepted Accounting Principles.

***Coverage Ratio***. The Charter School is required under the Lease to deliver annually to the Corporation and the Trustee a certificate stating the Coverage Ratio for the Fiscal Year then ended within 210 days of each June 30, commencing with the Fiscal Year ending June 30, 2026. The Coverage Ratio is required to be at or above 1.10 for any Fiscal Year. If such Coverage Ratio is below 1.10, the Charter School is required to retain, at its expense and subject to annual appropriation therefor, a Consultant to submit a written report and make recommendations within 60 days of being retained (a copy of such report and recommendations is to be filed with the Underwriter, the Authority and the Trustee) with respect to increasing income of the Charter School, decreasing Operating Expenses of the Charter School or other financial matters of the Charter School which are relevant to increasing the Coverage Ratio to at least the required level. The Charter School is to consider any recommendations by the Consultant and, apply a best efforts approach to carry out such recommendations, subject to the Charter School's annual appropriation therefor. The Trustee is to notify Registered Owners of the Outstanding Bonds if the Coverage Ratio is below 1.10. If the Coverage Ratio falls below 1.10, for two consecutive Fiscal Years, it shall constitute an Event of Default under the Lease by the Charter School, and if the Coverage Ratio falls below 1.00 for any Fiscal Year, it shall constitute an Event of Default under the Lease by the Charter School.

"**Coverage Ratio**" is defined in the Lease to mean, as of any date of determination, the ratio obtained by dividing (a) Net Revenue for the Fiscal Year ending on the date of determination by (b) aggregate Base Rents plus any similar rental payments made for the lease purchase of additional

facilities by the Charter School for the Fiscal Year ending on the date of determination due in connection with the Series 2025 Bonds.

"**Net Revenue**" is defined in the Lease to mean Gross Revenue of the Charter School, plus the amount of unrestricted working capital of the Charter School held in the Charter School's operating fund in excess of the balance required pursuant to the Lease, as described above, to the extent not already calculated in Operating Expenses, less Operating Expenses of the Charter School.

"**Gross Revenue**" is defined in the Loan Agreement to mean all income and revenues directly or indirectly derived by the Charter School from its operations, including without limitation per pupil revenues and other funding received from the Charter Authorizer, or by virtue of the Charter Contract; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for the payments required under the Lease.

"**Operating Expenses**" is defined in the Lease to mean all reasonable and necessary current expenses of the Charter School, paid or accrued, to operate the Charter School and provide educational services, including without limitation (a) salaries, employee retirement, health benefits and administrative expenses, (b) the cost of equipment, personal property, instructional supplies and materials, (c) insurance premiums, (d) professional services, (e) any payments made under the Lease which constitute Additional Rents and any similar rental payments made in connection with other lease-purchase agreements of the Charter School, and (f) any other costs incurred in the operation of the Charter School, consistent with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board; provided however, there shall be excluded from Operating Expenses (i) any allowance for depreciation; (ii) expenses incurred in connection with Capital Improvements; (iii) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenue; and (iv) Base Rents payments and any similar rental payments made for the lease-purchase of Capital Improvements.

***Provision of Financial and Related Information***. The Charter School agrees in the Lease to provide the Trustee, the Underwriter, the Authority and Digital Assurance Certification, LLC, as dissemination agent under the Continuing Disclosure Agreement, the following information during each Renewal Term (provided that the Trustee and the Authority shall be under no obligation to review such information and the information required to be provided to the Trustee and the Authority in (b) and (c) need only be provided to the Trustee and the Authority at their written request): (a) audited financial statements within 210 days of each June 30, including calculations of Days Cash on Hand and Coverage Ratio, which may or may not be included in such audited financial statements; (b) the annual budget within 30 days of adoption thereof; and (c) such other information required pursuant to the Continuing Disclosure Agreement.

***Additional Leases***. The Charter School agrees in the Lease that it will not enter into any capital leases or operating leases for additional facilities longer than one year, unless the Corporation has satisfied the requirements of the Loan Agreement relating to additional Indebtedness. The Charter School may enter into capital leases or operating leases for equipment and other non-facility items without meeting such requirements of the Loan Agreement.

## DEBT SERVICE REQUIREMENTS

The following debt service requirements on the Series 2025 Bonds are based on the interest rates indicated on the inside cover page hereof.

| Year Ended June 30* | Series 2025 Bonds Principal* | Series 2025 Bonds Interest[1] | Bond Debt Service Totals[1] |
|---|---|---|---|
| 2026 | $ 295,000 | | – |
| 2027 | 395,000 | | |
| 2028 | 415,000 | | |
| 2029 | 435,000 | | |
| 2030 | 460,000 | | |
| 2031 | 480,000 | | |
| 2032 | 505,000 | | |
| 2033 | 530,000 | | |
| 2034 | 555,000 | | |
| 2035 | 585,000 | | |
| 2036 | 615,000 | | |
| 2037 | 645,000 | | |
| 2038 | 675,000 | | |
| 2039 | 710,000 | | |
| 2040 | 745,000 | | |
| 2041 | 780,000 | | |
| 2042 | 820,000 | | |
| 2043 | 865,000 | | |
| 2044 | 910,000 | | |
| 2045 | 955,000 | | |
| 2046 | 1,005,000 | | |
| 2047 | 1,055,000 | | |
| 2048 | 1,110,000 | | |
| 2049 | 1,165,000 | | |
| 2050 | 1,225,000 | | |
| 2051 | 1,290,000 | | |
| 2052 | 1,355,000 | | |
| 2053 | 1,430,000 | | |
| 2054 | 1,505,000 | | |
| 2055 | 1,580,000 | | |
| **Total** | **$25,095,000** | | |

* Preliminary; subject to change.
[1] Figures may not add due to rounding.

## RISK FACTORS

This Official Statement contains summaries of pertinent portions of the Series 2025 Bonds, the Indenture, the Loan Agreement, the Deed of Trust, the Lease, 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 Series2025 Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

**General**

The Series 2025 Bonds do not constitute debt or indebtedness of the Authority within the meaning of any provision or limitation of the constitution or statutes of the State and shall never constitute or give rise to a pecuniary liability of the Authority. The Series 2025 Bonds are special and limited obligations of the Authority. They are secured by and payable solely from funds payable by the Corporation under the terms and conditions of the Loan Agreement and as otherwise described herein. Except as provided in the Loan Agreement with respect to certain fees, expenses, and indemnity rights of the Authority and the Trustee, recovery against the Corporation for any event of default under the Loan Agreement is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust encumbering the Facilities. The obligations of the Corporation under the Loan Agreement (subject to such exceptions) are not general obligations of the Corporation and neither the Trustee, the Authority nor the Registered Owners of the Series 2025 Bonds shall have any recourse to any property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations.

**Sufficiency of Revenues**

The Series 2025 Bonds are payable solely from certain payments, revenues and other amounts derived by the Authority pursuant to the Loan Agreement, and are secured only by such revenues and a pledge of certain funds and accounts created under the Indenture and the Trustee's rights and interest in the Deed of Trust on the Facilities. The Corporation's sole expected source of revenues is the amount annually appropriated and allocated by the Charter School for rental payments under the Lease. See "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

Based on present circumstances (*i.e.*, the Charter Contract and operating history), and based on its projections regarding enrollment, the Charter School believes it will generate sufficient revenues for payment of debt service on the Series 2025 Bonds and other obligations of the Charter School. However, the Charter Contract may be terminated or not renewed, or the basis of the assumptions used by the Charter School to formulate this belief may otherwise change. No representation or assurance can be made that the Charter School will continue to generate sufficient revenues for payment of debt service on the Series 2025 Bonds and other bonds issued for the benefit of the Charter School.

**Dependence on State Aid Payments; State Aid Payments Subject to Appropriation**

Except for certain programs, the Charter School is not permitted to charge tuition to students. The primary source of funding for the Charter School comes from the District. District funds are based on the per pupil revenues ("**PPR**") as mandated by the School Finance Act and the Charter School Act. The amount of payments received by the Charter School is based on the per pupil funding allowance and its per pupil enrollment. The amount of aid available in any year to pay the per pupil allowance is subject to appropriation by the Colorado Legislature. The Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, to enable the Charter School to make lease payments and meet its general operating expenses and thus allow the Corporation to pay debt service on the Series 2025 Bonds and other bonds issued for the benefit of the Charter School. Similarly, the State allocation per pupil could be reduced or could fail to keep pace with expenses such that the aggregate amount of payments to the Charter School may be inadequate to allow the Charter School to pay its operating expenses and lease payments to the Corporation in an amount sufficient to pay debt service on the Series 2025 Bonds and other bonds issued for the benefit of the Charter School. No liability will accrue to the State in such event, and the State will not be obligated or liable for any future payments or any damages in such event. If the State were to withhold the payment of money from the Charter School for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely the Charter School would be forced to cease

operations. There can be no assurance that the State will continue funding charter schools at the same rate as it has historically done.

**State Financial Difficulties**

Charter schools depend on revenue 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 budget process. Decreases in State revenues may adversely affect education appropriations made by the Legislature. The Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "RISK FACTORS—Dependence on State Aid Payments; State Aid Payments Subject to Appropriation" above.

Any decreases in State revenues or increases in State expenditures may adversely affect education appropriations made by the Legislature. Neither the Charter School 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 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 the bond transaction take no responsibility for the accuracy, completeness or timeliness of such information, and no such information is incorporated herein by these references.

**Nonrenewal of the Lease**

The expected source of Pledged Revenues for the repayment of the Series 2025 Bonds is the rental payments made by the Charter School under the Lease. The Lease will be subject to annual renewal by the Charter School. It is anticipated that amounts payable pursuant to the Lease will be sufficient to pay debt service on the Series 2025 Bonds. However, the Charter School's obligation to pay such amounts is subject to: (a) the continued existence of the Charter School, see "—Nonrenewal or Revocation of Charter Contract" hereafter; (b) the level of annual appropriations by the District to the Charter School; and (c) specific appropriations and allocations for such purpose by the Charter School. If the Charter School determines not to appropriate or allocate funds in order to make payments under the Lease, it is likely that minimal proceeds will be generated by the Trustee from the re-letting or sale of the Facilities (which has been designed and built specifically for the purpose of operating a charter school). Pursuant to the Loan Agreement, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Facilities to the Charter School at such time as the Series 2025 Bonds are no longer outstanding if the Lease is then in effect.

Pursuant to the Lease, the Charter School is responsible for paying the costs of operating, insuring and maintaining the Facilities and the Corporation has no independent source of revenues to meet such costs, see "—Damage or Destruction of the Facilities." Nonrenewal of the Lease is not an Event of Default under the Loan Agreement or the Indenture. If the Charter School chooses not to renew the Lease, the only likely tenants for the Facilities will be the District or another charter school located within the boundaries of the District, if any.

**Nonrenewal or Revocation of Charter Contract**

Pursuant to the Charter School Act and the Charter Contract, the Charter Contract will terminate or be renewed on or about June 30, 2026, or may be earlier terminated by the District for the grounds set forth in the Charter Schools Act and/or for any material breach of the Charter Contract (after giving the Charter School notice of such breach and an opportunity to cure such breach). No assurance can be given that the Charter School will be able to maintain its Charter Contract. If the Charter Contract is revoked or not renewed and the Charter School is unable to enter into a new Charter Contract with a successor authorizer, the Charter School will be prohibited from renewing the Lease. See "—Nonrenewal of the Lease," and "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—Charter School Authorization."

**Reputational Risk**

The Charter School is subject to financial and other risks, which risks may differ from those of other private, charter or public schools. For example, changes in the reputation of the Charter School, either generally or with respect to certain academic or extra-curricular areas, may affect the Charter School's ability to attract students to projected enrollment levels and may affect the Charter School's ability to attract quality teachers and staff at competitive salaries. In addition, litigation brought against the Charter School by parents, civil authorities, students or former or potential employees may have a materially adverse impact on the reputation of the Charter School. There can be no assurance that these or other factors will not adversely affect the Corporation's ability to generate adequate funds from the Charter School to make payments under the Lease and debt service on the Series 2025 Bonds. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—School Safety."

**Key Personnel**

The Charter School's curriculum and educational philosophy reflect the vision and commitment of members of the Board of Directors of the Charter School (the "**Charter School Board**") and certain key personnel who comprise the upper management of the Charter School ("**Key Personnel**"). Loss of any Charter School Board members or Key Personnel could adversely affect the Charter School's operations, its ability to attract and retain students and its financial results. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—INTRODUCTION—Charter School Board," "—THE CHARTER SCHOOL—Administrative Staff and Management" for more information regarding the Charter School Board and its administrative staff and management.

**Recent Federal Developments**

On January 29, 2025, President Trump issued an executive order titled Expanding Educational Freedom and Opportunity for Families (the "**Executive Order**"). The Executive Order states that it is the policy of the Trump administration "to support parents in choosing and directing the upbringing and education of their children." The Executive Order directs the U.S. Secretary of Education to issue guidance regarding how states can use federal formula funds to support K-12 educational choice initiatives and to include educational freedom as a priority in discretionary grant programs. It is uncertain how the Executive Order will be implemented by the U.S. Department of Education and other federal agencies, and what effect (if any) it may have on school choice initiatives in the State.

President Trump has issued various other executive orders since taking office on January 20, 2025, purporting to restrict the use of federal funding on policies and programs that do not align with the Trump administration's policies. As an example, on January 29, 2025, President Trump issued an executive order intended to eliminate federal funding for certain curriculum, including what the executive order terms

instruction "based on gender ideology and discriminatory equity ideology." Further, on March 20, 2025, President Trump issued an executive order directing the U.S. Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education and return education authority to the state level. It is uncertain what impact, if any, such executive orders will have on federal funding for charter schools, including the Charter School. Furthermore, the Trump administration has also proposed dismantling the U.S. Department of Education and transferring its functions to other federal agencies or deferring its functions to individual states and implementing changes to the tax code, and may propose or implement additional changes to other federal policies in the future, which may have a material adverse effect on the Charter School's ability to pay debt service on the Series 2025 Bonds.

Additionally, in the Summer of 2023, the Oklahoma Statewide Virtual Charter School Board (the "**Oklahoma Authorizer Board**") approved the nation's first openly religious public charter school, St. Isidore of Seville Virtual Catholic Charter School ("**St. Isidore**"). Subsequently, the Oklahoma Attorney General sued the Oklahoma Authorizer Board seeking the rescission of the St. Isidore charter on the basis that it violated the Oklahoma Constitution. After a June 2024 decision by the Oklahoma Supreme Court against St. Isidore, the Oklahoma Authorizer Board rescinded its charter. However, St. Isidore and its supporters argue that the rescission of the charter violates the free exercise clause of the First Amendment to the U.S. Constitution. In December 2024, the U.S. Supreme Court granted certiorari to two related cases regarding the St. Isidore matter. On May 22, 2025, the U.S. Supreme Court affirmed the Oklahoma Supreme Court's decision by an equally divided court. Justice Barrett took no part in the decision. Should a similar case come before the U.S. Supreme Court with Justice Barrett participating in the decision, the outcome may be to permit religious charter schools. Such a decision could fundamentally change the landscape, funding and operations of public charter schools nationally. It could also allow current religious private schools to receive charter school funding, increasing competition for existing charter schools, including the School, or result in other unknown consequences.

Further, on January 27, 2025, the U.S. Office of Management and Budget (the "**OMB**") issued a memorandum (the "**OMB Memo**") ordering the temporary pausing of the disbursement of all federal financial assistance programs, including existing grants and loans. A federal district court judge issued an emergency administrative stay on January 28, 2025, temporarily blocking the freezing of existing programs. On January 29, 2025, the OMB rescinded the OMB Memo. It is uncertain what effect, if any, the OMB Memo would have on federal funding for charter schools like the School, if reinstated.

Additionally, on July 4, 2025, President Trump signed "One Big Beautiful Bill Act" ("**OBBBA**") into law. OBBBA provides for changes to Medicaid and food assistance programs that may have a negative impact on students receiving such services.

**U.S. Immigration Policy Reform**

OBBBA's changes to federal immigration and benefits law impacts immigrants access to health insurance and nutrition aid and funded an expansion of the immigration detention and enforcement budget. It is unclear whether these policies would have any materially adverse effects on enrollment at the Charter School and the Charter School's ability to make Base Rent payments under the Lease.

**Failure to Achieve or Maintain Enrollment**

The economic feasibility of the Project depends in large part upon the ability of the Charter School to attract enough students to maintain sufficient enrollment to meet the debt service requirements on the Series 2025 Bonds. The Charter School may not achieve its projected enrollment numbers. The Charter School's ability to achieve its enrollment goals depends, to some extent, on factors outside of its control. If the Charter School fails to achieve the enrollment levels it currently anticipates, there may be insufficient

revenues to make the Rent Payments under the Lease and to meet debt service requirements on the Series 2025 Bonds. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—THE CHARTER SCHOOL—Charter School Enrollment and Waitlist Policy."

**Competition for Students**

The Charter School is chartered through the District and is funded based on per pupil revenues. The Charter School is located within the District boundaries and competes for students with the District. As of the 2024-2025 school year, the District has 157 schools including 78 elementary schools, 29 middle schools, 31 high schools, and 19 charter schools. See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—Charter School Enrollment, Service Area and Waitlist Policy."

There can be no assurances that the Charter School will continue to attract and retain the number of students that are needed to generate the Pledged Revenues that are necessary to pay the debt service on the Series 2025 Bonds.

**Competition for Faculty and Staff**

The Charter School depends on the talent of its teachers and staff to provide quality education and instruction as set forth in the Charter Contract. The Charter School competes for teachers and staff members with other schools within the District, other surrounding districts and private schools within or near the District. Its ability to attract and retain teachers and staff is dependent on maintaining an appealing work environment and paying competitive salaries, in spite of limited financial resources. Although the Charter School has historically experienced low attrition, there can be no assurance that this trend will continue. If the Charter School is unable to attract and retain qualified teachers, its operations, its ability to attract and retain students and its financial results could be adversely affected. Historically, many of the teachers and staff at the Charter School have actively pursued employment at the Charter School for specific reasons such as school mission and vision, positive staff culture, professional development opportunities, and competitive salaries. There can be no assurance that the Charter School can continue to distinguish itself in these areas.

**Teacher Shortage**

In recent years, various states have suffered from a public school teacher shortage. A teacher shortfall in future years could require the Charter School to pay increased salaries or incur increased costs in recruiting new teachers. Teacher salaries and benefits are significant operating expenses for the Charter School and increases in such expenses may decrease the revenues available to the Charter School 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 School. In addition, other education choice initiatives, including but not limited to a voucher system, whereby the state or local school district provides a voucher (typically for a fixed dollar amount) which a student's parents can use to pay tuition at private, independent (including faith-based) schools have been

implemented or are being considered in a number of states. A voucher program 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 a voucher 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 traditional public schools. The Legislature established the Educational Choice Scholarship Program in 2015. Also known as the Opportunity Scholarship, the program provides need-based scholarships for students who live in households whose income level does not exceed 300 percent of federal poverty guidelines. Parents and guardians of private school students can apply the scholarship toward tuition, fees, and transportation costs associated with attending the private school. The Borrower and the Charter School cannot determine the specific impact of such education choice initiatives would have on the operation or financial performance of the Charter School.

**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 reputation of the Charter School and may result in financial liability and/or litigation, any of which events could adversely affect the ability of the Charter School to generate revenues from the operation of the Charter School necessary for the Charter School to meet its payment obligations representing debt service on the Series 2025 Bonds.

**Climate Change**

New legal requirements could adversely affect the Charter School's operating results. The Charter School's services could be adversely affected by the passage of new climate change, defense, environmental, infrastructure and other laws, policies and regulations. Growing concerns about climate change and greenhouse gases, such as those adopted under the United Nations COP-21 Paris Agreement or the EPA Clean Power Plan, may result in the imposition of additional environmental regulations. For example, legislation, international protocols, regulation or other restrictions on emissions regulations could increase the costs of the Charter School's projects or, in some cases, prevent a project from going forward, thereby potentially reducing the need for the Charter School's services. In addition, relaxation or repeal of laws and regulations, or changes in governmental policies regarding environmental, defense, infrastructure or other industries the Charter School serves could result in a decline in demand for the Charter School's services, which could in turn negatively impact the Charter School's revenues. The Charter School cannot predict when or whether any of these various proposals may be enacted or what their effect will be on the Charter School or on the Charter School's services.

**Damage or Destruction of the Facilities**

The Loan Agreement and the Lease require that the Facilities be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Facilities will be adequate or that the cause of any damage or destruction to the Facilities will be as a result of a risk which is insured. Further, there can be no assurance as to the ongoing creditworthiness of the insurance companies with which the Corporation or the Charter School obtains insurance policies. In addition, the Charter School may choose to terminate the Lease if a casualty renders the Facilities totally or partially un-tenantable or unfit for their purposes, and if insurance proceeds are insufficient to restore the Facilities to a tenantable condition. See "THE SERIES 2025 BONDS—Optional Redemption of Bonds" and "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE—The Loan Agreement—*Insurance Provisions*."

**Public Health Emergencies**

Although the global pandemic known as "COVID-19" has abated, there can be no assurance that a future outbreak of COVID-19 or a similar public health emergency may not occur in the future. If and to the extent that any such public health emergency occurs, no assurances can be given as to the economic or operational of effects of such public health emergency on the School and its enrollment, operations or financial condition. Any such future public health emergency could materially adversely affect the School's financial condition.

**Value of Facilities May Fluctuate**

The value of the 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 Facilities and the amount outstanding of the Series 2025 Bonds, and that difference may be material and adverse to Bondholders. 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 a foreclosure under the Deed of Trust. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Charter School's educational facilities, which are designed for use as charter schools, which would suggest that their values would remain stable or would increase if the general values of property in the community were to decline.

A recent appraisal of the Facilities has not been conducted.

**Foreclosure Delays and Deficiency**

Should Pledged Revenues be insufficient to pay the principal of and interest on the Series 2025 Bonds, the Trustee may seek to foreclose the Deed of Trust securing the Series 2025 Bonds. No assurance can be given that the value of the Facilities will be sufficient to meet all remaining debt service requirements with respect to the Series 2025 Bonds at the time of any such foreclosure. In addition, the time necessary to institute and complete foreclosure proceedings would likely substantially delay receipt of funds from a foreclosure. There could also be delays in regaining possession of the Facilities from the Charter School in the event of any nonrenewal of, default or dispute under the Lease. There can be no assurance of the amounts that would be realized upon a sale of the Facilities.

**Environmental Regulation**

The Facilities 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 to the Corporation and to any beneficiary of the Deed of Trust, particularly following any sale or foreclosure proceeding, for remediating adverse environmental conditions on or relating to the Facilities, whether arising from preexisting conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations of the Facilities. Costs incurred by the Corporation with respect to environmental remediation or liability could adversely affect its financial condition and its ability to generate funds for payment of debt service on the Series 2025 Bonds. 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 the Facilities.

**Nonrecourse Obligation**

Except as otherwise provided in the Loan Agreement with respect to certain fees, expenses and indemnity rights of the Authority and the Trustee, recovery against the Corporation for any event of default

under the Loan Agreement is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust encumbering the Facilities. The obligations of the Corporation under the Loan Agreement are not general obligations of the Corporation and neither the Trustee, the Authority (subject to such exceptions) nor the Registered Owners of the Series 2025 Bonds will have any recourse to any property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations.

The Series 2025 Bonds are special, limited obligations of the Authority and also constitute nonrecourse obligations of the Authority. The Series 2025 Bonds and the interest thereon shall never constitute the debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the Constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority, the Charter School, the District or the State. The Authority has no power to levy any tax or assessment.

**Constitutional Provisions Affecting Revenues and Spending**

In 1992, the electors of the State approved an amendment to the Colorado Constitution, Article X, Section 20, which imposes certain spending, revenue and other limitations upon the State and its political subdivisions (including the Charter School). One of the subsections of Article X, Section 20 limits the maximum annual percentage change in the Charter School's fiscal year spending to an amount equal to inflation in the prior calendar year plus annual enrollment growth, adjusted for changes approved by voters after 1991. The Lease is subject to annual appropriation by the Charter School. There can be no assurances that Article X, Section 20 spending limitations would not impede the ability of the Charter School to make such appropriation. In addition, Article X, Section 20 contains many undefined or unclear terms and provisions which will require judicial interpretation or legislative action to clarify. Although certain clarifying judicial interpretations and legislative action have already occurred, the effect upon the Series 2025 Bonds of any future interpretations or action is impossible to determine at this time.

The Colorado General Assembly Office of Legislative Legal Services issued a memorandum dated September 19, 2003 which concludes that the application of any provision of the Charter School Facilities Financing Act does not violate Section 20(4)(b) of Article X of the Colorado Constitution by allowing the creation of any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years without creation of voter approval in advance."

Although constitutional provisions cannot be changed by the General Assembly, the General Assembly may, by resolution, or the electorate by petitioners may, submit reductions or limitations to the electorate. Adverse State budget considerations could result in the General Assembly seeking voter approval to reduce constitutional requirements for public school funding.

**Changes to Charter Schools Act**

Future changes to either the Charter Schools Act or the School Finance Act by the Colorado General Assembly could be adverse to the financial interests of the Charter School and could adversely impact the security for the Series 2025 Bonds. There can be no assurance given that the Colorado General Assembly will not in the future amend either the Charter Schools Act or the School Finance Act in a manner which is adverse to the interests of the registered owners of the Series 2025 Bonds.

The State has historically experienced downturns in the economy. The State may experience additional downturns in the future that affect public revenues. While constitutional provisions cannot be

amended by the General Assembly, School Finance Act provisions, such as the capital funding for charter schools, are subject to amendment, including reduction of funding, which could adversely affect the Charter School. STATE OF COLORADO BUDGET CONSIDERATIONS MAY ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING.

Although constitutional provisions cannot be changed by the General Assembly, the General Assembly may, by resolution, submit reductions or limitations to the electorate. Adverse State of Colorado budget considerations could result in the General Assembly seeking voter approval to reduce constitutional requirements for public school funding.

See "APPENDIX A—THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION—CHARTER SCHOOL FINANCIAL INFORMATION—Sources of Revenue" for a description of funding for charter schools in Colorado. Additional information relating to Colorado charter schools is available at http://www.cde.state.co.us. Such internet address is provided as a matter of convenience for the prospective purchasers of the Series 2025 Bonds. None of the Authority, the Charter School or the Corporation incorporates herein any information provided at such internet address or any other internet addresses that may be contained therein or herein, and the information at such internet address or internet addresses is not to be construed or incorporated as part of this Official Statement.

**Factors Associated with Education**

There are a number of factors affecting schools in general, including the Charter School, that could have an adverse effect on the Charter School's financial position and its ability to make the payments required under the Lease and thus debt service on the Series 2025 Bonds. These factors include, but are not limited to, the Charter School's ability to successfully attract 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; any unionization of the Charter School's work force with consequent impact on wage scales and operating costs of the Charter School; increased operating costs of the Charter School; changes in existing statutes pertaining to the powers of the Charter School and legislation which may affect program funding. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Future changes the Charter Schools Law by the State General Assembly could be adverse to the financial interests of the Charter School and could adversely impact the security for the Series 2025 Bonds. There can be no assurance given that the State General Assembly will not in the future amend either the Charter Schools Law in a manner which is adverse to the interests of the registered owners of the Series 2025 Bonds.

**Potential Effects of Bankruptcy**

If the Corporation were to file a petition for relief (or if a petition were filed against the Corporation as a debtor) under the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court so ordered, the debtor's property and revenues could be used for the benefit of the debtor despite the claims of its creditors (including the registered owners of the Series 2025 Bonds).

In a bankruptcy proceeding, the debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the registered owners of the Series 2025 Bonds). The plan, when confirmed by the court, binds

all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

**Cybersecurity**

The Charter School, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Charter School is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Charter School's digital systems for the purpose of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the Charter School's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Charter School.

**Covenant to Maintain Tax-Exempt Status of the Series 2025A Bonds**

The excludability from gross income for federal income taxation purposes of the interest on the Series 2025A Bonds is based on the continuing compliance by the Corporation, the Trustee, the Charter School and the Authority with certain covenants contained in the Indenture, Lease, Loan Agreement and Tax Certificate, dated as of the date of delivery of the Series 2025A Bonds (the "**Tax Certificate**"), by and among the Authority, the Corporation, the Charter School and the Trustee. These covenants relate generally to restrictions on the use of the Facilities financed with proceeds of the Series 2025A Bonds, restrictions on re-letting the Facilities to organizations other than tax-exempt organizations under the Code, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Series 2025A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2025A Bonds.

**Tax Related Issues**

Purchasers of the Series 2025A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or owning Series 2025A Bonds.

The interest on the Series 2025A Bonds may become includible in gross income for purposes of federal income taxation retroactive to the date of issuance of the Series 2025A Bonds for a variety of reasons. The exclusion from gross income is dependent upon, among other things, compliance with certain restrictions regarding investment of bond proceeds and continuing compliance by the Charter School with the Loan Agreement, the Arbitrage and Tax Certificate and the Project Certificate under which enforcement remedies available to the Issuer and the Trustee are limited. Pursuant to the Loan Agreement, the Charter School will covenant and agree to maintain its status as an organization meeting the requirements of Section 501(c)(3) of the Code. See "TAX MATTERS" herein.

If interest on the Series 2025A Bonds should become includible in gross income for Federal income tax purposes, the market for and value of the Series 2025A Bonds could be adversely affected.

Moreover, there can be no assurance that the presently advantageous provisions of the Code, or the rules and regulations thereunder, will not be retroactively adversely amended or modified, thereby resulting in the inclusion in gross income of the interest on the Series 2025A Bonds for Federal income tax purposes. While no such legislation has been proposed or adopted, there can be no assurance that Congress would not adopt legislation applicable to the Series 2025A Bonds or to the Charter School and that the Charter School's Facilities would be able to comply with any such future legislation in a manner necessary to maintain the tax-exempt status of the Series 2025A Bonds. The Charter School is required to use best efforts to comply with Federal income tax law requirements in order to maintain the tax-exempt status of the Series 2025A Bonds to the extent that any such other requirements are made applicable to the Charter School's Facilities. There is no assurance, however, that the Charter School would be able to comply with any such other requirements.

**Tax-Exempt Status of the Charter School**

The tax-exempt status of the Series 2025A Bonds presently depends upon maintenance by the Charter School 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) status of non-profit organizations, it could do so in the future. Loss of tax-exempt status by the Charter School could result in loss of tax exemption on the Series 2025A Bonds and any Additional Bonds, and defaults in covenants regarding the Series 2025A Bonds and other obligations may likely be triggered. Loss of tax-exempt status by the Charter School could also result in substantial tax liabilities on its income and property. For these reasons, loss of tax-exempt status of the Charter School could have material adverse consequences on the financial condition of the Charter School.

The Charter School may be audited by the IRS. Because of the complexity of the tax laws and the presence of issues about which reasonable person 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 Charter School, as well as the exclusion from gross income from federal income tax of the interest on the Series 2025A Bonds and any Additional Bonds.

**Additional Bonds**

The Indenture permits the Authority to issue Additional Bonds secured by and payable solely from the Trust Estate on a parity with the Series 2025 Bonds if certain conditions are met. See "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE—THE INDENTURE—Supplemental Indentures of Trust," and "THE SERIES 2025 BONDS—Limitations on Incurrence of Additional Bonds and Additional Indebtedness." The issuance of Additional Bonds could adversely impact the investment security of the Series 2025 Bonds.

**Bond Reserve Fund**

The Indenture has established the Bond Reserve Fund for payment of principal and interest due to the Registered Owners of the Series 2025 Bonds, to the extent Pledged Revenues are insufficient to make

such payments. Although the Corporation believes such reserves to be reasonable, and anticipates that Pledged Revenues will be sufficient to cover the debt service on the Series 2025 Bonds, there is no assurance that funds reserved and future Pledged Revenues will be sufficient to cover debt service on the Series 2025 Bonds. Additionally, the Series 2025 Bond Reserve Account within the Bond Reserve Fund shall be pledged solely for the repayment of the Series 2025 Bonds and amounts in the Series 2025 Bond Reserve Account within the Bond Reserve Fund funded with proceeds of the Series 2025A Bonds, or any interest earnings on such amounts, may not be used to pay the amounts due on the Series 2025B Bonds.

**Enforcement of Remedies**

The remedies available to the Trustee or the Registered Owners of the Series 2025 Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Deed of Trust or the Lease are in many respects dependent 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 Indenture, the Loan Agreement, the Deed of Trust and the Lease 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 the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

**Risk of Amendment**

Many of the provisions of the Indenture, Loan Agreement and Lease may be amended with the consent of the holders of two-thirds in principal amount of Outstanding Bonds. If Additional Bonds are issued in an amount greater than the previously Outstanding Bonds, the owners of such new Additional Bonds could cause such to be amended in material ways.

**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 Indenture.

**Failure to Provide Ongoing Disclosure**

The Charter School has previously entered into, and in connection with the issuance of the Series 2025 Bonds, will enter into a Continuing Disclosure Agreement pursuant to Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the "**Rule**"). Failure to comply with the Continuing Disclosure Agreement, similar prior undertakings or the Rule in the future may adversely affect the liquidity of the Series 2025 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE AGREEMENTS" and "APPENDIX F—FORMS OF CONTINUING DISCLOSURE AGREEMENTS."

**Legal Opinions**

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein on the date thereof. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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

## CONTINUING DISCLOSURE AGREEMENTS

The Corporation and the Charter School will each enter into and deliver a Continuing Disclosure Agreement (the "**Continuing Disclosure Agreements**"), with respect to the Series 2025 Bonds. The Continuing Disclosure Agreements are made for the benefit of the registered and beneficial owners of the Series 2025 Bonds (as defined in the Continuing Disclosure Agreements) and in order to assist the Underwriter in complying with its obligations pursuant to Rule 15c2-12 adopted by the U.S. Securities and Exchange Commission (the "**SEC**") under the Securities Exchange Act of 1934, as amended (the "**Rule**"). See "APPENDIX F—FORMS OF CONTINUING DISCLOSURE AGREEMENTS."

## LEGAL MATTERS

### In General

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2025 Bonds by the Authority are subject to the approving opinion of Casey Parrot LLC, Broomfield, Colorado, as Bond Counsel, whose approving opinion will be delivered with the Series 2025 Bonds, and the proposed forms of which are set forth in "APPENDIX E—FORM OF BOND COUNSEL OPINION." The legal opinion delivered may vary from that form if necessary to reflect facts and law on the date of delivery. Casey Parrot LLC has assisted in the preparation of this Official Statement as Disclosure Counsel. Certain legal matters will be passed upon by Miller Farmer Carlson Law, LLC, Colorado Springs, Colorado, as counsel to the Corporation and the Charter School, by Taft Stettinius & Hollister LLP, Denver, Colorado, as general counsel to the Authority.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will speak only as of their dates of delivery and will be qualified in certain customary respects, including as to the enforceability of the various legal instruments by limitations imposed by state and federal law affecting remedies and by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, the application of equitable principles and the exercise of judicial discretion in appropriate cases. The legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result. Certain fees paid to Bond Counsel and the Underwriter for services rendered are contingent upon the issuance and delivery of the Series 2025 Bonds.

### Sovereign Immunity

The Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S., as amended (the "**Governmental Immunity Act**"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity for injuries which lie in tort or could lie in tort, regardless of whether that may be the type or the form of relief chosen by the claimant. Further, the Governmental Immunity Act applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort. The Governmental Immunity Act, however, does not apply to federal claims. Charter schools have been accorded the immunities provided by the Governmental Immunity Act.

The Governmental Immunity Act also waives immunity for injuries occurring as a result of certain specified actions or conditions. Such instances include, among other things, a dangerous condition of the

public building, failure to perform an education employment background check, or any other types of injuries that the public entity waives by resolution. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employee that occurs during that public employee's performance of his/her duties and within the scope of his/her employment, except where such action was willful and wanton.

Additionally, sovereign immunity is waived for any claim of the Charter School's breach of its duty to exercise reasonable care to protect all students, faculty, and staff from harm resulting from acts committed by another person when the harm is reasonably foreseeable, while such students, faculty, and staff are within the school facilities or are participating in school-sponsored activities. This waiver under the Governmental Immunity Act is titled the "Claire Davis School Safety Act" and applies to incidences of school violence occurring on or after June 3, 2015. An employee of the charter school is not subject to suit under the Claire Davis School Safety Act in his/her individual capacity unless the employee's actions or omissions are willful and wanton.

The maximum amounts that may be recovered under the Governmental Immunity Act and the Claire Davis School Safety Act therein, whether from one or more public entities and public employees, are as follows for claims accruing on or after January 1, 2022 and before January 1, 2026: (a) for any injury to one person in any single occurrence, the sum of $424,000; and (b) for any injury to two or more persons in any single occurrence, the sum of $1,195,000, except that, in such instance, no person may recover in excess of $424,000. These amounts are subject to adjustment on or before January 1, 2026, and every fourth year thereafter based on the consumer price index for Denver-Boulder-Greeley, or its successor index. A public entity may also increase any maximum amount by resolution. Suits against both the Charter School and a public employee will not increase the maximum amounts which may be recovered. The Charter School may not be held liable either directly or by indemnification for punitive or exemplary damages.

**Pending and Threatened Litigation**

***No Proceedings Against the Charter School***. In connection with the issuance of the Series 2025 Bonds, the Charter School will deliver a certificate 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 their knowledge, threatened against or affecting the Charter School, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement (referred to in "MISCELLANEOUS—Underwriting"), or this Official Statement, the validity and enforceability of the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement or the Series 2025 Bonds or the operations (financial or otherwise) of the Charter School.

***No Proceedings Against the Corporation***. In connection with the issuance of the Series 2025 Bonds, the Corporation will deliver a certificate 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 their knowledge, threatened against or affecting the Corporation, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement (referred to in "MISCELLANEOUS—Underwriting"), or this Official Statement, the validity and enforceability of the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement or the Series 2025 Bonds or the operations (financial or otherwise) of the Corporation.

***No Proceedings Against the Authority***. As of the date of this Official Statement, there is no pending or, to the knowledge of the Authority, threatened, litigation against the Authority restraining or

enjoining the issuance or delivery of the Series 2025 Bonds or questioning or affecting the validity of the Series 2025 Bonds or the proceedings or authority under which they are to be issued. As of the date of this Official Statement, there is no litigation pending or, to the Authority's knowledge, threatened against the Authority which in any manner questions the right of the Authority to enter into the Loan Agreement with the Corporation or to issue and secure the Series 2025 Bonds in the manner provided in the Indenture.

## TAX MATTERS

*The following discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Series 2025 Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.*

The following is a summary of the material federal and State of Colorado income tax consequences of holding and disposing of the Series 2025 Bonds. Such summary is based upon laws, regulations, rulings, and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the Series 2025 Bonds as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Colorado, it does not discuss the consequences to an owner under any state, local, or foreign tax laws. This summary does not deal with the tax treatment of persons who purchase the Series 2025 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local, and other tax considerations of purchasing, holding, and disposing of the Series 2025 Bonds.

### Series 2025A Bonds

The Internal Revenue Code of 1986, as amended (the "**Code**"), includes requirements which the Authority, the Charter School, and the Corporation must continue to meet after the issuance of the Series 2025A Bonds in order that the interest on the Series 2025A Bonds be and remain excludable from gross income for federal income tax purposes. The Authority, the Charter School, or the Corporation's failure to meet these requirements may cause the interest on the Series 2025A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds. The Authority, the Charter School, and the Corporation have covenanted to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2025A Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the Authority, the Charter School, and the Corporation, and continuing compliance by the Authority, the Charter School, and the Corporation with the tax covenants referred to above, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2025A Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Except as set forth below with respect to State of Colorado tax matters, Bond Counsel will express no opinion as to any other federal, state or local tax consequences under present law or any proposed legislation regarding the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding the acquisition, ownership, or disposition of the Series 2025A Bonds in light of their particular tax circumstances.

Interest on the Series 2025A Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Series 2025A Bonds, or the ownership or disposition of the Series 2025A Bonds. The accrual or receipt of interest on the Series 2025A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2025A Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Purchasers of the Series 2025A Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2025A Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service ("**IRS**") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The IRS has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2025A Bonds will be selected for audit by the IRS. Under existing procedures relating to audits of tax-exempt obligations such as the Series 2025A Bonds by the IRS, owners of the Series 2025A Bonds would have little, if any, right to participate in the audit examination process. It is also possible that the market value of the Series 2025A Bonds might be adversely affected as a result of such an audit of the Series 2025A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2025A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2025A Bonds or their market value.

***Original Issue Premium and Discount***. Certain of the Series 2025A Bonds ("**Premium Series 2025A Bonds**") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (or earlier for certain Premium Series 2025A Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Series 2025A Bond, based on the yield to maturity of that Premium Series 2025A Bond (or, in the case of a Premium Series 2025A Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Series 2025A Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Series 2025A Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Series 2025A Bond, the owner's tax basis in the Premium Series 2025A Bond is reduced by the amount of bond premium that amortizes during the period of ownership. As a result, an owner may realize taxable gain for federal income

tax purposes from the sale or other disposition of a Premium Series 2025A Bond for an amount equal to or less than the amount paid by the owner for that Premium Series 2025A Bond.

Certain of the Series 2025A Bonds ("**Discount Series 2025A Bonds**") may be offered and sold to the public at an original issue discount ("**OID**"). OID is the excess of the stated redemption price at maturity over the "issue price" of a Discount Series 2025A Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Series 2025A Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Series 2025A Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2025A Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Series 2025A Bond.

Owners of Discount and Premium Series 2025A Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Series 2025A Bonds or Premium Series 2025A Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

***Changes in Tax Law***. From time to time, there are legislative proposals suggested, debated, introduced or pending that, if enacted into law, could alter or amend one or more of the tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2025A Bonds, adversely affect the market price or marketability of the Series 2025A Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

***Information Reporting and Backup Withholding***. Interest paid on tax-exempt bonds such as the Series 2025A Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2025A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2025A Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2025A Bonds and proceeds from the sale of Series 2025A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2025A Bonds. This withholding generally applies if the owner of Series 2025A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("**TIN**"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2025A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**Series 2025B Bonds**

In the opinion of Casey Parrot LLC, Broomfield, Colorado, as Bond Counsel, interest on the Series 2025B Bonds is included in gross income for federal income tax purposes. Interest on the Series 2025B Bonds is taxable as ordinary income for federal income tax purposes at the time the interest accrues or is received in accordance with a bondholder's method of accounting for federal income tax purposes. Prospective purchasers of the Series 2025B Bonds, particularly purchasers who are not United States persons, as defined for federal tax purposes, may be subject to special rules and should consult their tax advisors.

**State of Colorado Tax Exemption**

In the opinion of Bond Counsel, pursuant to the Colorado Revised Statutes, interest on the Series 2025 Bonds is exempt from all taxation and assessments in the State of Colorado. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Series 2025 Bonds, including whether interest on the Series 2025 Bonds is excluded from income for purposes of taxes on, or based on, income, under the laws of any jurisdiction other than the State of Colorado.

**General**

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Bonds, and Bond Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2025 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX D hereto for the proposed Form of Bond Counsel Opinion.

## MISCELLANEOUS

**Underwriting**

Subject to the terms and conditions of a bond purchase agreement entered into by and among the Underwriter, the Corporation, the Charter School and the Authority (the "**Bond Purchase Agreement**"), the Authority has agreed to sell to D.A. Davidson & Co. (the "**Underwriter**") and the Underwriter has agreed to purchase the Series 2025 Bonds from the Authority.

The Series 2025 Bonds are being sold by the Authority at an underwriting discount of $[_____] to the Underwriter pursuant to the Bond Purchase Agreement. 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 or yields set forth on the cover page of this Official Statement, plus accrued interest from the date of the Series 2025 Bonds. Such prices or yields 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**

The Authority has retained PFM Financial Advisors, LLC, Denver, Colorado ("**PFM**") as financial advisor with respect to the issuance of the Series 2025 Bonds. PFM is not obligated to undertake, and has not undertaken, to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

**Ratings**

Moody's Investors Service ("**Moody's**") has assigned a rating of "Aa3" to the Series 2025 Bonds, which is reflective of the Charter School's participation in the Moral Obligation Program, as described in "THE SERIES 2025 BONDS—Security for the Series 2025 Bonds—Bond Reserve Fund."

In addition, Moody's has assigned the underlying rating of "Baa3", to the Series 2025 Bonds, which is reflective of the capacity of the Charter School to fulfill its payment obligations under the Lease. Such ratings reflect only the view of Moody's and any desired explanation of the significance of such ratings should be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

Generally, rating agencies base their ratings on the information and materials furnished to them and on investigation studies and assumptions of their own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if, in the judgement of such agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2025 Bonds.

**Registration of the Series 2025 Bonds**

Registration or qualification of the offer and sale of the Series 2025 Bonds (as distinguished from registration of the ownership of the Series 2025 Bonds) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended. THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2025 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2025 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

**Financial Statements**

The financial statements of the Charter School, as of June 30, 2024, June 30, 2023, and June 30, 2022, included in this Official Statement as "APPENDIX B—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024," and "APPENDIX C—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023," which have been audited by The Adams Group LLC, Certified Public Accountants, Greenwood Village, Colorado, (the "**Auditor**"), to the extent and for the periods indicated in their report thereon and "APPENDIX D—AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022," which has been audited by John Cutler & Associates, Denver, Colorado, 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 Charter School's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The Charter School has not requested the Auditor to perform any additional examination,

assessment or evaluation with respect to such financial statements 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 Charter School since the date of the financial statements, in connection with the issuance of the Series 2025 Bonds, the Charter School represents that there has been no material adverse change in the financial position or results of operations of the Charter School, nor has the Charter School incurred any material liabilities, which would make such financial statements misleading.

**Additional Information**

Copies of constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information summarized or referred to herein are available as described in "INTRODUCTION—Additional Information."

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**Official Statement Certification**

The preparation of this Official Statement and its distribution has been authorized by the Corporation and the Charter School. The Authority acknowledges the use of this Official Statement by potential investors. This Official Statement is not to be construed as an agreement or contract between the Corporation, the Charter School or the Authority and any purchaser, owner or holder of any Bond.

**ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION**, a Colorado nonprofit corporation

By: */s/ Patrick Cordova*
President

**ADDENBROOKE CLASSICAL ACADEMY, INC.,** a public charter school and Colorado nonprofit corporation

By: */s/ Patrick Cordova*
President

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# APPENDIX A

# THE CHARTER SCHOOL AND CHARTER SCHOOL FINANCIAL INFORMATION

*Capitalized terms used but not otherwise defined in this APPENDIX A shall have the meanings set forth in the body of the Official Statement to which this APPENDIX A is attached.*

## INTRODUCTION

### General

The Charter Schools Act authorizes teachers, parents and/or community members to contract with the local board of education to establish a publicly-funded school operating with significant freedom from district policies and State regulations. A charter school is, nonetheless, a public school, which is part of the school district in which it is located. Charter schools operate under a "charter contract" between the charter school and the local board of education. If the local board of education fails to grant a charter, the charter school may appeal that decision to the State Board of Education. The Charter defines the charter school's goals, standards, education design, governance and operations. The degree of authority to be exercised by the charter school on such issues as personnel, curriculum and facilities is negotiated between the charter applicant and the local school district and reflected in the Charter. School centered governance, autonomy, and a clear design for how and what students will learn are the essential characteristics of a charter school.

On May 3, 2011, the Charter School filed its original Articles of Incorporation, as Belmar Academy, Inc. with the Secretary of State to incorporate as a Colorado nonprofit corporation. Pursuant to Articles of Amendment filed on February 25, 2015, the Charter School changed its name to Addenbrooke Classical Academy, Inc.

The Charter School was established by Jefferson County School District R-l (the "**District**"), pursuant to an initial Charter School Contract dated February 7, 2013, (the "**Charter**") providing for a 6th through 12th grade charter school. In 2014 the District approved the inclusion of grades K-5. On February 4, 2021, by resolution of the District Board, the Charter was renewed for a five-year period ending June 30, 2026. The Charter School's secondary school (grades 6-12) opened for the 2013-14 Fiscal Year with 113 students. "**Fiscal Year**" is defined as the Charter School's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year. The Charter School added its primary school (grades K-5) in the 2014-15 Fiscal Year, for a total enrollment of 223 students. The Charter School currently has a 2024-25 enrollment of 965 students, with 53 student in Pre-K, 721 students in K-8th grade and 191 students in grades 9th-12th grade. See "—Charter School Enrollment and Admissions Policy—Enrollment" hereafter.

The Charter School operates its K-8 campus 3940 S. Teller street, Lakewood, Colorado (the "**K-8 Campus**") and its secondary school campus at 3605 S. Teller St. (the "**High School Campus**"). The Charter School operates as a nonprofit corporation under the laws of the State of Colorado, exclusively for charitable, religious, educational, and scientific purposes, including, for such purpose, the receipt of contributions and the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code.

## THE CHARTER SCHOOL

### Charter School Board

The business, property and affairs of the Charter School are conducted and managed by the Charter School board of directors (the "**Charter School Board**") as set forth in the bylaws (the "**Charter School Bylaws**"). The Charter School was organized for educational purposes primarily to operate the Charter School. No part of the net earnings of the Charter School will inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons. Charter School Board members do not receive any compensation for serving on the Charter School Board.

As set forth in the Charter School Bylaws (the "**Bylaws**") members of the Charter School Board must be natural persons at least eighteen (18) years of age or older. The minimum number of directors is five (5) and the maximum number is seven (7). By resolution, the Charter School Board is to establish the number of directors to serve on the Board at any time. To be qualified to serve on the Charter School Board each Director must: (i) read the Articles of Incorporation and Bylaws; (ii) read Cultural Literacy, the Schools We Need, and Knowledge Deficit by E.D. Hirsch; (iii) become familiar with the Charter School educational program; (iv) support the educational philosophy, discipline policy, and administrative structure of the Charter School; (v) read and sign the Board Agreement each year; and (vi) within ninety (90) days of joining the Board, complete a comprehensive review of charter school board best practices by completing online board training modules for charter school governing boards in Colorado.

Directors are to be appointed by the Charter School Board. To be appointed a potential new director must satisfy the qualifications set forth in the Bylaws and receive a vote of at least two-thirds of the then current Charter School Board. Directors serve three-year terms. Directors may serve a maximum of two consecutive terms. A former director may not be re-appointed to the Charter School Board until at least one year off the Charter School Board, at which time he or she may again be appointed like any other person. The Charter School Board is to maintain staggered end dates. The Charter School Board meets at least ten times per year, absent extraordinary circumstances. The current members of the Charter School Board, their occupations and terms of office are set forth hereafter.

| Name | Office | Principal Occupation | Year Appointed | Term Expires (December 31) |
|---|---|---|---|---|
| Patrick Cordova | President | Director of IT | 2022 | 2025 |
| Ed Peterson | Vice President | Founder and CEO | 2024 | 2027 |
| Christi Palmore | Treasurer | Senior Business Analyst | 2024 | 2026 |
| Amanda Gomez | Member | Payroll and Accounting | 2024 | 2027 |
| Chrissy Liu | Member | Attorney | 2025 | 2027 |
| Mark Pino | Member | Director of Donor Relations | 2025 | 2025 |
| Vacancy | | | | |

***Patrick Cordova, President.*** Mr. Cordova is the Director of IT for a non profit dental insurance company.

***Ed Peterson, Vice President.*** Mr. Peterson is founder and CEO of a commercial construction and design company and has been active in public and community service for many years serving both as an

elected and appointive official at the municipal, state, and national level and is now honored to be of service on the board of directors for the Charter School.

***Christi Palmore, Treasurer.*** Ms. Palmore serves in the Enterprise Project Management Office at Denver Water.

***Amanda Gomez, Member.*** Ms. Gomez works in payroll and accounting.

***Chrissy Liu, Member.*** Ms. Liu brings a diverse professional background in law, education, healthcare administration, and entrepreneurship to the Charter School Board. She has served as a practicing attorney, adjunct professor, healthcare administrator, and business owner, honing her skills in strategic planning, problem-solving, and organizational leadership. Most recently, she served as vice president of the board for the Colorado Metalsmith Association, gaining valuable experience in governance and nonprofit leadership.

***Mark Pino, Member.*** Mr. Pino has over twenty years of executive-level development experience leading fundraising teams, boards, and volunteers, which have collectively raised over 250 million dollars. During his career, he has served in leadership positions at the Mile Hi Church Foundation, Regis University, J.K. Mullen High School, Mercy Housing, and the Butterfly Pavilion. He holds a master of nonprofit management degree, and a B.S., in marketing and organizational development, both from Regis University.

Representatives of the Charter School anticipate the vacancy on the Charter School Board to be filled in September and the Secretary office elected in August at its next Board meeting.

**Administrative Staff and Management**

Certain information concerning the background and experience of the Charter School's administrative staff is set forth below.

***Ric Netzer, Executive Director***. Mr. Netzer holds a Bachelor of Music Education degree from Wichita State University. He taught in a Classical School in Wichita, Kansas for 10 years. After that Mr. Netzer worked for almost 30 years in business in the student travel industry. The position included marketing and serving as the ground operations director. He is about to complete his fourth year as the Executive Director at Addenbrooke Classical Academy. During that time the student enrollment has increased from 780 to well over 950 students. The school has improved its financial state greatly in the past 4 years.

***Evelyn Fiadonu, Manager of Finance and Human Resources***. Evelyn Fiadonu was first the Business Manager for the Charter School at inception. As the Business Manager her responsibilities include: all financial related issues for the Charter School; supervise all office functions and office staff, including school registrar and receptionist; monitor performance of all office staff; serve as the Charter School's primary liaison to all departments of the School Support Team including Finance, Development, IT, Maintenance, Food Services, Student Data, and Operations; assist the Executive Director in developing and managing the Charter School's budget; manage the procurement of all goods and services for the Charter School; risk management and managing work orders; the Charter School food services program, including compliance with the National School Breakfast Program and the National School Lunch Program; maintaining necessary documents and files to ensure compliance with all state and federal reporting requirements; maintaining accurate data on staff, students, and master schedule; manage the monthly calendar of activities; provide logistical support for events; and greeting visitors and responding to inquiries about the Charter School.

Ms. Fiadonu holds a Bachelor of Science degree in Geology with Mathematics from the University of Ghana, a Master's degree in Mineral Economics, Quantitative Business Methods from the Colorado School of Mines, and a Master's degree in Business Administration, Project Management from Colorado Christian University. Ms. Fiadonu's previous experience includes three years as an assistant geologist with Ghana National Petroleum Corporation and seven years as a senior geologist for Ashanti Goldfields Company in Ghana.

**Conflicts of Interest; Code of Conduct and Succession Policies**

***Conflicts of Interest Policy***. The Charter School Board has adopted a Charter School Board Policy Manual contains the Charter School's Conflicts of Interest Policy (the "**Conflicts Policy**"), which is designed to identify situations that present potential conflicts of interest and to provide the Charter School with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a conflict of interest may exist. The Conflicts Policy is intended to supplement the Charter School Bylaws and any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

***Code of Conduct***. The Charter School Board has adheres to the Code of Conduct of the District and Related Policies.

***Succession Policy***. The In the Charter School Board Policy Manual, the Charter School Board has adopted an executive director succession policy (the "**Succession Plan**") providing for the procedure for the appointment of an acting executive director in the event of an unplanned absence of the Executive Director to ensure the continuous coverage of executive duties critical to the ongoing operations of the Charter School and its services to students. The Charter School's Bylaws provide for the orderly succession for members of the Charter School Board. See "—Charter School Board."

**Charter School Employees**

In order to provide the variety of services required by law, the Charter School has 86 full-time and 5 part-time personnel for the 2024-25 Fiscal Year. The following table sets forth information on Charter School personnel since the Charter School's organization.

| Staff Composition | |
|---|---|
| | **2024-25** |
| Administration | 10 |
| Teachers | 60 |
| Other | 35 |
| Total | 105 |

The following table sets forth information on those teachers with an advanced degree at the Charter School for the 2024-2025 school year.

| Teachers Qualifications | |
|---|---|
| **Degree Held** | **Percent of Staff** |
| Bachelor's | 71% |
| Master's | 27 |
| Doctorate | 2 |
| Total | 100% |

The student-teacher ratio for the 2024-25 school year is 22:1. In order to provide the variety of services required by law, the Charter School employs 105 total employees, 60 of whom are teachers.

The following table sets forth information on historical teacher retention rates for the Charter School.

| Historical Teacher Retention Rates | |
|---|---|
| **Year** | **Percent Retained** |
| From 2018-19 to 2019-20 | 85% |
| From 2019-20 to 2020-21 | 89 |
| From 2020-21 to 2021-22 | 73 |
| From 2021-22 to 2022-23 | 73 |
| From 2022-23 to 2023-24 | 80 |
| From 2023-24 to 2024-25 | 82 |

***Salaries***. The average teacher salary in the District is $69,000. The Charter School has an average teacher salary of $60,720.

***Employee Benefits.*** All employees are employed "at will" and none of the employees are represented by any collective bargaining unit. Employees currently receive $200 in flex spending per month that can be used to purchase certain benefits including health insurance. The Charter School also offers dental, vision, life and personal accident insurance and short term disability insurance. Employees are also offered six paid personal days each year which can accumulate up to 30 days. All Charter School employees are members of the Public Employees Retirement Association of Colorado, School Employees Division ("**PERA**") to which the Charter School and employees are required to contribute a statutorily determined percentage of salaries paid. For additional information regarding the Charter School's contribution to PERA, see "APPENDIX B—CHARTER SCHOOL FINANCIAL INFORMATION— Retirement and Pension Matters."

***Labor Relations.*** Charter School employees are not members of any union. The Charter School considers its relations with the teachers to be "good."

**Charter School Enrollment and Admissions Policy**

***Enrollment.*** Enrollment in the Charter School is open to all residents of the District, and to out-of-District students subject to compliance with applicable State laws, Charter School Board policy and the Charter. The Charter School opened for the 2013-14 school year with 113 students in 6th through 12th grade increasing to 223 students for the 2014-15 school year in Kindergarten through 12th grade. Set forth

below is a history of the Charter School's enrollment by grade as of October 1 (the date upon which the number of students is determined for per pupil revenue purposes) and forecasted enrollment for the following years.

| Enrollment | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Actual | | | | | Forecasted | | | | |
| Grade | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
| Pre-K | 30 | 30 | 54 | 51 | 53 | 60 | 60 | 60 | 60 | 60 |
| K | 63 | 63 | 74 | 78 | 81 | 88 | 88 | 88 | 88 | 88 |
| 1st | 76 | 69 | 80 | 89 | 76 | 88 | 88 | 88 | 88 | 88 |
| 2nd | 63 | 58 | 74 | 83 | 89 | 85 | 95 | 95 | 95 | 95 |
| 3rd | 68 | 63 | 72 | 77 | 92 | 95 | 95 | 95 | 95 | 95 |
| 4th | 69 | 70 | 66 | 77 | 81 | 98 | 95 | 95 | 95 | 95 |
| 5th | 74 | 68 | 74 | 76 | 78 | 75 | 95 | 95 | 95 | 95 |
| 6th | 85 | 69 | 82 | 80 | 77 | 100 | 95 | 95 | 95 | 95 |
| 7th | 81 | 70 | 78 | 76 | 73 | 78 | 90 | 95 | 95 | 95 |
| 8th | 67 | 73 | 74 | 72 | 74 | 73 | 75 | 90 | 95 | 95 |
| 9th | 63 | 50 | 68 | 58 | 49 | 55 | 60 | 60 | 60 | 60 |
| 10th | 56 | 51 | 45 | 48 | 57 | 43 | 60 | 60 | 60 | 60 |
| 11th | 41 | 40 | 47 | 40 | 41 | 49 | 50 | 50 | 60 | 60 |
| 12th | 43 | 39 | 42 | 43 | 44 | 36 | 50 | 50 | 50 | 60 |
| Total | 879 | 813 | 929 | 943 | 965 | 1,023 | 1,096 | 1,116 | 1,131 | 1,141 |

***Admissions Procedure.*** The Charter School follows the District's Policy for choice enrollment. Families wishing to enroll their children at the Charter School must adhere to the process for choice enrollment by completing a Choice Enrollment Application. Applications for enrollment are accepted each year from January through August 31 of the applicable school year. Enrollment is open and tuition-free to any child meeting student eligibility requirements and residing in the District, According to District policy, "students accepted for choice enrollment shall be enrolled at their school of choice throughout the grades served by the school." The Charter School meets all federal laws, and constitutional provisions prohibiting discrimination on the basis of disability, race, color, age, creed, gender, sexual orientation, national origin, religion, ancestry, or disability. To be placed on the Charter School enrollment/wait list the applicant must meet the established eligibility criteria for enrollment. Pursuant to the Charter, students who reside outside of the District are admitted per district enrollment policy.

*First Round Application Period.* Applications for First Round Choice Enrollment are accepted in January for the following school year. For the first round application process, the Charter School randomly assigns a number to each applicant in each category for each grade level. Priority categories, as established by the Charter School, are as follows: (a) staff children and siblings of currently enrolled students (in-district and out-of-district); (b) all other in-District applicants; and (c) out-of-District applicants. Eligible applicants at each grade level are placed where space is available according to their randomly selected priority number within the categories. Where space is not available, annual prioritized wait lists are established according to the random number and priority category ranking. The annual prioritized wait list for a given school year stays in effect until October count.

For the first round application period, the Charter School provides notification of the students acceptance or where the student falls on the annual prioritized wait list. The first round applicants have priority over those applicants applying during the second round. If an opening becomes available, applicants are notified by phone or email and will be given 72 hours to accept. Parents can decline the opening/spot and remain on the wait list or decline and be taken off the wait list. If a parent fails to respond or declines,

that spot will be offered to the next child on the list after 72 hours. If a student is not accepted during the first round choice enrollment, the student will remain on the prioritized wait list and carried over to the second round.

*Second Round Application Period.* Applications for Second Round Choice Enrollment are accepted from February through August. Second round applications are processed in the same manner as first round applications, except that the applicants will not be randomly prioritized, but instead will be added on a "first come, first serve" basis to the already established wait lists in each priority category. If an applicant is not admitted for a given school year, the student must reapply for the following year.

The Charter School is required by the District to adhere to District guidelines for wait listing students. As a result, the Charter School's waitlist does not rollover. The following table sets forth the historical wait list summary for the Charter School. The waitlist is as of August 31 after the Charter School has stopped accepting applications and students have been accepted for the upcoming school year. Each year the existing waitlist is purged after October 1 and a new waitlist is created for the subsequent school year beginning in the January prior to the beginning of the applicable school year.

| Waitlist | | | | | |
|---|---|---|---|---|---|
| **Grade** | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
| Pre-K | – | 30 | 35 | – | – |
| K | – | – | – | – | – |
| 1st | 10 | – | – | – | – |
| 2nd | 5 | – | – | – | – |
| 3rd | 1 | – | – | – | – |
| 4th | 6 | – | 13 | 4 | 1 |
| 5th | – | – | | 2 | 5 |
| 6th | 7 | 9 | 31 | 27 | 5 |
| 7th | 25 | 3 | 16 | 11 | 4 |
| 8th | 13 | – | 12 | 9 | 6 |
| 9th | – | – | – | – | – |
| 10th | – | – | – | – | – |
| 11th | – | – | – | – | – |
| 12th | – | – | – | – | – |
| Total | 67 | 42 | 107 | 53 | 12 |

The following table sets forth historical retention of students by grade.

| Percent of Students Retained by Grade | | | | | | |
|---|---|---|---|---|---|---|
| **Grade** | **2018-19 to 2019-20** | **2019-20 to 2020-21** | **2020-21 to 2021-22** | **2021-22 to 2022-23** | **2022-23 to 2023-24** | **2023-24 to 2024-25** |
| 1st | 90% | 86% | 90% | 100% | 100% | 95% |
| 2nd | 92 | 91 | 90 | 100 | 100 | 88 |
| 3rd | 89 | 81 | 95 | 100 | 100 | 95 |
| 4th | 91 | 83 | 95 | 100 | 100 | 99 |
| 5th | 90 | 85 | 95 | 100 | 100 | 96 |
| 6th | 90 | 81 | 95 | 96 | 100 | 97 |
| 7th | 87 | 94 | 90 | 100 | 94 | 94 |
| 8th | 84 | 92 | 90 | 84 | 100 | 96 |
| 9th | 92 | 69 | 90 | 100 | 70 | 70 |
| 10th | 93 | 78 | 90 | 85 | 100 | 97 |
| 11th | 91 | 69 | 90 | 100 | 91 | 91 |
| 12th | – | – | – | – | – | – |
| *Overall Graduation Rate* | 100% | 100% | 100% | 100% | 100% | 100% |

***Preschool State Funding***. In 2022, the State legislature enacted a law to provide additional preschool funding in Colorado, which includes 15 hours per week of preschool services for children in the year preceding eligibility for kindergarten (universal preschool services). This law was put in effect commencing with the 2023-2024 school year. Ther Charter School will be a Colorado Universal Preschool Program ("UPK") provider for the 2025–2026 school year. Representatives of the Charter School believe this will help attract more students to its pre-school program and the Charter School. See "RISK FACTORS—Competition for Students."

***Population and Demographic Information***. The U.S. Census Bureau has estimated the following demographic statistics for Lakewood, the Jefferson County, and the State.

| Population and Demographic Information | | | |
|---|---|---|---|
| | **Lakewood** | **Jefferson County** | **State** |
| Population Estimate, 2020 | 155,984 | 582,910 | 5,773,714 |
| Population Estimate, 2023 | 155,961 | 576,366 | 5,877,610 |
| Population Change | 0.0% | -1.1% | 1.8% |
| Persons under 5 years | 4.8% | 4.5% | 5.3% |
| Persons under 18 years | 16.5% | 18.0% | 20.7% |

Source: United States Census Bureau, QuickFacts.

The following table set forth per capita personal income for the County, the State, and the United States.

| Per Capita Personal Income | | | | | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **2023** |
| Jefferson County | $66,571 | $68,983 | $75,279 | $81,635 | $85,164 |
| State of Colorado | 62,124 | 64,852 | 71,706 | 76,674 | 80,068 |
| United States | 56,250 | 59,153 | 64,460 | 66,244 | 69,810 |

Source: US Department of Commerce, Bureau of Economic Analysis.

**Service Area and Competition**

The Charter School provides public education for grades K-12 to students residing primarily in Lakewood and the County. Charter School officials state the Charter School competes for students with other charter schools, public schools and private schools in the District and several neighboring districts.

***Service Area***. The Charter School was founded to primarily serve families in the Lakewood area. The table below demonstrates the geographic distribution of students attending the Charter School for the past two school years.

| Geographic Distribution of Students by City | |
|---|---|
| **Area** | **Percent of Students** |
| Lakewood | 42% |
| Denver | 24 |
| Littleton | 25 |
| Golden | 1 |
| Other | 9 |
| Total | 100% |

***Competition***. The Charter School is currently located in the western portion of Lakewood, Colorado. It draws students from a large area across the District and the Jefferson County enrollment area. Charter School officials believe the following schools are located within a 2-mile radius of the Charter School and can be considered competition for Charter School students:

| **School** | **City/Town** | **Grades Served** | **2024-25 Enrollment** |
|---|---|---|---|
| Westgate Elementary | Lakewood | PreK-5 | 305 |
| Carmody Middle School | Lakewood | 6-8 | 550 |
| Bear Creek High School | Lakewood | 9-12 | 1,344 |

**Facilities**

The Elementary-Middle School Campus, located on approximately 12.55 acres of land at 3940 Teller Street in Lakewood, Colorado, houses the pre-school, primary and secondary schools. The Elementary-Middle School Campus was originally constructed in 2002 as a single story building consisting of approximately 68,000 square feet. In 2017 the Corporation constructed an approximately 17,000 square foot addition to the Elementary-Middle School Campus. As currently constructed the Elementary-Middle

School Campus, includes a multi-purpose gymnasium, 32 classrooms, 25 administrative offices, breakrooms, library and support facilities (restrooms/mechanical). The Elementary-Middle School Campus currently has 393 (22 handicap) paved parking spaces with overhead parking lamps and landscaped medians. The Elementary-Middle School Campus currently serves 721 students in grades K – 8 and has a maximum capacity of 890 students.

The High School Campus is located at 3605 S. Teller Street, Lakewood, Colorado, consisting of approximately one (1) acre of land and an approximate 25,000 square foot three story building. A portion of the net proceeds of the 2020 Bonds were used to construct improvements to the High School Campus to convert it to an educational facility for the Charter School. The High School Campus serves approximately 191 students in grades 9 through 12 with a maximum student capacity of 260 students and consists of 16 classrooms or specials rooms, a library, administrative offices, breakroom, and support facilities (restrooms/storage). In addition the High School Campus includes 46 surface parking spaces (2 handicap) and 30 covered parking spaces as well as landscaping.

***Transportation***. The Charter School does not provide transportation for students; therefore, parents are responsible for getting students to and from the Charter School.

***Equipment and Teaching Materials***. The Charter School officials deem the equipment and teaching materials to be in good condition.

***Safety and Other Use of Facilities***. According to Charter School officials, the Charter School has maintained an excellent safety record over the past three years. The charter school employs a campus security person trained by Jeffco.

**Capital Improvements Plan**

The Charter School maintains a Capital Improvements Plan for supplies and repair and maintenance for the Facilities and equipment. The Charter School annually compiles a list of the items that require attention and prioritizes these items to stay within budget. See "THE BONDS—Use of Bond Proceeds" for a discussion of the Project to be financed with Bond proceeds.

**Curriculum and Instruction**

***Mission***. The Charter School's mission is to utilize an integrated model of tradition and innovation to develop free and independent thinkers through classical instructional strategies.

***Vision***. The Charter School's vision is to develop free and independent thinkers in a collaborative community through an integrated and exemplary educational program supported by its families.

***Curriculum***. The Charter School provides its students with thorough and applicable knowledge of the core curriculum, in part, by associating academic instruction with the analogous concepts of music, regardless of student musical aptitude or experience, and by creating a learning environment facilitating the highest standards of academic achievement for its students. As students gain a broader understanding of the construction of music, its history, and its various styles, the Charter School instills in its students a life-long love of music, appreciation for beauty, and respect for humanity. Music instruction will be blended with technology and academics, consisting of Core Knowledge and the classical model. Furthermore, the Charter School will develop and implement educational programs that are directed toward developing high ethical standards, along with building social skills and upright character. The emphasis on good character will further the student's academic skills which, in turn, will help to build the necessary competencies of self-

esteem, respect for themselves and others, and personal discipline. Balanced combinations of these skills equip students with the ability to choose wisely. These expectations, though high, can and will be achieved. Students, when expectations are high, will generally be equal to the task at hand, as long the expectations are realistic and logical.

The Charter School's curriculum is based on the Core Knowledge Sequence ("**Core**"), which combines classical education and relevant knowledge of contemporary culture to produce the free or liberated person. Students learn about the skills of reading, writing and speaking, mathematics, critical thinking, science, and history/geography. The Charter School emphasizes classical education philosophy to help students confront the problems common to modern man. The Charter School believes students need to focus on core academic subjects, and teaching from direct original source documents the great works of the western world in order to address the "great questions" common to all periods of history.

The Charter School addresses each student's individual intelligence and learning style with a Core curriculum. Students are provided with a rich vocabulary and broad knowledge base on which future instruction can build, broaden, and deepen. The Core curriculum is organized to spiral through the grade levels becoming more sophisticated year after year, helping students retain information much longer and develop skills more easily when meaningful content is combined with the teaching of skills. The Charter School has an ultimate goal through Core instruction to ensure that all children are given access to the same foundation of knowledge that assures later educational success.

The Charter School builds on the Core base by addressing each student's individual intelligence and learning style with a pattern of education known as the Trivium. The Trivium is a systematic method of critical thinking used to derive factual certainty from information perceived through the five senses. The Core curriculum is research-based and tested in classrooms with 30 years of success. The Charter School utilizes the Trivium to explore the Core curriculum with the ultimate goal to provide all children, regardless of background, with the shared knowledge they need to be included in The Charter School's national literate culture. Step-by step lesson plans are organized around essential questions that have captivated thinkers throughout history, thereby connecting students to the content more profoundly, personally and purposefully.

The Charter School uses Core curriculum along with Big ideas Math, CKLA Reading, DLI Grammar, Latin for Children Series (Classical Academic Press), Core Knowledge science and Delta Education Foss Kits used to augment the program. At the secondary level, predominantly primary source documents are used for Literature and History classes, Pearson's Classical Edition for math, and Wheelock's Latin. The Charter School also emphasizes many of the principles set forth by Charlotte Mason who focused on the love of learning. The approach of the Core curriculum, with the primary focus through a hands-on approach to learning, and the implementation of nature studies, observation skills and hard work, allow a varied learning approach that utilizes all modalities. All students K-12 are required to take music every day and every semester until they graduate.

The Charter School provides students with a variety of special and extra-curricular classes, including music, rhetoric, art, technology, physical education, Latin, Spanish, guitar, choir, piano, and orchestra. The Charter School offers cross-country, golf, soccer, volleyball, pep squad, basketball and flag football as well. The Charter School also offers an After School Program which provides fun activities, learning programs and assistance with homework.

***Dual Credit Program***. Students in tenth through twelfth grades have the opportunity to take concurrent enrollment credit classes at Red Rocks Community College or Arapahoe Community College. Each student who wishes to enroll must take the Accuplacer placement test to assess his or her potential to

succeed in specified classes as determined by passing certain objectives on each exam. Students are responsible for their own transportation to and from both schools. The Charter School pays the cost of two classes each semester. Concurrent enrollment courses must be pre-approved by the Addenbrooke academic counselor.

***Special Education***. The Charter School provides for appropriate special education programs for special needs students. There are 100 students enrolled in the special education program in the 2024-25 school year.

***Reduced Lunch***. The state of Colorado provides free lunch to all students. Addenbrooke's lunch program is through the Denver Public School district, and they provide the matrix for additional services.

**Student Performance**

Measurement of student performance will be accomplished through report cards and through the use of outside measurement sources. The Charter School uses a variety of assessment techniques to collect qualitative and quantitative information. Assessment includes teacher observations, evaluation of assignments, student projects, teacher-made tests.

Multiple indicators are used to measure student achievement including, among others, the Colorado Measures of Academic Success ("**CMAS**") assessment covering science, social studies, mathematics, and English language arts/literacy.

The CMAS is a statewide single point in time assessment, aligned with the State model content standards, which covers limited grades and subjects each year. The following table illustrates the percentage of students at the Charter School, the District as a whole, and the State who scored at the proficiency level or above on the CMAS tests for 2021, 2022, 2023, and 2024. CMAS tests were conducted for 2023-2024 school year and less than 8% of Charter School students opted out of the CMAS testing.

| CMAS Results % Met or Exceeded | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2022 | | | 2023 | | | 2024 | | |
| Grade | Subject | Charter School | District | State | Charter School | District | State | Charter School | District | State |
| 3rd [2] | ELA[1] – English | 47 | 48 | 41 | ** | 48 | 40 | 36 | 52 | 42 |
| | Math | 55 | 47 | 40 | ** | 48 | 40 | 47 | 29 | 42 |
| 4th | ELA | 53 | 53 | 44 | ** | 54 | 44 | 43 | 52 | 42 |
| | Math | 32 | 38 | 31 | ** | 40 | 33 | 46 | 41 | 34 |
| 5th | ELA | 41 | 53 | 45 | 41 | 56 | 48 | 56 | 57 | 47 |
| | Math | 32 | 39 | 35 | 21 | 42 | 37 | 44 | 43 | 37 |
| 6th | ELA | 57 | 51 | 42 | ** | 49 | 43 | 48 | 50 | 44 |
| | Math | 27 | 30 | 26 | ** | 32 | 28 | 34 | 34 | 30 |
| 7th | ELA | 22 | 47 | 42 | ** | 50 | 45 | 56 | 51 | 46 |
| | Math | 18 | 29 | 25 | ** | 31 | 26 | 40 | 37 | 30 |
| 8th | ELA | 35 | 49 | 44 | 30 | 49 | 42 | 41 | 49 | 43 |
| | Math | 36 | 40 | 32 | 23 | 39 | 33 | 37 | 42 | 33 |
| | Science | ** | ** | ** | 19 | 35 | 31 | 33 | 41 | 32 |
| HS | Science | ** | ** | ** | ** | 35 | 24 | 9 | 34 | 25 |

[1] ELA is an acronym for English Language Arts.
** Not publicly available.
Source: Colorado Department of Education.

The Charter School administers the PSAT to its 9th and 10th graders and the SAT to its 11th graders. The following tables set forth spring 2024 SAT and PSAT test results for the Charter School, the District as a whole and the State, as applicable.

| 2024 SAT Average Scores – Evidence Based Reading and Writing | | | |
|---|---|---|---|
| Grade | Charter School | District | State |
| PSAT9 | 428 | 475 | 450 |
| PSAT10 | 473 | 497 | 476 |
| SAT (11) | 491 | 525 | 506 |

| 2024 SAT Average Scores – Math | | | |
|---|---|---|---|
| **Grade** | **Charter School** | **District** | **State** |
| PSAT9 | 407 | 454 | 440 |
| PSAT10 | 444 | 467 | 455 |
| SAT (11) | 444 | 502 | 484 |

**Unified Improvement Plan**

The Colorado Education Accountability Act of 2009 authorized the Colorado Department of Education to conduct an annual review of the performance of public schools and districts in the State and to make recommendations to the State Board of Education concerning the type of school improvement plan to be implemented in each school and the accreditation category for each district. Each year, the State evaluates the performance of all Colorado schools and districts through the Charter School and District Performance Frameworks. The performance frameworks examine achievement and growth on State assessments, along with postsecondary measures such as graduation rates, drop-out rates, college entrance exams, and college matriculation rates. The Department of Education provides plan types to schools based upon the School Performance Frameworks, with the assigned plan type based upon an examination of student performance indicators, including achievement, growth and postsecondary and workforce readiness.

The following sets forth the accreditation rating descriptions:

*Performance Plan* - Schools with a Performance Plan are meeting expectations on the majority of performance metrics.

*Improvement Plan* - These schools are identified as lower performing. They may be meeting expectations on some performance metrics, but they are not meeting or are only approaching expectations on many.

*Priority Improvement Plan* - These schools are identified as low performing. They are not meeting or are only approaching expectations on most performance metrics. The State will provide support and oversight to these schools until they improve.

*Turnaround Plan* - These schools are identified as among the lowest performing schools in the State. They are not meeting or are only approaching expectations on most performance metrics. The State will provide support and oversight to these schools until they improve.

*Insufficient State Data* - These schools are assigned this plan type when the State does not have enough data to report publicly. To better understand why a school received an Insufficient State Data rating, all publicly reportable data are reflected in the performance framework report. More information about these ratings is available here.

The Charter School's 2024 School Performance Framework score is 64.7/100 for grades K-8 and 68.0/100 for the grades 9-12, each of which carries the designation "Performance Plan", as compared to the District's score of 51.4/100.

**Parental Involvement**

The Charter School offers the PACS group (Parents of Addenbrooke Classical Students) which meets monthly to plan and implement family-friendly events and special enrichment activities for students. The Charter School also has the Addenbrooke Foundation which organizes fundraising events for activities, equipment and materials for the school not funded with the general budget.

**Charter School Authorization**

The Charter expires on June 30, 2026. Pursuant to the Charter and the Charter Schools Act, no later than September 1 of the year prior to the year in which the charter expires, the governing body of a charter school will submit a renewal application to the chartering local board of education. The chartering local board of education shall rule by resolution on the renewal application no later than December 1 of the fiscal year in which the charter expires, or by a mutually agreed upon date.

A charter school renewal application submitted to the local chartering board of education is to contain, under existing State law: (a) a report on the progress of the charter school in achieving the goals, objectives, pupil performance standards, content standards, targets for the measures used to determine the levels of attainment of the performance indicators, and other terms of the charter contract and the results achieved by the charter school's students on the assessments administered through the Colorado student assessment program; and (b) financial statement that discloses the costs of administration, instruction, and other spending categories for the charter school that is understandable to the general public and that will allow comparison of such costs to other schools or other comparable organizations, in a format required by the State Board of Education; and (c) any information or material resulting from the charter school's annual reviews.

A charter may be revoked or not renewed by the chartering local board of education if it determines that the charter school did any of the following: (a) committed a material violation of any of the conditions, standards, or procedures set forth in the charter contract; (b) failed to meet or make adequate progress toward achievement of the goals, objectives, content standards, pupil performance standards, targets for the measures used to determine the levels of attainment of the performance indicators, applicable federal requirements, or other terms identified in the charter contract; (c) failed to meet generally accepted standards of fiscal management; or (d) violated any provision of law from which the charter school was not specifically exempted. See also "RISK FACTORS—Revocation or Nonrenewal of Charter."

A decision to revoke or not to renew the charter may be appealed to or facilitation may be sought from the Colorado State Board of Education pursuant to the provisions of the Charter Schools Act. A charter authorizer standards review committee has been created to make recommendations to the State Board of Education concerning standards for charter schools and charter school authorizers. The Charter Schools Act also sets forth certain procedures for resolving any disputes that may arise between a charter school and its chartering school district concerning governing policy provisions of the school's charter contract and an appeal process for decisions of the local board of education of the authorizing district.

**The District**

The District is not liable or responsible for any costs associated with repayment of the Bonds, the Loan Agreement or the Lease, the costs of operation or maintenance of the Facilities, or any other expenses associated with the Facilities and its financing, and the holders of the Bonds shall not rely on any District involvement in payment of such costs or other involvement within the Facilities. The District has not

assumed any duties and has no duties to investors with respect to the Facilities, its operation, maintenance or financing, disclosure to investors or monitoring any of the foregoing.

**Participation by Underwriter and Authority**

Neither the Underwriter nor the Authority have independently verified the information contained in this APPENDIX A, and they make no representation nor give any assurances that the disclosures contained herein are complete or correct.

## CHARTER SCHOOL FINANCIAL INFORMATION

**Sources of Revenue**

***No Tuition Charges***. The Charter School is not permitted to charge tuition to students, except for before/after school programs, preschool programs or intersession programs, and the Charter School is required under State law to waive all fees for indigent students. If the Charter School enrolls a nonresident student with disabilities, the Charter School can collect from the school district of residence tuition for certain costs incurred in educating the child.

***District Funding***. The primary source of funding for the Charter School comes from the District. For the 2024-2025 budget year, school districts in the State will be funded pursuant to the Public School Finance Act of 1994, Article 54 of Title 22, C.R.S. (the "**1994 Act**"), which was recently amended by the Public School Finance Act of 2024, Article 54 of Title 22, C.R.S. (the "**2024 Act**") and further amended by the Public School Finance Act of 2025, article 54 of Title 22, C.R.S. (the "**2025 Act**"). The 1994 Act and the 2025 Act each set forth a formula (the "**Total Program**") for determining State and local funding amounts for each school district in the State based on a variety of factors including pupil count, local costs of living, personnel costs, the size of each district, the number of at-risk pupils, the number of on-line pupils, as described in "Total Program Funding" below. Local funding for each school district comes from property taxes and specific ownership tax collections within the school district (the "**Local Share**"). The total amount of State aid required by the 1994 Act and the 2025 Act is the total funding required across all school districts, as further described below. Information about the 1994 Act is available at http://www.cde.state.co.us, which is an internet address for the Colorado Department of Education; provided, however, such web page and any links to other web pages are not incorporated herein by this reference and are not part of this Limited Offering Memorandum. Information about the 2025 Act is not yet available at such internet address.

In 2020 the Colorado general assembly approved a bill that reset the number of property tax mills levied for school funding (total program mill levy) for school districts that have obtained voter approval to retain revenue above the constitutional limit. Specifically, the mills were reset to the lesser of 27 mills or the level they were at when the district obtained voter approval, with any subsequent adjustments that would have occurred ("**reset mill levy**"), and required school districts to establish a tax credit for the difference between the reset mills and number of mills levied in tax year 2019. As a result, the bill did not change the amount of property tax collected in that year. However, in 2021 the State legislature enacted law that requires the Colorado Department of Education to phase out the tax credits, by no more than one mill per year, thereby slowly increasing the mill levies paid by such school districts, until the district reaches their reset mill levy. The bill also requires that any savings in the State share of school finance resulting from phasing out tax credits must continue to be spent on school finance, the constitutionality of which was affirmed by the Colorado Supreme Court.

Under the Charter Contract, the Charter School will receive funding in an amount equal to 96% of the District's Total Program for any budget year divided by the district's funded pupil count for said budget year ("**District PPR**"), subject to adjustment in accordance with State law. The District may retain the Charter School's per pupil share of the administrative overhead costs for actual and reasonable costs incurred by the District as a result of its performance of stature obligations; however, such costs shall not exceed 5% of PPR.

For each pupil funded in a district's October 1 pupil count, the Total Program allocates a base per-pupil amount of money plus additional amounts based on district-by-district variances. The Total Program is determined as expressed in the following formula:

$$\text{Total Program} = \text{Funded Pupil Count} \times \text{Total Per-Pupil Funding} + \text{At-Risk Funding} + \text{Online and/or ASCENT Funding}$$

Under the 1994 Act, every school district starts with a base per pupil funding amount. The base is increased annually by an amount equal to the rate of inflation. The base amount of per pupil funding for the 2025-2026 fiscal year will be $8,691.80 pursuant to the 2025 Act. The base amount is then adjusted in each school district to account for differences between districts in cost of living, school district size, personnel costs (under the 1994 Act only) and location (under the 2024 Act only).

For each fiscal year, the General Assembly establishes a minimum amount of funding per pupil statewide based on a statutorily established "minimum per pupil funding base." Each district has its own formula. The following table sets forth the actual historical per pupil revenue for the Charter School.

**Historical Per Pupil Revenue ("PPR")**

| School Year | PPR Rate | Percent Change |
|---|---|---|
| 2019-20 | $ 8,303.49 | 10% |
| 2020-21 | 7,946.21 | -4% |
| 2021-22 | 8,714.92 | 9% |
| 2022-23 | 9,349.85 | 7% |
| 2023-24 | 10,328.40 | 10% |
| 2024-25 | 11,029.61 | 7% |
| 2025-26 | 11,413.15 | 4%* |

*Projected.
Source: The Charter School.

The Total Program calculation is adjusted upward for each pupil qualifying as "at risk." Whether a student is "at risk" is generally determined based on eligibility for participation in the free or reduced-price lunch under federal school lunch program. Under the 1994 Act, a school district can receive additional funding equal to 12-30% of its per pupil funding for each at risk pupil (with the amount of at risk funding increases as a district's percentage of at risk pupils increases above the State average), while under the 2024 Act, a school district can receive 25-32% of its per pupil funding for each at risk pupil. Beginning in 2020-2021, the State introduced a new factor, the "ELL factor" to the funding formula for all non-fully proficient English language learning pupils; provided, however, that such factor will not be included in the 2024-2025 budget year. The factor is calculated as a percentage of each district's preliminary per pupil funding, multiplied by the district's ELL enrollment, which is 8 percent under the 1994 Act and 25 percent under the 2024 Act.

Under the 2025 Act, for the 2025-26 budget year, a school district's funded pupil count is calculated by determining the greater of the school district's pupil enrollment for the applicable budget year or the average of the school district's pupil enrollment for the applicable budget year and the immediately preceding 3 budget years; and

For the 2026-27 budget year and each budget year thereafter, a school district's funded pupil count is calculated by determining the greater of the school district's pupil enrollment for the applicable budget year or the average of the district's pupil enrollment for the applicable budget year and the immediately preceding 2 budget years.

The 2025 Act changes how each school district's and institute charter school's annual total program is determined during the transition period. For the 2025-26 and 2026-27 budget years, each school district's and institute charter school's annual total program is the greater of the school district's or institute charter school's total program for the 2024-25 budget year or the amount calculated under the expiring formula plus an amount equal to 15% in 2025-26 and 30% in 2026-27 of the difference between the amounts calculated under the new formula and the expiring formula. For the 2027-28 budget year through the 2030-31 budget year, each school district's and institute charter school's annual total program is the greater of the district's or institute charter school's calculation under the expiring formula plus 1% of that calculation, or:

For the 2027-28 budget year, the amount calculated under the expiring formula plus an amount equal to 45% of the difference between the amounts calculated under the new formula and the expiring formula;

For the 2028-29 budget year, the amount calculated under the expiring formula plus an amount equal to 60% of the difference between the amounts calculated under the new formula and the expiring formula;

For the 2029-30 budget year, the amount calculated under the expiring formula plus an amount equal to 75% of the difference between the amounts calculated under the new formula and the expiring formula; and

For the 2030-31 budget year, the amount calculated under the expiring formula plus an amount equal to 90% of the difference between the amounts calculated under the new formula and the expiring formula.

Under current law, there are specified conditions that apply to the transition period. If the joint budget committee determines that a specified condition occurs in a budget year during the transition period, then for the next budget year and each budget year thereafter, the transition is suspended, and each school district's total program is determined pursuant to the calculation and determination required for the budget year when the condition occurred. For one of the existing conditions, the 2025 Act specifies that an income tax deposit to the state education fund that was made to correct an error does not count toward determining whether the condition has been satisfied.

A school district's funded pupil count is a figure that is used as a part of determining a school district's total program. Under the expiring formula, a school district's funded pupil count is calculated by determining the greater of the school district's pupil enrollment for the applicable budget year or the average of the school district's pupil enrollment for the applicable budget year and the immediately preceding 4 budget years. Under current law, the new formula calculates a school district's funded pupil count by determining the greater of the school district's pupil enrollment for the applicable budget year or the average

of the school district's pupil enrollment for the applicable budget year and the immediately preceding 3 budget years.

The 2025 Act changes the new formula so that:

If a statutorily specified condition is satisfied, and consequently for the 2026-27 budget year, a district's total program is not determined as scheduled under the transition period, then for the 2026-27 budget year, and each budget year thereafter, funded pupil count will continue to be determined by the greater of the school district's pupil enrollment for the applicable budget year or the average of the school district's pupil enrollment for the applicable budget year and the immediately preceding 3 budget years; and

If, for the 2027-28 budget year, the state education fund balance is projected to be less than $200 million, then the general assembly is required to implement a smoothing factor or the funded pupil count will be determined by the greater of the school district's pupil enrollment for the applicable budget year or the average of the school district's pupil enrollment for the applicable budget year and the immediately preceding budget year for the 2027-28 budget year and each budget year thereafter.

Funding of District PPR for each fiscal year begins in July. Funding is adjusted again to reflect the October actual enrolled student count as compared to the student count used at the beginning of the year. In addition, to the extent the District experiences any increase or reduction in State equalization support by a legislative rescission or other action, proportionate increases or reductions will be made to the Charter School by adjustment or set off in subsequent months.

The Charter School agrees, pursuant to the Lease, to cooperate in relation to all actions necessary pursuant to and in accordance with the Colorado Charter School Intercept Program in order to have the State Treasurer deposit the amounts due under the Lease, representing debt service on the Series 2025 Bonds, directly with the Trustee from the PPR due monthly to the Charter School under the Charter Contract and the Charter Schools Act. The Charter School is to submit to the State Treasurer a valid State Treasurer Charter Intercept Agreement to provide for such deposits. The Charter School's obligation to make such payments under the Lease is subject to annual appropriation.

***District Mill Levy Override Funding.*** The Charter School receives a portion of the revenue collected by the District pursuant to certain mill levy override ballot issues approved by District voters. The mill levy override rate is recalculated annually. In 2024-25, the Charter School expects to receive approximately $1,831,914.85 from the District's mill levy override funding, which amount is based on the Charter School's enrollment of 912 students. The State's general assembly recently adopted legislation that requires school districts that collect revenues from mill levies in addition to the Total Program mill levy and that authorize an innovation or charter school, such as the District, to adopt a plan for distributing such revenue to the schools of the school district, including charter schools, for the benefit of all students enrolled in the school district or distribute 95% of the PPR of such mill levy funding to its innovation schools and charter schools. The District has elected to distribute 95% of the PPR of its mill levy funding to its innovation schools and charter schools.

***Additional Revenues.*** The governing body of a charter school is authorized to accept gifts, donations, or grants of any kind made to the charter school and to expend or use said gifts, donations or grants in accordance with the conditions prescribed by the donor; however, no gift, donation or grant can be accepted by the governing body if it is subject to any condition contrary to law or contrary to the contract between the charter school and the school district or that would be inconsistent with its tax status.

***Capital Construction Funding***. Under State law, qualified charter schools are eligible to receive additional funding for capital construction from the State Education Fund ("**Capital Construction Funds**"). The Charter School is a qualified charter school for purposes of such capital funding upon execution of the Lease or any similar lease. The statewide aggregate amount available to all charter schools for the 2021-2022 fiscal year and each year thereafter, subject to future amendments, is $20,000,000 multiplied by the quotient of the number of students included in the statewide funded pupil count who were enrolled in charter schools for the school year immediately preceding the budget year and the number of students included in the statewide funded pupil count who were enrolled in charter schools for the 2017-2018 school year. The statewide aggregate amount available to all charter schools for the 2024-2025 school year is currently estimated to be $42,892,701.96. See "RISK FACTORS—Changes to Charter Schools Act." Under the Charter Schools Act, Capital Construction Fund payments made to charter schools may be reduced by up to 50% for charter schools participating in the State's Moral Obligation Program and 10% for charter schools not participating in the Moral Obligation Program, if there are un-replenished draws on the Charter School Debt Service Reserve Fund of the Interest Savings Fund under the Moral Obligation Program. The State is expected to pay the Charter School $348,474.72 from the Capital Construction Fund in the 2024-2025 school year, which amount is based on the Charter School's 2022-2023 enrollment of 897 full time equivalent students.

***Grants and Donations***. The Charter School is authorized to accept gifts, donations, or grants of any kind made to the Charter School and to expend or use said gifts, donations or grants in accordance with the conditions prescribed by the donor; however, no gift, donation or grant can be accepted by the Charter School Board if it is subject to any condition contrary to law or contrary to the contract between the Charter School and the District or that would be inconsistent with its tax status.

**Historical and Budgeted Financial Information**

***Accounting Principles***. The Charter School maintains a General Fund to account for all transactions of the Charter School. The General Fund represents and accounts for the Charter School's ordinary operations financed primarily from PPR revenue. The following information should be read together with the Charter School's financial statements appended hereto. Pursuant to the Charter Contract, an annual financial audit is to be conducted to assure that expenditures of public funds by the Charter School were properly made and accounted for.

As set forth in the Charter Contract, the Charter School agrees to establish, maintain and retain appropriate financial records in accordance with all applicable federal, state and local laws, rules, policies and regulations, and to make such records available to the District, as requested, from time to time. The financial statements of the Charter School are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles applicable to government organizations.

The following tables set forth the Charter School's history of revenues and expenditures for the General Fund.

| Historical General Fund Revenue, Expenditures and Changes in Fund Balance[1] | | | | | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **2024** |
| Revenues | | | | | |
| Local sources | | | | | |
| Per pupil revenue | $6,616,386 | $6,768,032 | $6,887,955 | $ 8,181,031 | $ 9,264,575 |
| Mill levy override | 1,393,456 | 1,516,970 | 1,386,687 | 1,608,416 | 1,759,557 |
| Charges for services | 342,931 | 207,788 | 356,691 | 567,383 | 604,951 |
| Donations | 2,906 | 9,263 | 9,523 | 15,401 | 12,851 |
| Earnings on investments | – | 2,564 | 3,117 | 53,812 | 77,186 |
| Other | 52,793 | 77,234 | 79,755 | 91,658 | 151,376 |
| Grants and capital contributions | 382,647 | 349,406 | 450,694 | 620,716 | 521,131 |
| Total Revenues | $8,791,119 | $8,931,257 | $9,174,422 | $11,138,417 | $12,391,627 |
| | | | | | |
| Expenditures | | | | | |
| Salaries | $ 3,994,490 | $ 4,367,836 | $ 4,429,199 | $ 4,369,327 | $ 5,317,652 |
| Employee benefits | 1,156,852 | 1,191,066 | 1,310,232 | 1,496,832 | 1,558,178 |
| Purchased services | 1,678,851 | 1,926,691 | 1,856,195 | 1,962,921 | 1,918,833 |
| Supplies and materials | 519,653 | 577,080 | 311,851 | 404,302 | 376,429 |
| Capital outlay | – | – | – | 8,169 | 532,395 |
| Property | 3,632,369 [2] | 2,898,200 [2] | 369,009 [2] | – | – |
| Bond issuance costs | 614,566 | – | – | – | – |
| Debt service – Principal | 17,710,000 [2] | – | 440,000 | 460,000 | 480,000 |
| Debt service – Interest | 743,820 | 1,213,683 | 1,137,825 | 1,118,025 | 1,097,325 |
| Total Expenditures | $30,050,601 | $12,174,556 | $9,854,311 | $9,819,576 | $11,280,812 |
| | | | | | |
| Other Financing Sources | | | | | |
| Proceeds from the issuance of debt | $25,285,000[2] | – | – | – | – |
| Total Other Financing Sources | $25,285,000 | – | – | – | – |
| | | | | | |
| Net Change in Fund Balance | $4,025,518 | $(3,243,299) | $(679,889) | $1,318,841 | $1,110,815 |
| | | | | | |
| Beginning Fund Balance | $2,420,382 | $6,445,900 | $3,202,601 | $2,522,712 | $3,841,553 |
| Ending Fund Balance | $6,445,900 | $3,202,601 | $2,522,712 | $3,841,553 | $4,952,368 |

[1] Figures may not total due to rounding.
[2] Related to the redemption of the Series 2016 Bonds and the issuance of the Series 2020 Bonds.
Source: The Charter School.

***Budgetary Process and Information***. The Charter School prepares and files with the District its proposed balanced budget for the following fiscal year for District review for statutory compliance and compliance with the terms and conditions of the Charter. The budget is prepared in accordance with State statutes. The following table sets forth the Charter School's general fund budgets for fiscal years ended June 30, 2024, June 30, 2025, and June 30, 2026, as well as the audited figures for the 2023-2024 school year and the year to date unaudited figures for the 2024-2025 school year.

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| General Fund Budget Summary and Comparison[1] | | | | | |
|---|---|---|---|---|---|
| | 2023-2024 Budget (as amended) | 2023-2024 Actual Year to Date (audited) | 2024-2025 Budget (as amended) | 2024-2025 Actual Year to Date (unaudited)[2] | 2025-2026 Budget |
| Revenues | | | | | |
| Local sources | | | | | |
| Per pupil revenue | $9,264,575 | $9,264,575 | $9,824,211 | $10,059,004 | $10,233,000 [3] |
| Mill levy override | 1,747,860 | 1,759,557 | 1,748,832 | 1,831,915 | 1,818,544 |
| Charges for services | 620,000 | 604,951 | 600,000 | 611,810 | 650,000 |
| Donations | 13,500 | 12,851 | 13,000 | 13,342 | 15,000 |
| Earnings on investment | – | 77,186 | – | 70,651 | 80,000 |
| Other | 122,000 | 151,376 | 139,500 | 179,943 | 179,943 |
| Federal and state sources | | | | | |
| Grants and capital contributions | 496,826 | 521,131 | 498,604 | 414,000 | 420,000 |
| Total Revenues | $12,264,761 | $12,391,627 | $12,824,147 | $13,180,663 | $13,396,487 |
| Expenditures | | | | | |
| Salaries and benefits | $7,137,890 | $6,875,830 | $7,410,683 | $7,481,136 | $8,148,495 |
| Purchased services | 2,025,195 | 1,918,833 | 1,022,400 | 2,146,438 | 2,323,499 |
| Supplies and materials | 526,000 | 376,429 | 616,000 | 430,468 | 705,000 |
| Capital outlay | 533,000 | 532,395 | – | 28,156 | 50,000 |
| Contingency | 100,000 | – | – | – | – |
| Debt service – Principal | 480,000 | 480,000 | 505,000 | 505,000 | 525,000 |
| Debt service – Interest | 1,097,325 | 1,097,325 | 1,075,725 | 1,075,725 | 1,053,000 |
| Total Expenditures | $11,899,410 | $11,280,812 | $11,695,514 | $11,666,923 | $12,804,994 |
| Revenues over Expenses | $365,351 | $1,110,815 | $1,128,633 | $1,513,740 | $591,493 |

[1] Figures may not total due to rounding.
[2] Actual unaudited figures through June 30, 2025.
[3] Projected FTE is 900, expecting 970 students.
Source: The Charter School.

**Financial Reporting**

Under State law the Charter School is required to post in a timely manner as provided by state law, certain financial information on-line, in a downloadable format, for free public access. Such financial information includes, among others: (a) adopted budgets for the current and past two years, (b) annual audited financial statements, (c) salary schedules, (d) required state waiver information, and (e) actual expenditures. State law also provides that the Charter School is required to provide online, in downloadable

formats, for free public access, accounts payable, check registers and credit, debit, and purchase card statements, and investment performance reports or statements. The Charter School is also required to post on its website its federal Forms 990 and provide the name and contact information for the Charter School employee that can provide additional information regarding state waivers.

**Retirement and Pension Matters**

The Charter School contributes to the School Division Trust Fund ("**SCHDTF**"), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("**PERA**"). SCHDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Charter School are members of the SCHDTF and receive equal benefits commensurate with their levels of pay and years of service. No differentiation is made based on personnel category. Employer contributions are statutorily mandated. The Charter School is currently required by statute to contribute to PERA, from the Charter School's funds, a statutorily determined percentage of the gross salaries of member employees. In addition, each member employee contributes a statutorily determined percentage of his or her salary. Vesting, accrual of benefits, eligible retirement ages and levels are all determined by PERA. For the fiscal year ended June 30, 2024, the Charter School's employer contributions for the SCHDTF were approximately $1,032,979.

Beginning with the 2014-2015 audited financial statements, the Charter School is required to record its share of PERA's unfunded liability. PERA conducted actuarial studies and then provided its member institutions with the amounts of their unfunded liability. As of June 30, 2024, the Charter School reported a net pension liability of $12,483,280. The amount of PERA's unfunded liability allocable to the Charter School is not immediately due and cannot be paid off under any accelerated schedule to remove the liability from its financial statements. Only the Colorado Legislature has the power to change the contribution rate under the State statutes. For further information, see Note 8 to the Charter School's audited financial statement appended hereto.

**Insurance**

The Charter School acts to protect itself against loss and liability by maintaining certain insurance coverages and the Charter School's administration believes the present insurance coverage to be adequate and customary for similar schools. However, there can be no assurance that the Charter School will continue to maintain this level of coverage. See also "APPENDIX H—FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE."

**Other Financial Obligations**

Other than the monthly lease payments for the Facilities, following the issuance of the Series 2025 Bonds, the Charter School will have no other outstanding related debt obligations.

**APPENDIX B**

**AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024**

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# ADDENBROOKE CLASSICAL ACADEMY

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

ADDENBROOKE CLASSICAL ACADEMY
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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Addenbrooke Classical Academy
Lakewood, Colorado

## Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Addenbrooke Classical Academy (the Academy), a component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Addenbrooke Classical Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Addenbrooke Classical Academy, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Addenbrooke Classical Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Addenbrooke Classical Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Addenbrooke Classical Academy'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 Addenbrooke Classical Academy'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.

## Required Supplementary Information

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

**Report on Summarized Comparative Information**

We have previously audited the Academy's 2023 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 1, 2023. In our opinion, the summarized comparative information presented herein as of June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The Adams Group, LLC

Greenwood Village, Colorado
November 5, 2024

ADDENBROOKE CLASSICAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Addenbrooke Classical Academy (the Academy), we offer readers of Addenbrooke Classical Academy's financial statements our narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

## Financial Highlights

The year ended June 30, 2024 is the tenth year of operations for the Academy. As of June 30, 2024, net position increased $175,474 to ($5,211,060). The negative net position is a result of the Academy recording a net pension liability and net OPEB liability as a result of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75. Further information about GASB Nos. 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the Academy are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was $9,264,575. At the close of the fiscal year, the Academy's governmental fund reported an ending fund balance of $4,952,368 an increase of $1,110,815 from the prior year. The increase is a result of an increase in per pupil revenue of $1,352,795 from 2023 to 2024.

## Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of four components: 1) management's discussion and analysis; 2) government-wide financial statements; 3) fund financial statements; and 4) notes to the financial statements. Included as required supplementary information is budget-to-actual information related to the Academy's general fund and pension and OPEB schedules as required under GASB Statement Nos. 68 and 75, further discussed in Notes 7 and 8.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

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

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

Government-Wide Financial Statements (continued)

The government-wide financial statements and fund financial statements can be found on pages 1 through 6 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

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

The Academy reports a single governmental fund. The general fund also accounts for the activity of the Addenbrooke Classical Academy Building Corporation. The purpose of the Building Corporation is to provide a mechanism to issue debt on behalf of the Academy.

The Academy adopts an annual appropriated budget for the governmental fund. A budgetary comparison schedule for the Academy's governmental fund has been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. This information is provided in pages 7 – 38.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the Academy's financial position. In the case of Addenbrooke Classical Academy, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a deficit net position of ($5,211,060) for the year ended June 30, 2024.

Government-Wide Financial Analysis (continued)

Of the Academy's total net position, $319,283 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the Academy's general operating expenses.

Addenbrooke Classical Academy's Statement of Net Position
Governmental Activities

| | 2024 | 2023 |
|---|---|---|
| Assets | | |
| Current and other assets | $ 5,488,521 | $ 4,330,219 |
| Capital assets | 24,000,321 | 24,458,792 |
| Total Assets | 29,488,842 | 28,789,011 |
| Deferred outflows of resources | 3,486,640 | 2,302,783 |
| Liabilities | | |
| Current and other liabilities | 1,132,597 | 1,061,835 |
| Noncurrent liabilities | 36,184,701 | 33,730,889 |
| Total Liabilities | 37,317,298 | 34,792,724 |
| Deferred inflows of resources | 869,244 | 1,685,604 |
| Net Position | | |
| Net investment in capital assets | 897,851 | 884,788 |
| Restricted: | | |
| Emergencies | 319,283 | 286,148 |
| Debt service | 225,202 | 151,071 |
| Capital projects | 802,530 | 801,294 |
| Unrestricted | (7,455,926) | (7,509,835) |
| Total Net Position | $ (5,211,060) | $ (5,386,534) |

The largest portion of the Academy's assets is in capital assets, at 81.3% of total assets as of June 30, 2024.

Government-Wide Financial Analysis (continued)

Addenbrooke Classical Academy's Statement of Activities
Governmental Activities

| | 2024 | 2023 |
|---|---|---|
| Program revenue: | | |
| Charges for services | $ 604,951 | $ 567,383 |
| Operating grants and contributions | 245,260 | 250,585 |
| Capital grants and contributions | 341,340 | 280,638 |
| Total program revenue | 1,191,551 | 1,098,606 |
| General revenue: | | |
| Per pupil revenue | 9,264,575 | 8,181,031 |
| Mill levy revenue | 1,759,557 | 1,608,416 |
| Other | 241,413 | 160,871 |
| Total general revenue | 11,265,545 | 9,950,318 |
| Total revenue | 12,457,096 | 11,048,924 |
| Expenses: | | |
| Current: | | |
| Instruction | 6,888,196 | 3,513,789 |
| Supporting services | 4,297,826 | 4,133,848 |
| Interest on long-term debt | 1,095,600 | 1,164,610 |
| Total expenses | 12,281,622 | 8,812,247 |
| Change in net position | 175,474 | 2,236,677 |
| Net Position, Beginning | (5,386,534) | (7,623,211) |
| Net Position, Ending | $ (5,211,060) | $ (5,386,534) |

The largest portion of the Academy's revenues came from per pupil revenue – 74.4% for the year ended June 30, 2024.

Financial Analysis of the Government's Funds

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

*Governmental Funds.* The focus of the Academy's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental fund, which includes the Academy's general fund and the Addenbrooke Classical Academy Building Corporation, reported an ending fund balance of $4,952,368, an increase of $1,110,815 from prior year. As previously noted, this increase was a result of an increase in per pupil revenue when compared to the prior year.

## General Fund Budgetary Highlights

The Academy approves a final general fund budget in May based on enrollment projections for the Academy's fiscal year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the Academy had variances between its final budgeted and actual activities. Overall, the Academy recognized $126,866 more revenue than expected and spending was within budget, when compared to the final budget.

## Capital Assets & Long-Term Debt

*Capital assets.* The Academy has invested in capital assets in the form of land, construction, and building improvements for the Academy's educational facility, as well as equipment and vehicles purchased in support of the Academy's educational program. Depreciation expenses for capital assets are recorded within the supporting services function of the Academy's operations. As of June 30, 2024, the Academy's capital assets amounted to $24,000,321. Additional information on the Academy's capital assets can be found in Note 4 of the financial statements.

*Long-term debt.* The Academy has long-term debt obligations in the form of Series 2020 Charter School Revenue Bonds. Proceeds of the bonds were used to purchase the Academy's facility and are being used to make facility improvements. As of June 30, 2024, the Academy had outstanding debt of $23,905,000, which is a decrease of $480,000 from the previous year. Long-term debt is detailed in Note 5 of the financial statements.

## Economic Factors and Next Year's Budget

The primary factor driving the budget for the Academy is student enrollment. Enrollment for the 2023-2024 school year was 898 funded students. This information was analyzed as part of the 2024-2025 budget which is projecting a funded student count of 890.

## Requests for Information

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Academy:

Addenbrooke Classical Academy
3605 S Teller Street
Lakewood, CO 80235

BASIC FINANCIAL STATEMENTS

ADDENBROOKE CLASSICAL ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2024 AND 2023

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2023 |
| Assets | | |
| Cash and investments | $ 4,020,150 | $ 2,963,576 |
| Restricted cash and investments | 1,438,459 | 1,331,682 |
| Accounts receivable | 29,912 | 34,961 |
| Capital assets, not depreciated | 5,577,710 | 5,553,701 |
| Capital assets, net of depreciation | 18,422,611 | 18,905,091 |
| Total Assets | 29,488,842 | 28,789,011 |
| Deferred Outflows of Resources | | |
| Related to pension | 3,446,455 | 2,250,617 |
| Related to OPEB | 40,185 | 52,166 |
| Total Deferred Outflows of Resources | 3,486,640 | 2,302,783 |
| Liabilities | | |
| Accounts payable | 82,972 | 113,596 |
| Accrued salaries and benefits | 453,181 | 375,070 |
| Accrued interest | 91,444 | 93,169 |
| Noncurrent liabilities: | | |
| Due within one year | 505,000 | 480,000 |
| Due in more than one year | 23,400,000 | 23,905,000 |
| Pension liability | 12,483,280 | 9,502,086 |
| OPEB liability | 301,421 | 323,803 |
| Total Liabilities | 37,317,298 | 34,792,724 |
| Deferred Inflows of Resources | | |
| Related to pension | 754,137 | 1,562,875 |
| Related to OPEB | 115,107 | 122,729 |
| Total Deferred Inflows of Resources | 869,244 | 1,685,604 |
| Net Position | | |
| Net investment in capital assets | 897,851 | 884,788 |
| Restricted: | | |
| Emergencies | 319,283 | 286,148 |
| Debt service | 225,202 | 151,071 |
| Capital projects | 802,530 | 801,294 |
| Unrestricted | (7,455,926) | (7,509,835) |
| Total Net Position | $ (5,211,060) | $ (5,386,534) |

*See accompanying Notes to Financial Statements.*

# ADDENBROOKE CLASSICAL ACADEMY
# STATEMENT OF ACTIVITIES
# YEARS ENDED JUNE 30, 2024 AND 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: 2024 | Net (Expense) Revenue and Changes in Net Position: 2023 |
|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | |
| Instruction | $ 6,888,196 | $ 604,951 | $ 245,260 | $ - | $ (6,037,985) | $ (2,695,821) |
| Supporting services | 4,297,826 | - | - | 341,340 | (3,956,486) | (3,853,210) |
| Interest on long-term debt | 1,095,600 | - | - | - | (1,095,600) | (1,164,610) |
| Total Governmental Activities | $ 12,281,622 | $ 604,951 | $ 245,260 | $ 341,340 | (11,090,071) | (7,713,641) |
| GENERAL REVENUES: | | | | | | |
| Per pupil revenue | | | | | 9,264,575 | 8,181,031 |
| Mill levy override | | | | | 1,759,557 | 1,608,416 |
| Other | | | | | 241,413 | 160,871 |
| Total General revenues | | | | | 11,265,545 | 9,950,318 |
| Change in net position | | | | | 175,474 | 2,236,677 |
| Net Position, Beginning | | | | | (5,386,534) | (7,623,211) |
| Net Position, Ending | | | | | $ (5,211,060) | $ (5,386,534) |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| Assets | | |
| Cash and investments | $ 4,020,150 | $ 2,963,576 |
| Restricted cash and investments | 1,438,459 | 1,331,682 |
| Accounts receivable | 29,912 | 34,961 |
| Total Assets | $ 5,488,521 | $ 4,330,219 |
| Liabilities and fund balances | | |
| Liabilities: | | |
| Accounts payable | $ 82,972 | $ 113,596 |
| Accrued salaries and benefits | 453,181 | 375,070 |
| Total Liabilities | 536,153 | 488,666 |
| Fund balances: | | |
| Restricted: | | |
| Emergencies | 319,283 | 286,148 |
| Debt service | 316,646 | 244,240 |
| Capital projects | 802,530 | 801,294 |
| Unassigned | 3,513,909 | 2,509,871 |
| Total Fund Balances | 4,952,368 | 3,841,553 |
| Total Liabilities and Fund Balances | $ 5,488,521 | $ 4,330,219 |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

| | | |
|---|---|---|
| Total fund balance, governmental fund | $ | 4,952,368 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. | | 24,000,321 |
| Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds. | | |
| Bonds payable | | (23,905,000) |
| Accrued interest payable | | (91,444) |
| Net OPEB liability | | (301,421) |
| Net pension liability | | (12,483,280) |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | |
| Related to pension | | 3,446,455 |
| Related to OPEB | | 40,185 |
| Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | |
| Related to pension | | (754,137) |
| Related to OPEB | | (115,107) |
| Total net position of governmental activities | $ | (5,211,060) |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| Revenues | | |
| Local sources | $ 11,870,496 | $ 10,517,701 |
| Federal and state sources | 521,131 | 620,716 |
| Total revenues | 12,391,627 | 11,138,417 |
| Expenditures | | |
| Current | | |
| Instruction | 5,924,834 | 5,161,210 |
| Supporting services | 3,246,258 | 3,072,172 |
| Capital outlay | 532,395 | 8,169 |
| Debt Service: | | |
| Principal | 480,000 | 460,000 |
| Interest and other charges | 1,097,325 | 1,118,025 |
| Total expenditures | 11,280,812 | 9,819,576 |
| Net change in fund balances | 1,110,815 | 1,318,841 |
| Fund Balances - Beginning | 3,841,553 | 2,522,712 |
| Fund Balances - Ending | $ 4,952,368 | $ 3,841,553 |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

| | | |
|---|---|---|
| Net change in fund balance - total governmental fund: | $ | 1,110,815 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. | | |
| Capital outlay | | 532,395 |
| Contributed capital | | 60,702 |
| Depreciation expense | | (1,051,568) |
| The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Principal payments | | 480,000 |
| Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of: | | |
| OPEB income | | 18,023 |
| Pension expense | | (976,618) |
| Change in net position of governmental activities | $ | 175,474 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Addenbrooke Classical Academy (the Academy) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 (the District) and the State of Colorado.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities. A summary of the Academy's significant accounting policies consistently applied in the preparation of these financial statements follows.

### Financial Reporting Entity

The Academy is a component unit of the District which grants the charter and provides the majority of the funding to the Academy. The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity.

The Academy follows the GASB accounting pronouncements, which provide guidance for determining the governmental activities, organizations, and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, the following organization is included in the Academy's reporting entity and the activity is blended within the General Fund.

### Addenbrooke Classical Academy Building Corporation

The Academy includes the Addenbrooke Classical Academy Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Academy's facilities. The Building Corporation is blended into the Academy's General Fund. Separate financial statements are not available for this entity. The Academy is a component unit of Jefferson County School District No. R-1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major fund presented in the accompanying basic financial statements are as follows:

Major Governmental Fund

*General Fund* – This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon thereafter, to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is made.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

On-Behalf Payments – Generally Accepted Accounting Principles (GAAP) requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division. This payment is required on July 1st of each year until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the Academy by the State of Colorado has been recorded in the fund and government wide financial statements.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

*Cash & Investments* – Cash consists of demand deposits. Investments are reported at amortized cost.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

*Receivables* – Receivables consist primarily of amounts owed from state and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Items* – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid items. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

*Capital Assets* - Capital assets, which include land, buildings and building improvements, and property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Capital assets of the Academy are depreciated using the straight-line method. The Academy depreciates the capital assets over estimated useful lives ranging from 5 to 50 years.

*Deferred Outflows of Resources* – The Academy's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Academy reports deferred outflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

*Long-Term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures/expenses.

*Net Pension Liability* – The Academy's governmental activities report a net pension liability as of June 30, 2024. The Academy is required to report their proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

*Postemployment Benefits Other Than Pensions (OPEB)* – The Academy participates in the Health care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees; Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. Investments are reported at fair value. See Note 8 for additional information.

*Deferred Inflows of Resources* – The Academy's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Academy reports deferred inflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

*Net Position* – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Classifications used in the government-wide financial statements are as follows:

Net Investment in Capital Assets – Reflects the portion of net position which is associated with capital assets, less outstanding capital asset related debt.

Restricted Net Position – Net position which is restricted externally by creditors, grantors, or laws or regulations or imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position – Represents net position which does not have any third-party limitation on their use.

The Academy has a deficit net position of $5,211,060 at June 30, 2024, which is a result of the Academy's participation in PERA.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (continued)

Nonspendable - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2024, the Academy had no items classified as nonspendable.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2024 is $319,283. The General Fund also has debt service restrictions totaling $316,646 and capital project restrictions of $802,530 as of June 30, 2024 due to the Series 2020 Bonds.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board of directors. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action (i.e. resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy has no items reported as committed as of June 30, 2024.

Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use but does not meet the criteria to be classified as restricted or committed. Only the Board may assign fund balances for specific purposes. The purpose of this assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Academy had no items reported as assigned fund balance as of June 30, 2024.

Unassigned – This classification includes the residual fund balance for the General Fund.

When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Academy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgets and Budgetary Accounting

A budget is adopted for the general fund for fiscal year 2023, on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1st. The budget is adopted by the Board of Directors prior to June 30th. The budget and supplemental appropriations are submitted to the District.

Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

## NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2024, consisted of the following:

| | | |
|---|---|---|
| Petty cash | $ | 1,500 |
| Pooled cash with District | | 4,337,933 |
| Investments | | 1,119,176 |
| Total | $ | 5,458,609 |

| | | |
|---|---|---|
| Cash and investments | $ | 4,020,150 |
| Restricted cash and investments | | 1,438,459 |
| Total | $ | 5,458,609 |

### Cash Deposits

The Academy's deposits are governed by Colorado Statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. At June 30, 2024, the Academy's balance in equity for unrestricted pooled cash of the District totaled $4,020,150.

Investments

The Academy has not adopted a formal investment policy; however, the Academy follows the investment policy of the District, which follows state statutes regarding investments.

The Academy generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the Academy is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities, and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
* Local government investment pools

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Local Government Investment Pool

As of June 30, 2024, the Academy had invested $1,119,176 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust is rated AAAm by Fitch and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

Restricted Cash and Investments

Investments in the amount of $1,119,176 are restricted in the general fund for debt service and capital project requirements, as a result of the Series 2020 Bonds. This balance is made up of accounts set up for the payment of principal and interest as of June 30, 2024 as well as a capital project account. Pooled cash is restricted in the amount of $319,283 for purposes of TABOR.

## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, is summarized below:

| | Balances June 30, 2023 | Additions | Deletions | Balances June 30, 2024 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital Assets, not Depreciated | | | | |
| Land | $ 5,553,000 | $ - | $ - | $ 5,553,000 |
| Construction in progress | 701 | 24,710 | 701 | 24,710 |
| Total capital assets, not depreciated | 5,553,701 | 24,710 | 701 | 5,577,710 |
| Capital Assets, Being Depreciated | | | | |
| Equipment | 75,505 | - | - | 75,505 |
| Vehicles | 108,091 | - | - | 108,091 |
| Building improvements | 22,329,909 | 569,088 | - | 22,898,997 |
| Total capital assets, depreciated | 22,513,505 | 569,088 | - | 23,082,593 |
| Accumulated depreciation | | | | |
| Equipment | 26,481 | 7,246 | - | 33,727 |
| Vehicles | 21,618 | 10,809 | - | 32,427 |
| Building improvements | 3,560,315 | 1,033,513 | - | 4,593,828 |
| Total accumulated depreciation | 3,608,414 | 1,051,568 | - | 4,659,982 |
| Net capital assets, depreciated | 18,905,091 | (482,480) | - | 18,422,611 |
| Total Capital Assets | $ 24,458,792 | $ (457,770) | $ 701 | $ 24,000,321 |

Depreciation expense of $1,051,568 has been charged to the Supporting Services function of the Academy.

## NOTE 5 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August - July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2024, were $453,181 in the general fund.

## NOTE 6 – LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2024:

| | Balances June 30, 2023 | Additions | Deletions | Balances June 30, 2024 | Due In One Year |
|---|---|---|---|---|---|
| CECFA 2020 Bonds | $ 24,385,000 | $ - | $ 480,000 | $ 23,905,000 | $ 505,000 |
| Total | $ 24,385,000 | $ - | $ 480,000 | $ 23,905,000 | $ 505,000 |

NOTE 6 – LONG-TERM DEBT (CONTINUED)

CECFA Series 2020 Bonds

In May 2020, the Colorado Education and Cultural Facilities Authority (CECFA) issued $25,285,000 of Charter School Revenue Bonds, Series 2020. Proceeds from the bonds were loaned to the Academy under a lease agreement to provide funding for the purchase of the Academy's facility, capital projects, and costs of issuance. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate of 4.50% and the bonds mature on February 19, 2027.

The balance outstanding on the notes at June 30, 2024 was $23,905,000. Future debt service requirements to maturity for the long-term debt transactions are as follows:

| Year ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 505,000 | $ 1,075,725 | $ 1,580,725 |
| 2026 | 525,000 | 1,053,000 | 1,578,000 |
| 2027 | 22,875,000 | 1,029,375 | 23,904,375 |
| | $ 23,905,000 | $ 3,158,100 | $ 27,063,100 |

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

*Pensions:* The Academy participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan Description:* Eligible employees of the Academy are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

*Benefits Provided as of December 31, 2023:* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary (HAS) multiplied by 2.5 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases, the service retirement benefit is limited to 100 percent of the highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2024*: Eligible employees of the Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq and § 24-51-413. Eligible employees are required to contribute 11.4 percent of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

| | July 1, 2023 Through June 30, 2024 |
|---|---|
| Employer Contribution Rate[1] | 11.40 % |
| Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) | (1.02)% |
| Amount Apportioned to the SCHDTF | 10.38 % |
| Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 | 4.50 % |
| Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 | 5.50 % |
| Total Employer Contribution Rate to the SCHDTF | 20.38 % |

[1]Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42). Includes 1.00% automatic adjustment.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the Academy were $1,032,979 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation.

Pursuant to C.R.S. § 24-51-414, PERA is to receive an annual direct distribution from the State of Colorado in the amount of $225,000,000. Beginning in 2018, the distribution will occur each July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any division that receives such distribution. PERA shall allocate the distribution to the trust fund as would an employer contribution in a manner that is proportionate to the annual payroll of each division except there shall be no allocation to the local government division.

The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414 (6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225,000,000 plus an additional amount. Due to the advanced payment in 2022, the State reduced the distribution in 2023 to $35,000,000.

Additionally, the newly added C.R.S. § 24-51-414(9) provided compensatory payment of $14,561,000 for 2023 only. The allocation for 2023 to the School Division was $28,908,000.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard updated procedures were used to roll-forward the total pension liability to December 31, 2023. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

At June 30, 2024, the Academy reported a liability of $12,483,280 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Academy were as follows:

| | | |
|---|---|---|
| Addenbrooke Classical Academy's Proportionate Share of the Net Pension Liability | $ | 12,483,280 |
| State's Proportionate Share of the Net Pension Liability as a as a nonemployer contributing entity associated with Addenbrooke Classical Academy | | 273,721 |
| Total | $ | 12,757,001 |

At December 31, 2023, the Academy's proportion of the net pension liability was 0.0706%, which was an increase of 0.0184% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Academy recognized pension expense of $982,178 and revenue of $25,622 for support from the State as a nonemployer contributing entity. At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between Expected and Actual Experience | $ 591,944 | $ - |
| Changes of Assumptions or other Inputs | - | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 894,857 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | 1,502,485 | 754,137 |
| Contributions Subsequent to the Measurement Date | 457,169 | - |
| Total | $ 3,446,455 | $ 754,137 |

$457,169 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2025 | $ 316,833 |
| 2026 | 1,119,236 |
| 2027 | 1,048,581 |
| 2028 | (249,501) |
| Total | $ 2,235,149 |

*Actuarial Assumptions:* The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | Actuarial Assumptions |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation | 3.40 - 11.00% |
| Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount rate | 7.25% |
| Future Post Retirement Benefit Increases: | |
| PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Compounded Annually) | 1.00% |
| PERA Benefit Structure hired after December 31, 2006[1] | Financed by the AIR |

[1]Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational project using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30-Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00 % | 5.60 % |
| Fixed Income | 23.00 | 1.30 |
| Private Equity | 8.50 | 7.10 |
| Real Estate | 8.50 | 4.40 |
| Alternatives | 6.00 | 4.70 |
| Total | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2022, and the financial status of the Division Trust Fund as of the current measurement date (December 31, 2023). In addition, the following methods and assumptions were used in the project of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- The AIR balance was excluded from the initial FNP, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 project test.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103% at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability | $ 16,692,223 | $ 12,483,280 | $ 8,973,532 |

*Pension Plan Fiduciary Net Position:* Detailed information about the SCHDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

*Plan Description:* Eligible employees of the Academy are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provision may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

*Benefits Provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

*PERA Benefit Structure*
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the Trust Fund or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $51,700 for the year ended June 30, 2024.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Academy reported a liability of $301,421 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Academy's proportion was 0.0422%, which was an increase of 0.0025% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB income of $23,337. At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between Expected and Actual Experience | $ - | $ 61,779 |
| Changes of Assumptions or other Inputs | 3,545 | 37,714 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 9,322 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | 2,531 | 15,614 |
| Contributions Subsequent to the Measurement Date | 24,787 | - |
| Total | $ 40,185 | $ 115,107 |

$24,787 reported as deferred outflows of resources related to OPEB resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2025 | $ (43,677) |
| 2026 | (22,893) |
| 2027 | (9,171) |
| 2028 | (15,534) |
| 2029 | (5,212) |
| Thereafter | (3,222) |
| Total | $ (99,709) |

*Actuarial Assumptions:* The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial cost, actuarial assumptions, and other inputs:

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

| | |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation[1] | 3.40 - 11.00% |
| Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount rate | 7.25% |
| Health Care Cost Trend Rates | |
| PERA Benefit Structure: | |
| Service-based Premium Subsidy | 0.00% |
| PERACare Medicare Plans[2] | 7.00% in 2023, gradually decreasing to 4.50% in 2033 |
| Medicare Part A Premiums | 3.50% in 2023, gradually increasing to 4.50% in 20235 |

[1] See Note 1 of the Notes to the Financial Statements in PERA's 2023 ACFR for the definition of "Safety Officers".

[2] UnitedHealthcare MAPD PPO plans are 0% for 2023.

As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24,000 payment received on December 4, 2023 and a $2,000 receivable.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

AGE-RELATED MORBIDITY ASSUMPTIONS

| Participant Age | Annual Increase (Male) | Annual Increase (Female) |
|---|---|---|
| 65-68 | 2.2% | 2.3% |
| 69 | 2.8% | 2.2% |
| 70 | 2.7% | 1.6% |
| 71 | 3.1% | 0.5% |
| 72 | 2.3% | 0.7% |
| 73 | 1.2% | 0.8% |
| 74 | 0.9% | 1.5% |
| 75-85 | 0.9% | 1.3% |
| 86 and older | 0.0% | 0.0% |

| Sample Age | MAPD PPO #1 with Medicare Part A Retire/Spouse Male | MAPD PPO #1 with Medicare Part A Retire/Spouse Female | MAPD PPO #1 without Medicare Part A Retire/Spouse Male | MAPD PPO #1 without Medicare Part A Retire/Spouse Female |
|---|---|---|---|---|
| 65 | $ 1,692 | $ 1,406 | $ 6,469 | $ 5,373 |
| 70 | 1,901 | 1,573 | 7,266 | 6,011 |
| 75 | 2,100 | 1,653 | 8,026 | 6,319 |

| Sample Age | MAPD PPO #2 with Medicare Part A Retire/Spouse Male | MAPD PPO #2 with Medicare Part A Retire/Spouse Female | MAPD PPO #2 without Medicare Part A Retire/Spouse Male | MAPD PPO #2 without Medicare Part A Retire/Spouse Female |
|---|---|---|---|---|
| 65 | $ 579 | $ 481 | $ 4,198 | $ 3,487 |
| 70 | 650 | 538 | 4,715 | 3,900 |
| 75 | 718 | 566 | 5,208 | 4,101 |

| Sample Age | MAPD HMO (Kaiser) with Medicare Part A Retire/Spouse Male | MAPD HMO (Kaiser) with Medicare Part A Retire/Spouse Female | MAPD HMO (Kaiser) without Medicare Part A Retire/Spouse Male | MAPD HMO (Kaiser) without Medicare Part A Retire/Spouse Female |
|---|---|---|---|---|
| 65 | $ 1,913 | $ 1,589 | $ 6,719 | $ 5,581 |
| 70 | 2,149 | 1,778 | 7,546 | 6,243 |
| 75 | 2,374 | 1,869 | 8,336 | 6,563 |

The 2023 Medicare Part A premium is $506 per month. All costs are subject to the health care cost trend rates, as discussed below.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|---|---|---|
| 2023 | 7.00% | 3.50% |
| 2024 | 6.75% | 3.50% |
| 2025 | 6.50% | 3.75% |
| 2026 | 6.25% | 3.75% |
| 2027 | 6.00% | 4.00% |
| 2028 | 5.75% | 4.00% |
| 2029 | 5.50% | 4.00% |
| 2030 | 5.25% | 4.25% |
| 2031 | 5.00% | 4.25% |
| 2032 | 4.75% | 4.25% |
| 2033 | 4.50% | 4.25% |
| 2034 | 4.50% | 4.25% |
| 2035+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2022 valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds, reflect the generational mortality and were applied, as applicable, in the December 31, 2022 valuation for the HCTF Fund, but developed on a headcount-weighted basis. Affiliated employers of the four Division Trust Funds participate in the HCTF.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.

- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retire) from actuary's claims data warehouse.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges for expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting to be effective January 1, 2020. As of the most recent reaffirmations of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30-Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00 % | 5.60 % |
| Fixed Income | 23.00 | 1.30 |
| Private Equity | 8.50 | 7.10 |
| Real Estate | 8.50 | 4.40 |
| Alternatives | 6.00 | 4.70 |
| Total | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

*Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates:* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or on percentage point higher than the current rates:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A Trend Rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A Trend Rate | 3.50% | 4.50% | 5.50% |
| Proportionate Share of the Net OPEB Liability | $ 292,770 | $ 301,421 | $ 310,832 |

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

*Discount Rate:* The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2022, and the financial status of each of the Health Care Trust Funds as of the current measurement date (December 31, 2023). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection cost.

Based on the above assumptions and methods, the FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate of 7.25 percent. There was no change in the discount rate from the prior measurement period.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

*Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the discount rate:* The following presents the HCTF collective net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent):

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate Share of the Net OPEB Liability | $ 356,016 | $ 301,421 | $ 254,715 |

*OPEB Plan Fiduciary Net Position:* Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Tabor

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments. TABOR required local governments to establish Emergency Reserves. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service).

Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year spending limits will require judicial interpretation.

The Academy believes it has complied with the Amendment. As required, the Academy has established a reserve for emergencies. At June 30, 2024, the reserve of $319,283 was recorded as a restricted net position/fund balance for TABOR.

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

## NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Claims and Judgments (continued)

If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

## NOTE 10 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to tors; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the Academy for its portion of coverage. Settlement claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
# BUDGET AND ACTUAL – GENERAL FUND
# YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE
# ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

| | 2024 | | | | 2023 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Local sources | | | | | |
| Per pupil revenue | $ 8,967,000 | $ 9,264,575 | $ 9,264,575 | $ - | $ 8,181,031 |
| Mill levy override | 1,609,717 | 1,747,860 | 1,759,557 | 11,697 | 1,608,416 |
| Charges for services | 615,000 | 620,000 | 604,951 | (15,049) | 567,383 |
| Donations | 13,500 | 13,500 | 12,851 | (649) | 15,401 |
| Earnings on investments | - | - | 77,186 | 77,186 | 53,812 |
| Other | 72,000 | 122,000 | 151,376 | 29,376 | 91,658 |
| Federal and state sources | | | | | |
| Grants and capital contributions | 384,592 | 496,826 | 521,131 | 24,305 | 620,716 |
| Total revenues | 11,661,809 | 12,264,761 | 12,391,627 | 126,866 | 11,138,417 |
| Expenditures | | | | | |
| Current: | | | | | |
| Salaries | 5,364,000 | 5,591,600 | 5,317,652 | 273,948 | 4,369,327 |
| Employee benefits | 1,528,990 | 1,546,290 | 1,558,178 | (11,888) | 1,496,832 |
| Purchased services | 2,029,125 | 2,025,195 | 1,918,833 | 106,362 | 1,962,921 |
| Supplies and materials | 496,000 | 526,000 | 376,429 | 149,571 | 404,302 |
| Capital outlay | 400,000 | 533,000 | 532,395 | 605 | 8,169 |
| Contingency | 100,000 | 100,000 | - | 100,000 | - |
| Debt service: | | | | | |
| Principal | 480,000 | 480,000 | 480,000 | - | 460,000 |
| Interest | 1,097,325 | 1,097,325 | 1,097,325 | - | 1,118,025 |
| Total expenditures | 11,495,440 | 11,899,410 | 11,280,812 | 618,598 | 9,819,576 |
| Net change in fund balances | $ 166,369 | $ 365,351 | 1,110,815 | $ 745,464 | 1,318,841 |
| Fund Balances - Beginning | | | 3,841,553 | | 2,522,712 |
| Fund Balances - Ending | | | $ 4,952,368 | | $ 3,841,553 |

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
# LAST TEN FISCAL YEARS

| Fiscal Year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan Measurement Date | December 31, 2023 | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 |
| School's Proportion of the Net Pension Liability | 0.0706% | 0.0522% | 0.0704% | 0.0740% | 0.0610% | 0.0580% | 0.0500% | 0.0310% | 0.0260% | 0.0150% |
| School's Proportionate Share of the Net Pension Liability | $ 12,483,280 | $ 9,502,086 | $ 8,188,814 | $ 11,194,595 | $ 9,088,650 | $ 9,807,250 | $ 15,897,645 | $ 9,376,549 | $ 4,037,582 | $ 1,984,566 |
| State's Proportionate Share of the Net Pension Liability associated with the School ** | 273,721 | 2,769,003 | 843,448 | - | 1,152,780 | 1,341,005 | - | - | - | - |
| Total | $ 12,757,001 | $ 12,271,089 | $ 9,032,262 | $ 11,194,595 | $ 10,241,430 | $ 11,148,255 | $ 15,897,645 | $ 9,376,549 | $ 4,037,582 | $ 1,984,566 |
| School's Covered Payroll | $ 4,831,412 | $ 4,384,578 | $ 2,113,805 | $ 3,064,869 | $ 3,552,002 | $ 1,785,364 | $ 1,288,906 | $ 1,026,036 | $ 973,201 | $ 632,472 |
| School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 258.4% | 216.7% | 387.4% | 365.3% | 255.9% | 549.3% | 1,233.4% | 913.9% | 414.9% | 313.8% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 64.74% | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.10% | 59.20% | 62.80% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

** A direct distribution provision to allocate funds from the State of Colorado to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

# ADDENBROOKE CLASSICAL ACADEMY
## SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
## LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 1,032,979 | $ 940,978 | $ 345,534 | $ 472,857 | $ 734,861 | $ 369,665 | $ 289,335 | $ 201,538 | $ 177,604 | $ 145,466 |
| Contributions in Relation to the Contractually Required Contribution | 1,032,979 | 940,978 | 345,534 | 472,857 | 734,861 | 369,665 | 289,335 | 201,538 | 177,604 | 145,466 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's Covered Payroll | $ 5,068,590 | $ 4,617,164 | $ 1,738,099 | $ 2,378,553 | $ 3,791,854 | $ 1,932,385 | $ 1,532,496 | $ 1,096,509 | $ 1,001,715 | $ 861,766 |
| Contributions as a Percentage of Covered Payroll | 20.38% | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.88% | 18.38% | 17.73% | 16.88% |

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
# LAST EIGHT FISCAL YEARS

| Fiscal Year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Plan Measurement Date | December 31, 2023 | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 |
| School's Proportion (Percentage) of the Collective Net OPEB Liability | 0.0422% | 0.0397% | 0.0459% | 0.0430% | 0.0400% | 0.0360% | 0.0330% | 0.0450% |
| School's Proportionate Share of the Collective Net OPEB Liability | $ 301,421 | $ 323,803 | $ 396,179 | $ 406,991 | $ 446,886 | $ 489,814 | $ 270,453 | $ 363,035 |
| School's Covered Payroll | $ 4,831,412 | $ 4,384,578 | $ 2,113,805 | $ 3,064,869 | $ 3,552,002 | $ 1,785,364 | $ 1,288,906 | $ 1,026,036 |
| School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll Covered Payroll | 6.24% | 7.39% | 18.74% | 13.28% | 12.58% | 27.43% | 20.98% | 35.38% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 46.16% | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% | 16.72% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

# ADDENBROOKE CLASSICAL ACADEMY
## SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
## LAST EIGHT FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 51,700 | $ 47,095 | $ 17,729 | $ 24,261 | $ 38,677 | $ 19,710 | $ 15,631 | $ 11,184 |
| Contributions in Relation to the Contractually Required Contribution | 51,700 | 47,095 | 17,729 | 24,261 | 38,677 | 19,710 | 15,631 | 11,184 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's Covered Payroll | $ 5,068,590 | $ 4,617,164 | $ 1,738,099 | $ 2,378,553 | $ 3,791,854 | $ 1,932,385 | $ 1,532,496 | $ 1,096,509 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

* The amounts presented for each fiscal year were determined as of June 30 based on the fiscal year end of Addenbrooke Classical Academy. Information earlier than 2017 was not available.

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**APPENDIX C**

**AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

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# ADDENBROOKE CLASSICAL ACADEMY

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

ADDENBROOKE CLASSICAL ACADEMY
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THE ADAMS GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Addenbrooke Classical Academy
Lakewood, Colorado

## Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Addenbrooke Classical Academy (the Academy), a component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Addenbrooke Classical Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Addenbrooke Classical Academy, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Addenbrooke Classical Academy, 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.

## Prior Period Financial Statements

The financial statements of the governmental activities and the major fund of Addenbrooke Classical Academy as of and for the year ended June 30, 2022 were audited by other auditors who report dated November 9, 2022 expressed unmodified opinions on those statements. We express no opinion on them.

## 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 Addenbrooke Classical Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Addenbrooke Classical Academy'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 Addenbrooke Classical Academy'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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and GASB required pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Adams Group, LLC

Denver, Colorado
November 1, 2023

As management of Addenbrooke Classical Academy (the Academy), we offer readers of Addenbrooke Classical Academy's financial statements our narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

## Financial Highlights

The year ended June 30, 2023 is the nineth year of operations for the Academy. As of June 30, 2023, net position increased $2,236,677 to ($5,386,534). The negative net position is a result of the Academy recording a net pension liability and net OPEB liability as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75. Further information about GASB Nos. 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the Academy are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was $8,181,031. At the close of the fiscal year, the Academy's governmental fund reported an ending fund balance of $3,841,553 an increase of $1,318,841 from the prior year. The increase is a result of an increase in per pupil revenue of $1,293,076 from 2022 to 2023.

## Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of four components: 1) management's discussion and analysis; 2) government-wide financial statements; 3) fund financial statements; and 4) notes to the financial statements. Included as required supplementary information is budget-to-actual information related to the Academy's general fund and pension and OPEB schedules as required under GASB Statement Nos. 68 and 75, further discussed in Notes 7 and 8.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements and fund financial statements can be found on pages 1 through 6 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

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

The Academy reports a single governmental fund. The general fund also accounts for the activity of the Addenbrooke Classical Academy Building Corporation. The purpose of the Building Corporation is to provide a mechanism to issue debt on behalf of the Academy.

The Academy adopts an annual appropriated budget for the governmental fund. A budgetary comparison schedule for the Academy's governmental fund has been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. This information is provided in pages 7 – 38.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the Academy's financial position. In the case of Addenbrooke Classical Academy, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a deficit net position of ($5,386,534) for the year ended June 30, 2023. Of the Academy's total net position, $286,148 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the Academy's general operating expenses.

Addenbrooke Classical Academy's Statement of Net Position
Governmental Activities

| | 2023 | 2022 |
|---|---|---|
| Assets | | |
| Current and other assets | $ 4,330,219 | $ 3,000,579 |
| Capital assets | 24,458,792 | 25,512,299 |
| Total Assets | 28,789,011 | 28,512,878 |
| Deferred outflows of resources | 2,302,783 | 2,267,455 |
| Liabilities | | |
| Current and other liabilities | 1,061,835 | 984,451 |
| Noncurrent liabilities | 33,730,889 | 32,969,993 |
| Total Liabilities | 34,792,724 | 33,954,444 |
| Deferred inflows of resources | 1,685,604 | 4,449,100 |
| Net Position | | |
| Net investment in capital assets | 884,788 | 667,299 |
| Restricted: | | |
| Emergencies | 286,148 | 233,490 |
| Debt service | 151,071 | 194,276 |
| Capital projects | 801,294 | 800,227 |
| Unrestricted | (7,509,835) | (9,518,503) |
| Total Net Position | $ (5,386,534) | $ (7,623,211) |

The largest portion of the Academy's assets is in capital assets, at 85% of total assets as of June 30, 2023.

Addenbrooke Classical Academy's Statement of Activities
Governmental Activities

| | 2023 | 2022 |
|---|---|---|
| Program revenue: | | |
| Charges for services | $ 567,383 | $ 356,691 |
| Operating grants and contributions | 250,585 | 195,272 |
| Capital grants and contributions | 280,638 | 725,186 |
| Total program revenue | 1,098,606 | 1,277,149 |
| General revenue: | | |
| Per pupil revenue | 8,181,031 | 6,887,955 |
| Mill levy revenue | 1,608,416 | 1,386,687 |
| Other | 160,871 | 192,618 |
| Total general revenue | 9,950,318 | 8,467,260 |
| Total revenue | 11,048,924 | 9,744,409 |
| Expenses: | | |
| Current: | | |
| Instruction | 3,513,789 | 3,670,215 |
| Supporting services | 4,133,848 | 3,134,897 |
| Interest on long-term debt | 1,164,610 | 1,137,000 |
| Total expenses | 8,812,247 | 7,942,112 |
| Change in net position | 2,236,677 | 1,802,297 |
| Net Position, Beginning | (7,623,211) | (9,425,508) |
| Net Position, Ending | $ (5,386,534) | $ (7,623,211) |

The largest portion of the Academy's revenues came from per pupil revenue – 74% for the year ended June 30, 2023.

Financial Analysis of the Government's Funds

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

*Governmental Funds.* The focus of the Academy's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Academy's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental fund, which includes the Academy's general fund and the Addenbrooke Classical Academy Building Corporation, reported an ending fund balance of $3,841,553, an increase of $1,318,841 from prior year. As previously noted, this increase was a result of an increase in per pupil revenue when compared to the prior year.

## General Fund Budgetary Highlights

The Academy approves a final general fund budget in May based on enrollment projections for the Academy's fiscal year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the Academy had variances between its final budgeted and actual activities. Overall, the Academy recognized $284,960 more revenue than expected and spending was within budget, when compared to the final budget. Two budget amendments were made during the fiscal year ended June 30, 2023.

## Capital Assets & Long-Term Debt

*Capital assets.* The Academy has invested in capital assets in the form of land, construction, and building improvements for the Academy's educational facility, as well as equipment and vehicles purchased in support of the Academy's educational program. Depreciation expenses for capital assets are recorded within the supporting services function of the Academy's operations. As of June 30, 2023, the Academy's capital assets amounted to $24,458,792. Additional information on the Academy's capital assets can be found in Note 4 of the financial statements.

*Long-term debt.* The Academy has long-term debt obligations in the form of Series 2020 Charter School Revenue Bonds. Proceeds of the bonds were used to purchase the Academy's facility and are being used to make facility improvements. As of June 30, 2023, the Academy had outstanding debt of $24,385,000, which is a decrease of $460,000 from the previous year. Long-term debt is detailed in Note 5 of the financial statements.

## Economic Factors and Next Year's Budget

The primary factor driving the budget for the Academy is student enrollment. Enrollment for the 2022-2023 school year was 875 funded students. This information was analyzed as part of the 2023-2024 budget which is projecting a funded student count of 875.

## Requests for Information

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Academy:

Addenbrooke Classical Academy
3605 S Teller Street
Lakewood, CO 80235

BASIC FINANCIAL STATEMENTS

ADDENBROOKE CLASSICAL ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2023 AND 2022

| | Governmental Activities | |
|---|---|---|
| | 2023 | 2022 |
| Assets | | |
| Cash and investments | $ 2,963,576 | $ 1,751,622 |
| Restricted cash and investments | 1,331,682 | 1,227,994 |
| Accounts receivable | 34,961 | 20,963 |
| Capital assets, not depreciated | 5,553,701 | 5,553,000 |
| Capital assets, net of depreciation | 18,905,091 | 19,959,299 |
| Total Assets | 28,789,011 | 28,512,878 |
| Deferred Outflows of Resources | | |
| Related to pension | 2,250,617 | 2,229,752 |
| Related to OPEB | 52,166 | 37,703 |
| Total Deferred Outflows of Resources | 2,302,783 | 2,267,455 |
| Liabilities | | |
| Accounts payable | 113,596 | 113,010 |
| Accrued salaries and benefits | 375,070 | 364,857 |
| Accrued interest | 93,169 | 46,584 |
| Noncurrent liabilities: | | |
| Due within one year | 480,000 | 460,000 |
| Due in more than one year | 23,905,000 | 24,385,000 |
| Pension liability | 9,502,086 | 8,188,814 |
| OPEB liability | 323,803 | 396,179 |
| Total Liabilities | 34,792,724 | 33,954,444 |
| Deferred Inflows of Resources | | |
| Related to pension | 1,562,875 | 4,300,942 |
| Related to OPEB | 122,729 | 148,158 |
| Total Deferred Inflows of Resources | 1,685,604 | 4,449,100 |
| Net Position | | |
| Net investment in capital assets | 884,788 | 667,299 |
| Restricted: | | |
| Emergencies | 286,148 | 233,490 |
| Debt service | 151,071 | 194,276 |
| Capital projects | 801,294 | 800,227 |
| Unrestricted | (7,509,835) | (9,518,503) |
| Total Net Position | $ (5,386,534) | $ (7,623,211) |

*See accompanying Notes to Financial Statements.*

# ADDENBROOKE CLASSICAL ACADEMY
# STATEMENT OF ACTIVITIES
# YEARS ENDED JUNE 30, 2023 AND 2022

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: 2023 | Net (Expense) Revenue and Changes in Net Position: 2022 |
|---|---|---|---|---|---|---|
| Governmental Activities: | | | | | | |
| Instruction | $ 3,513,789 | $ 567,383 | $ 250,585 | $ - | $ (2,695,821) | $ (3,118,252) |
| Supporting services | 4,133,848 | - | - | 280,638 | (3,853,210) | (2,409,711) |
| Interest on long-term debt | 1,164,610 | - | - | - | (1,164,610) | (1,137,000) |
| Total Governmental Activities | $ 8,812,247 | $ 567,383 | $ 250,585 | $ 280,638 | (7,713,641) | (6,664,963) |
| GENERAL REVENUES: | | | | | | |
| Per pupil revenue | | | | | 8,181,031 | 6,887,955 |
| Mill levy override | | | | | 1,608,416 | 1,386,687 |
| Other | | | | | 160,871 | 92,395 |
| Unrestricted State Aid | | | | | - | 100,223 |
| Total General revenues | | | | | 9,950,318 | 8,467,260 |
| Change in net position | | | | | 2,236,677 | 1,802,297 |
| Net Position, Beginning | | | | | (7,623,211) | (9,425,508) |
| Net Position, Ending | | | | | $ (5,386,534) | $ (7,623,211) |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| Assets | | |
| Cash and investments | $ 2,963,576 | $ 1,751,622 |
| Restricted cash and investments | 1,331,682 | 1,227,994 |
| Accounts receivable | 34,961 | 20,963 |
| Total Assets | $ 4,330,219 | $ 3,000,579 |
| Liabilities and fund balances | | |
| Liabilities: | | |
| Accounts payable | $ 113,596 | $ 113,010 |
| Accrued salaries and benefits | 375,070 | 364,857 |
| Total Liabilities | 488,666 | 477,867 |
| Fund balances: | | |
| Restricted: | | |
| Emergencies | 286,148 | 233,490 |
| Debt service | 244,240 | 194,276 |
| Capital projects | 801,294 | 800,227 |
| Unassigned | 2,509,871 | 1,294,719 |
| Total Fund Balances | 3,841,553 | 2,522,712 |
| Total Liabilities and Fund Balances | $ 4,330,219 | $ 3,000,579 |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

| | | |
|---|---|---|
| Total fund balance, governmental fund | $ | 3,841,553 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. | | 24,458,792 |
| Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds. | | |
| Bonds payable | | (24,385,000) |
| Accrued interest payable | | (93,169) |
| Net OPEB liability | | (323,803) |
| Net pension liability | | (9,502,086) |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | |
| Related to pension | | 2,250,617 |
| Related to OPEB | | 52,166 |
| Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | |
| Related to pension | | (1,562,875) |
| Related to OPEB | | (122,729) |
| Total net position of governmental activities | $ | (5,386,534) |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---|---|
| Revenues | | |
| Local sources | $ 10,517,701 | $ 8,723,728 |
| Federal and state sources | 620,716 | 450,694 |
| Total revenues | 11,138,417 | 9,174,422 |
| Expenditures | | |
| Current | | |
| Instruction | 5,161,210 | 4,995,303 |
| Supporting services | 3,072,172 | 2,912,174 |
| Capital outlay | 8,169 | 369,009 |
| Debt Service: | | |
| Principal | 460,000 | 440,000 |
| Interest and other charges | 1,118,025 | 1,137,825 |
| Total expenditures | 9,819,576 | 9,854,311 |
| Net change in fund balances | 1,318,841 | (679,889) |
| Fund Balances - Beginning | 2,522,712 | 3,202,601 |
| Fund Balances - Ending | $ 3,841,553 | $ 2,522,712 |

*See accompanying Notes to Financial Statements.*

ADDENBROOKE CLASSICAL ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

| | | |
|---|---|---|
| Net change in fund balance - total governmental fund: | $ | 1,318,841 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. | | |
| Capital outlay | | 8,169 |
| Depreciation expense | | (1,061,676) |
| The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Principal payments | | 460,000 |
| Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of: | | |
| OPEB income | | 112,268 |
| Pension income | | 1,445,660 |
| Change in net position of governmental activities | $ | 2,236,677 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Addenbrooke Classical Academy (the Academy) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 (the District) of the State of Colorado.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of the Academy's significant accounting policies consistently applied in the preparation of these financial statements follows.

### Financial Reporting Entity

The Academy is a component unit of the District which grants the charter and provides the majority of the funding to the Academy. The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity.

The Academy follows the GASB accounting pronouncements, which provide guidance for determining the governmental activities, organizations, and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, the following organization is included in the Academy's reporting entity and the activity is blended within the General Fund.

### Addenbrooke Classical Academy Building Corporation

The Academy includes the Addenbrooke Classical Academy Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Academy's facilities. The Building Corporation is blended into the Academy's General Fund. Separate financial statements are not available for this entity.

The Academy is a component unit of Jefferson County School District No. R-1.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major fund presented in the accompanying basic financial statements are as follows:

Major Governmental Fund

*General Fund* – This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon thereafter, to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual.

Grants and entitlement revenues are recognized when compliance with the matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts, and a deferred inflow of resources account is established when receipts exceed the related expenditures.

On-Behalf Payments – GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of Colorado makes direct on-behalf payments for retirement benefits to Colorado PERA. PERA allocates the contribution to the trust funds of the State, School, Denver Public Schools, and Judicial Division. This payment is required on July 1st of each year until there are no unfunded actuarial accrued liabilities of any division of PERA that receives the direct distribution. The amount of on-behalf payments made for the Academy by the State of Colorado has been recorded in the fund and government wide financial statements.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

*Cash & Investments* – Cash consists of demand deposits. Investments are reported at amortized cost.

*Receivables* – Receivables consists primarily of amounts owed from state and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Items* – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid items. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

*Capital Assets* - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Capital assets of the Academy are depreciated using the straight-line method. The Academy depreciates the capital assets over estimated useful lives ranging from 5 to 50 years.

*Deferred Outflows of Resources* – The Academy's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Academy reports deferred outflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

*Long-Term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures/expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

*Net Pension Liability* – The Academy's governmental activities report a net pension liability as of June 30, 2023. The Academy is required to report their proportionate share of PERA's unfunded pension liability. See Note 7 for additional information.

*Postemployment Benefits Other Than Pensions (OPEB)* – The Academy participates in the Health care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees; Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. Investments are reported at fair value. See Note 8 for additional information.

*Deferred Inflows of Resources* – The Academy's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Academy reports deferred inflows of resources related to GASB Statement Nos. 68 and 75. See Notes 7 and 8 for additional information.

*Net Position* – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

The Academy has a negative unrestricted net position of $7,972,935 which is a result of the Academy's participation in PERA. Management anticipates that the unrestricted net position will become positive as the State of Colorado and PERA continue to work to fully fund the pension.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2023, the Academy had no items classified as nonspendable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2023 is $286,148. The General Fund also has debt service restrictions totaling $244,240 and capital project restrictions of $801,294 as of June 30, 2023 due to the Series 2020 Bonds.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board of directors. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action (i.e. resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy has no items reported as committed as of June 30, 2023.

Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use but does not meet the criteria to be classified as restricted or committed. Only the Board may assign fund balances for specific purposes. The purpose of this assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Academy had no items reported as assigned fund balance as of June 30, 2023.

Unassigned – This classification includes the residual fund balance for the General Fund.

When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Academy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Current Year GASB Pronouncements

For the year ended June 30, 2023, the Academy adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is effective for financial statement periods beginning after June 15, 2022. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). For the year ended June 30, 2023, the implementation of the new standard had no impact on the Academy.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgets and Budgetary Accounting

A budget is adopted for the general fund for fiscal year 2023, on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1st. The budget is adopted by the Board of Directors prior to June 30th. The budget and supplemental appropriations are submitted to the District. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

## NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, consisted of the following:

| | | |
|---|---|---|
| Petty cash | $ | 1,500 |
| Pooled cash with District | | 3,248,224 |
| Investments | | 1,045,534 |
| Total | $ | 4,295,258 |

| | | |
|---|---|---|
| Cash and investments | $ | 2,963,576 |
| Restricted cash and investments | | 1,331,682 |
| Total | $ | 4,295,258 |

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The Academy's deposits are governed by Colorado Statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Pooled Cash with the District

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. At June 30, 2023, the Academy's balance in equity for unrestricted pooled cash of the District totaled $2,963,576.

Investments

The Academy has not adopted a formal investment policy; however, the Academy follows the investment policy of the District, which follows state statutes regarding investments.

The Academy generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the Academy is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities, and the World Bank

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Concentration of Credit Risk

State statutes do not limit the amount the Academy may invest in one issuer, except for corporate securities.

Local Government Investment Pool

As of June 30, 2023, the Academy had invested $1,045,534 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00.

## NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

### Local Government Investment Pool (continued)

The Trust is rated AAAm by Fitch and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

### Restricted Cash and Investments

Investments in the amount of $1,045,534 are restricted in the general fund for debt service and capital project requirements, as a result of the Series 2020 Bonds. This balance is made up of accounts set up for the payment of principal and interest as of June 30, 2023 as well as a capital project account. Pooled cash is restricted in the amount of $286,148 for purposes of TABOR.

## NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, is summarized below:

| | Balances June 30, 2022 | Additions | Deletions | Balances June 30, 2023 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Capital Assets, not Depreciated | | | | |
| Land | $ 5,553,000 | $ - | $ - | $ 5,553,000 |
| Construction in progress | - | 701 | - | 701 |
| Total capital assets, not depreciated | 5,553,000 | 701 | - | 5,553,701 |
| Capital Assets, Being Depreciated | | | | |
| Equipment | 68,037 | 7,468 | - | 75,505 |
| Vehicles | 108,091 | - | - | 108,091 |
| Building improvements | 22,340,311 | - | 10,402 | 22,329,909 |
| Total capital assets, depreciated | 22,516,439 | 7,468 | 10,402 | 22,513,505 |
| Accumulated depreciation | | | | |
| Equipment | 19,982 | 6,499 | - | 26,481 |
| Vehicles | 10,809 | 10,809 | - | 21,618 |
| Building improvements | 2,526,349 | 1,044,368 | 10,402 | 3,560,315 |
| Total accumulated depreciation | 2,557,140 | 1,061,676 | 10,402 | 3,608,414 |
| Net capital assets, depreciated | 19,959,299 | (1,054,208) | - | 18,905,091 |
| Total Capital Assets | $ 25,512,299 | $ (1,053,507) | $ - | $ 24,458,792 |

Depreciation expense of $1,067,676 has been charged to the Supporting Services function of the Academy.

## NOTE 5 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August - July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were $375,070 in the general fund.

## NOTE 6 – LONG-TERM DEBT

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2023:

| | Balances June 30, 2022 | Additions | Deletions | Balances June 30, 2023 | Due In One Year |
|---|---|---|---|---|---|
| CECFA 2020 Bonds | $ 24,845,000 | $ - | $ 460,000 | $ 24,385,000 | $ 480,000 |
| Total | $ 24,845,000 | $ - | $ 460,000 | $ 24,385,000 | $ 480,000 |

### CECFA Series 2020 Bonds

In May 2020, the Colorado Education and Cultural Facilities Authority (CECFA) issued $25,285,000 of Charter School Revenue Bonds, Series 2020. Proceeds from the bonds were loaned to the Academy under a lease agreement to provide funding for the purchase of the Academy's facility, capital projects, and costs of issuance. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate of 4.50% and the bonds mature on February 19, 2027.

The balance outstanding on the notes at June 30, 2023 was $24,385,000. Future debt service requirements to maturity for the long-term debt transactions are as follows:

| Year ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 480,000 | $ 1,097,325 | $ 1,577,325 |
| 2025 | 505,000 | 1,075,725 | 1,580,725 |
| 2026 | 525,000 | 1,053,000 | 1,578,000 |
| 2027 | 22,875,000 | 1,029,375 | 23,904,375 |
| | $ 24,385,000 | $ 4,255,425 | $ 28,640,425 |

## NOTE 7 – DEFINED BENEFIT PENSION PLAN

### Summary of Significant Accounting Policies

*Pensions:* The Academy participates in School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### General Information about the Pension Plan

*Plan Description:* Eligible employees of the Academy are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

*Benefits Provided as of December 31, 2022:* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary (HAS) multiplied by 2.5 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2023*: Eligible employees of the Academy and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq and § 24-51-413.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Eligible employees are required to contribute 11.4 percent of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

| | July 1, 2022 Through June 30, 2023 |
|---|---|
| Employer Contribution Rate[1] | 11.40 % |
| Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f) | (1.02)% |
| Amount Apportioned to the SCHDTF | 10.38 % |
| Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411 | 4.50 % |
| Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411 | 5.50 % |
| Total Employer Contribution Rate to the SCHDTF | 20.38 % |

[1]Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the Academy were $940,978 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard updated procedures were used to roll-forward the total pension liability to December 31, 2022. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the Academy reported a liability of $9,502,086 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Academy were as follows:

| | | |
|---|---|---|
| Addenbrooke Classical Academy's Proportionate Share of the Net Pension Liability | $ | 9,502,086 |
| State's Proportionate Share of the Net Pension Liability as a as a nonemployer contributing entity associated with Addenbrooke Classical Academy | | 2,769,003 |
| Total | $ | 12,271,089 |

At December 31, 2022, the Academy's proportion of the net pension liability was 0.0522%, which was a decrease of 0.0182% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Academy recognized pension income of $1,406,748 and revenue of $325,618 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between Expected and Actual Experience | $ 89,927 | $ - |
| Changes of Assumptions or other Inputs | 168,313 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,276,480 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | 264,278 | 1,562,875 |
| Contributions Subsequent to the Measurement Date | 451,619 | - |
| Total | $ 2,250,617 | $ 1,562,875 |

$451,619 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2024 | $ (482,494) |
| 2025 | (349,494) |
| 2026 | 325,626 |
| 2027 | 742,485 |
| Total | $ 236,123 |

*Actuarial Assumptions:* The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

| | Actuarial Assumptions |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation | 3.40 - 11.00% |
| Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount rate | 7.25% |
| Future Post Retirement Benefit Increases: | |
| PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Compounded Annually) | 1.00% |
| PERA Benefit Structure hired after December 31, 2006[1] | Financed by the Annual Increase Reserve (AIR) |

[1]Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The actuarial assumptions used in the December 31, 2021, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- **Females:** 105 percent of the rates for all ages, with generational project using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30-Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00 % | 5.60 % |
| Fixed Income | 23.00 | 1.30 |
| Private Equity | 8.50 | 7.10 |
| Real Estate | 8.50 | 4.40 |
| Alternatives | 6.00 | 4.70 |
| Total | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Discount Rate:* The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of prior measurement date (December 31, 2021). In addition, the following methods and assumptions were used in the project of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million direct distribution, a warrant to PERA in the amount of $280 million with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190 million to $25 million. The July 1, 2024, direct distribution will not be reduced from $225 million due to a negative investment return in 2022.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate Share of the Net Pension Liability | $ 12,434,962 | $ 9,502,086 | $ 7,052,834 |

*Pension Plan Fiduciary Net Position:* Detailed information about the SCHDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

## NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

### General Information about the OPEB Plan

*Plan Description:* Eligible employees of the Academy are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provision may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

*Benefits Provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

*PERA Benefit Structure*
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the Trust Fund or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $47,095 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Academy reported a liability of $323,803 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Academy's proportion was 0.0397%, which was a decrease of 0.0063% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Academy recognized OPEB income of $108,750. At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between Expected and Actual Experience | $ 42 | $ 78,307 |
| Changes of Assumptions or other Inputs | 5,204 | 35,738 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 19,777 | - |
| Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions | 4,540 | 8,684 |
| Contributions Subsequent to the Measurement Date | 22,603 | - |
| Total | $ 52,166 | $ 122,729 |

$22,603 reported as deferred outflows of resources related to OPEB resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2024 | $ (33,948) |
| 2025 | (29,881) |
| 2026 | (15,896) |
| 2027 | (3,326) |
| 2028 | (9,306) |
| Thereafter | (809) |
| Total | $ (93,166) |

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

*Actuarial Assumptions:* The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost, actuarial assumptions, and other inputs:

| | |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price Inflation | 2.30% |
| Real Wage Growth | 0.70% |
| Wage Inflation | 3.00% |
| Salary Increases, Including Wage Inflation | 3.40 - 11.00% |
| Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation | 7.25% |
| Discount rate | 7.25% |
| Health Care Cost Trend Rates | |
| PERA Benefit Structure: | |
| Service-based Premium Subsidy | 0.00% |
| PERACare Medicare Plans | 6.50% in 2022, gradually decreasing to to 4.50% in 2030 |
| Medicare Part A Premiums | 3.75% in 2022 gradually increasing to 4.50% in 2029 |

The total OPEB liability for the Trust Fund, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore, no disaffiliation dollars were reflected in the FNP as of the December 31, 2022 measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthCare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthCare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

AGE-RELATED MORBIDITY ASSUMPTIONS

| Participant Age | Annual Increase (Male) | Annual Increase (Female) |
|---|---|---|
| 65 -69 | 3.0% | 1.5% |
| 70 | 2.9% | 1.6% |
| 71 | 1.6% | 1.4% |
| 72 | 1.4% | 1.5% |
| 73 | 1.5% | 1.6% |
| 74 | 1.5% | 1.5% |
| 75 | 1.5% | 1.4% |
| 76 | 1.5% | 1.5% |
| 77 | 1.5% | 1.5% |
| 78 | 1.5% | 1.6% |
| 79 | 1.5% | 1.5% |
| 80 | 1.4% | 1.5% |
| 81 and older | 0.0% | 0.0% |

| | MAPD PPO #1 with Medicare Part A Retire/Spouse | | MAPD PPO #1 without Medicare Part A Retire/Spouse | |
|---|---|---|---|---|
| Sample Age | Male | Female | Male | Female |
| 65 | $ 1,704 | $ 1,450 | $ 6,514 | $ 5,542 |
| 70 | 1,976 | 1,561 | 7,553 | 5,966 |
| 75 | 2,128 | 1,681 | 8,134 | 6,425 |

| | MAPD PPO #2 with Medicare Part A Retire/Spouse | | MAPD PPO #2 without Medicare Part A Retire/Spouse | |
|---|---|---|---|---|
| Sample Age | Male | Female | Male | Female |
| 65 | $ 583 | $ 496 | $ 4,227 | $ 3,596 |
| 70 | 676 | 534 | 4,901 | 3,872 |
| 75 | 728 | 575 | 5,278 | 4,169 |

| | MAPD HMO (Kaiser) with Medicare Part A Retire/Spouse | | MAPD HMO (Kaiser) without Medicare Part A Retire/Spouse | |
|---|---|---|---|---|
| Sample Age | Male | Female | Male | Female |
| 65 | $ 1,923 | $ 1,634 | $ 6,752 | $ 5,739 |
| 70 | 2,229 | 1,761 | 7,826 | 6,185 |
| 75 | 2,401 | 1,896 | 8,433 | 6,657 |

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The 2022 Medicare Part A premium is $499 per month. All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates.

Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|---|---|---|
| 2022 | 6.50% | 3.75% |
| 2023 | 6.25% | 4.00% |
| 2024 | 6.00% | 4.00% |
| 2025 | 5.75% | 4.00% |
| 2026 | 5.50% | 4.25% |
| 2027 | 5.25% | 4.25% |
| 2028 | 5.00% | 4.25% |
| 2029 | 4.75% | 4.50% |
| 2030+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2021 valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds, reflect the generational mortality and were applied, as applicable, in the December 31, 2021 valuation for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of the Division Trust Funds participate in the Trust Fund.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021 valuation utilizes premium information as of January 1, 2022, as the initial per capital health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthCare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022 measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuations.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016 through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges for expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting to be effective January 1, 2020.

As of the most recent reaffirmations of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30-Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00 % | 5.60 % |
| Fixed Income | 23.00 | 1.30 |
| Private Equity | 8.50 | 7.10 |
| Real Estate | 8.50 | 4.40 |
| Alternatives | 6.00 | 4.70 |
| Total | 100.00% | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25 percent.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

*Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates:* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or on percentage point higher than the current rates:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate | 5.25% | 6.25% | 7.25% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A Trend Rate | 3.00% | 4.00% | 5.00% |
| Ultimate Medicare Part A Trend Rate | 3.50% | 4.50% | 5.50% |
| Proportionate Share of the Net OPEB Liability | $ 314,638 | $ 323,803 | $ 333,776 |

*Discount Rate:* The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2021). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Based on the above assumptions and methods, the HCTF FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate of 7.25 percent. There was no change in the discount rate from the prior measurement period.

*Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the discount rate:* The following presents the HCTF collective net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent):

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate Share of the Net OPEB Liability | $ 375,384 | $ 323,803 | $ 279,685 |

*OPEB Plan Fiduciary Net Position:* Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Tabor

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments.

TABOR required local governments to establish Emergency Reserves. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service).Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year spending limits will require judicial interpretation.

## NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Tabor (continued)

The Academy believes it has complied with the Amendment. As required, the Academy has established a reserve for emergencies. At June 30, 2023, the reserve of $286,148 was recorded as a restricted net position/fund balance for TABOR.

### Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

## NOTE 10 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to tors; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the Academy for its portion of coverage. Settlement claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
# BUDGET AND ACTUAL – GENERAL FUND
# YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE
# ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Local sources | | | | | |
| Per pupil revenue | $ 7,694,922 | $ 8,181,049 | $ 8,181,031 | $ (18) | $ 6,887,955 |
| Mill levy override | 1,468,436 | 1,608,416 | 1,608,416 | - | 1,386,687 |
| Charges for services | 630,000 | 590,000 | 567,383 | (22,617) | 356,691 |
| Donations | 8,500 | 16,400 | 15,401 | (999) | 9,523 |
| Earnings on investments | - | - | 53,812 | 53,812 | 3,117 |
| Other | 30,000 | 73,000 | 91,658 | 18,658 | 79,755 |
| Federal and state sources | | | | | |
| Grants and capital contributions | 341,357 | 384,592 | 620,716 | 236,124 | 450,694 |
| Total revenues | 10,173,215 | 10,853,457 | 11,138,417 | 284,960 | 9,174,422 |
| Expenditures | | | | | |
| Current: | | | | | |
| Salaries | 4,514,185 | 4,631,118 | 4,369,327 | 261,791 | 4,429,199 |
| Employee benefits | 1,302,379 | 1,306,509 | 1,496,832 | (190,323) | 1,310,232 |
| Purchased services | 1,911,362 | 2,041,602 | 1,962,921 | 78,681 | 1,856,195 |
| Supplies and materials | 502,800 | 495,800 | 404,302 | 91,498 | 311,851 |
| Capital outlay | 100,000 | 100,000 | 8,169 | 91,831 | 369,009 |
| Contingency | 100,000 | 100,000 | - | 100,000 | - |
| Debt service: | | | | | |
| Principal | 460,000 | 460,000 | 460,000 | - | 440,000 |
| Interest | 1,118,025 | 1,118,025 | 1,118,025 | - | 1,137,825 |
| Total expenditures | 10,008,751 | 10,253,054 | 9,819,576 | 433,478 | 9,854,311 |
| Net change in fund balances | $ 164,464 | $ 600,403 | 1,318,841 | $ 718,438 | (679,889) |
| Fund Balances - Beginning | | | 2,522,712 | | 3,202,601 |
| Fund Balances - Ending | | | $ 3,841,553 | | $ 2,522,712 |

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
# LAST TEN FISCAL YEARS

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan Measurement Date | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 | December 31, 2014 | December 31, 2013 |
| School's Proportion of the Net Pension Liability | 0.0522% | 0.0704% | 0.0740% | 0.0610% | 0.0580% | 0.0500% | 0.0310% | 0.0260% | 0.0150% | 0.0050% |
| School's Proportionate Share of the Net Pension Liability | $ 9,502,086 | $ 8,188,814 | $ 11,194,595 | $ 9,088,650 | $ 9,807,250 | $ 15,897,645 | $ 9,376,549 | $ 4,037,582 | $ 1,984,566 | $ 617,909 |
| State's Proportionate Share of the Net Pension Liability associated with the School ** | 2,769,003 | 843,448 | - | 1,152,780 | 1,341,005 | - | - | - | - | - |
| Total | $ 12,271,089 | $ 9,032,262 | $ 11,194,595 | $ 10,241,430 | $ 11,148,255 | $ 15,897,645 | $ 9,376,549 | $ 4,037,582 | $ 1,984,566 | $ 617,909 |
| School's Covered Payroll | $ 4,384,578 | $ 2,113,805 | $ 3,064,869 | $ 3,552,002 | $ 1,785,364 | $ 1,288,906 | $ 1,026,036 | $ 973,201 | $ 632,472 | $ 198,232 |
| School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 216.7% | 387.4% | 365.3% | 255.9% | 549.3% | 1,233.4% | 913.9% | 414.9% | 313.8% | 311.7% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.10% | 59.20% | 62.80% | 64.07% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.
** A direct distribution provision to allocate funds from the State of Colorado to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

# ADDENBROOKE CLASSICAL ACADEMY
## SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
## LAST TEN FISCAL YEARS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 940,978 | $ 345,534 | $ 472,857 | $ 734,861 | $ 369,665 | $ 289,335 | $ 201,538 | $ 177,604 | $ 145,466 | $ 71,129 |
| Contributions in Relation to the Contractually Required Contribution | 940,978 | 345,534 | 472,857 | 734,861 | 369,665 | 289,335 | 201,538 | 177,604 | 145,466 | 71,129 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's Covered Payroll | $ 4,617,164 | $ 1,738,099 | $ 2,378,553 | $ 3,791,854 | $ 1,932,385 | $ 1,532,496 | $ 1,096,509 | $ 1,001,715 | $ 861,766 | $ 444,555 |
| Contributions as a Percentage of Covered Payroll | 20.38% | 19.88% | 19.88% | 19.38% | 19.13% | 18.88% | 18.38% | 17.73% | 16.88% | 16.00% |

# ADDENBROOKE CLASSICAL ACADEMY
# SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
# LAST SEVEN FISCAL YEARS

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Plan Measurement Date | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 |
| School's Proportion (Percentage) of the Collective Net OPEB Liability | 0.0397% | 0.0459% | 0.0430% | 0.0400% | 0.0360% | 0.0330% | 0.0450% |
| School's Proportionate Share of the Collective Net OPEB Liability | $ 323,803 | $ 396,179 | $ 406,991 | $ 446,886 | $ 489,814 | $ 270,453 | $ 363,035 |
| School's Covered Payroll | $ 4,384,578 | $ 2,113,805 | $ 3,064,869 | $ 3,552,002 | $ 1,785,364 | $ 1,288,906 | $ 1,026,036 |
| School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll Covered Payroll | 7.4% | 18.7% | 13.28% | 12.58% | 27.43% | 20.98% | 35.38% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% | 16.72% |

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

ADDENBROOKE CLASSICAL ACADEMY
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

| | 2022 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $ 47,095 | $ 17,729 | $ 24,261 | $ 38,677 | $ 19,710 | $ 15,631 | $ 11,184 |
| Contributions in Relation to the Contractually Required Contribution | 47,095 | 17,729 | 24,261 | 38,677 | 19,710 | 15,631 | 11,184 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's Covered Payroll | $ 4,617,164 | $ 1,738,099 | $ 2,378,553 | $ 3,791,854 | $ 1,932,385 | $ 1,532,496 | $ 1,096,509 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

* The amounts presented for each fiscal year were determined as of June 30 based on the fiscal year end of Addenbrooke Classical Academy.
Information earlier than 2017 was not available.

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**APPENDIX D**

**AUDITED CHARTER SCHOOL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

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# ADDENBROOKE CLASSICAL ACADEMY

## BASIC FINANCIAL STATEMENTS

**June 30, 2022**

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# FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Addenbrooke Classical Academy
Lakewood, Colorado

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, of Addenbrooke Classical Academy (the "Academy"), a component unit of Jefferson County School District No. R-1 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Addenbrooke Classical Academy as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Addenbrooke Classical Academy and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Academy'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 39-43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

John Cutler & Associates, LLC

November 9, 2022

**Addenbrooke Classical Academy**
**Management's Discussion and Analysis**

As management of Addenbrooke Classical Academy (ACA or the School), we offer readers of Addenbrooke Classical Academy's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022.

## Financial Highlights

The year ended June 30, 2022 is the eighth year of operations for ACA. As of June 30, 2022, net position increase by $1,802,297 to $(7,623,211). The negative balance is the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Number 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was $6,887,954. At the close of the fiscal year, Addenbrooke Classical Academy's governmental fund(s) reported an ending fund balance of $2,522,712 a decrease of $679,889 from prior year. This decrease is the result of a reduction in student enrollment probably due to COVID.

## Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Jefferson County School District). The governmental activities of the School include instruction and supporting services.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance- related legal requirements.

## Governmental Funds

The School has two governmental funds, the General Fund and a fund for the activity of the Addenbrooke Classical Academy Building Corporation. The purpose of the Building Corporation is to provide a mechanism to issue debt on behalf of the Academy.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts annually appropriated budgets for any governmental funds. A budgetary comparison schedule for the School's governmental funds has been provided herein.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 6-38.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Addenbrooke Classical Academy, liabilities exceeded assets resulting in a net position of $(7,623,211) in FY 2021-2022. Again, this is directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, $233,490 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the school's general operating expenses.

### Addenbrooke Classical Academy's Net Position
### Governmental Activities

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| **ASSETS** | | |
| Cash and Investments | $ 1,751,622 | $ 2,228,506 |
| Restricted Cash and Investments | 1,227,994 | 1,420,195 |
| Accounts Receivable | 20,963 | 21,569 |
| Capital Assets, Not Depreciated | 5,553,000 | 5,553,000 |
| Capital Assets, Net of Accum Depreciation | 19,959,299 | 20,115,752 |
| **Total Assets** | **28,512,878** | **29,339,022** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Related to Pensions and OPEB | 2,267,455 | 3,519,815 |
| **LIABILITIES** | | |
| Accounts Payable | 113,010 | 94,716 |
| Accrued Salaries | 364,857 | 372,953 |
| Accrued Interest Payable | 46,584 | 47,409 |
| Noncurrent Liabilities | | |
| Due in one year | 460,000 | 440,000 |
| Due in More than One Year | 24,385,000 | 24,845,000 |
| Net Pension/OPEB Liability | 8,584,993 | 11,601,586 |
| **Total Liabilities** | **33,954,444** | **37,401,664** |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Related to Pensions and OPEB | 4,449,100 | 4,882,681 |
| **NET POSITION** | | |
| Investment in Capital Assets | 667,299 | 383,752 |
| Restricted for Emergencies | 233,490 | 213,516 |
| Restricted for Debt Service | 194,276 | 1,159,270 |
| Restricted for Construction | 800,227 | 224,100 |
| Unrestricted | (9,518,503) | (11,406,146) |
| **Total Net Position** | **,,,$(7,623,211 )** | **(9,425,508)** |

The largest portion of the School's assets is in capital assets, at 89% of total assets in 2022.

**Addenbrooke Classical Academy's Change in Net Position**
**Governmental Activities**

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Program Revenue: | | |
| Charges for Services | $ 356,691 | $207,788 |
| Operating Grants and Contributions | 195,272 | 91,775 |
| Capital Grants and Contributions | 255,422 | 260,196 |
| Total Program Revenue | 807,385 | 559,758 |
| General Revenue: | | |
| Per Pupil Revenue | 6,887,955 | 6,768,032 |
| Mill Levy Override | 1,386,687 | 1,516,970 |
| Donations | 9,523 | 9,263 |
| Other | 652,859 | 77,234 |
| Total General Revenue | 8,937,024 | 8,371,499 |
| **Total Revenue** | 9,744,409 | 8,931,257 |
| Expenses: | | |
| Current: | | |
| Instruction | 3,670,215 | 3,662,437 |
| Supporting Services | 3,134,897 | 516,564 |
| Interest and Other Fiscal Charges | 1,137,000 | 1,195,992 |
| **Total Expenses** | 7,942,112 | 5,374,993 |
| **Increase/(Decrease) in Net Position** | 1,802,297 | 3,556,264 |
| **Net Position, Beginning** | **(9,425,508)** | **(12,981,772)** |
| **Net Position, Ending** | **$ (7,623,211)** | **$(9,425,508)** |

The largest portion of the School's revenues came from per pupil revenue – 75%, respectively in 2022.

## Financial Analysis of the Government's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the school's governmental funds, which includes the school's General Fund and a fund to report the activity of the Addenbrooke Classical Academy Building Corporation, reported an ending fund balance of $2,522,712, a decrease of $679,889 from prior year.

## General Fund Budgetary Highlights

The School approves a final general fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized $159,649 more revenue than expected and spending was within budget, when compared to the final budget. Two budget amendment were made during FY 2021-2022.

## Capital Assets & Long-Term Debt

The School has invested in capital assets in the form of land, construction, and building improvements for the school's educational facility, as well as equipment purchased in support of the school's educational program. Depreciation expenses for capital assets are booked under Supporting Services of the School's operations.

The School has long-term debt obligations in the form of series 2020 Charter School Revenue Bonds. Proceeds of the bonds were used to purchase the school's facility and are being used to make facility improvements.

## Economic Factors and Next Year's Budget

The primary factor driving the budget for Addenbrooke Classical Academy is student enrollment. Enrollment for the 2021-2022 school year was 783 funded students. This information was analyzed as part of the 2022-2023 budget which is projecting a 830 funded student count.

## Requests for Information

This financial report is designed to provide a general overview of Addenbrooke Classical Academy's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

Addenbrooke Classical Academy
3940 S Teller Street
Lakewood, CO 80235

# BASIC FINANCIAL STATEMENTS

ADDENBROOKE CLASSICAL ACADEMY

STATEMENT OF NET POSITION
As of June 30, 2022

| | Governmental Activities | |
|---|---|---|
| | 2022 | 2021 |
| ASSETS | | |
| Cash and Investments | $ 1,751,622 | $ 2,228,506 |
| Restricted Cash and Investments | 1,227,994 | 1,420,195 |
| Accounts Receivable | 20,963 | 21,569 |
| Capital Assets, Not Depreciated | 5,553,000 | 5,553,000 |
| Capital Assets, Depreciated, Net of Accumulated Depreciation | 19,959,299 | 20,115,752 |
| TOTAL ASSETS | 28,512,878 | 29,339,022 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Related to Pensions | 2,229,752 | 3,485,769 |
| Related to OPEB | 37,703 | 34,046 |
| DEFERRED OUTFLOWS OF RESOURCES | 2,267,455 | 3,519,815 |
| LIABILITIES | | |
| Accounts Payable | 113,010 | 94,716 |
| Accrued Salaries | 364,857 | 372,953 |
| Accrued Interest Payable | 46,584 | 47,409 |
| Noncurrent Liabilities | | |
| Due in One Year | 460,000 | 440,000 |
| Due in More than One Year | 24,385,000 | 24,845,000 |
| Net Pension Liability | 8,188,814 | 11,194,595 |
| Net OPEB Liability | 396,179 | 406,991 |
| TOTAL LIABILITIES | 33,954,444 | 37,401,664 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Related to Pensions | 4,300,942 | 4,742,709 |
| Related to OPEB | 148,158 | 139,972 |
| DEFERRED INFLOWS OF RESOURCES | 4,449,100 | 4,882,681 |
| NET POSITION | | |
| Net Investment in Capital Assets | 667,299 | 383,752 |
| Restricted for Emergencies | 233,490 | 213,516 |
| Restricted for Debt Service | 194,276 | 1,159,270 |
| Restricted for Construction | 800,227 | 224,100 |
| Unrestricted | (9,518,503) | (11,406,146) |
| TOTAL NET POSITION | $ (7,623,211) | $ (9,425,508) |

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

| FUNCTIONS/PROGRAMS | Expenses | PROGRAM REVENUES: Charges for Services | PROGRAM REVENUES: Operating Grants and Contributions | PROGRAM REVENUES: Capital Grants and Contributions | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES 2022 | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES 2021 |
|---|---|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | | | |
| **Governmental Activities** | | | | | | |
| Instruction | $ 3,670,215 | $ 356,691 | $ 195,272 | $ - | $ (3,118,252) | $ (3,362,875) |
| Supporting Services | 3,134,897 | - | - | 255,422 | (2,879,475) | (258,932) |
| Interest and Other Fiscal Charges | 1,137,000 | - | - | - | (1,137,000) | (1,193,428) |
| Total Governmental Activities | $ 7,942,112 | $ 356,691 | $ 195,272 | $ 255,422 | (7,134,727) | (4,815,235) |
| GENERAL REVENUES | | | | | | |
| Per Pupil Revenue | | | | | 6,887,955 | 6,768,032 |
| Mill Levy Override | | | | | 1,386,687 | 1,516,970 |
| Donations | | | | | 9,523 | 9,263 |
| Other | | | | | 82,872 | 77,234 |
| Unrestricted State Aid | | | | | 100,223 | - |
| SPECIAL ITEM | | | | | | |
| Capital Contribution from the District | | | | | 469,764 | - |
| TOTAL GENERAL REVENUES | | | | | 8,937,024 | 8,371,499 |
| CHANGE IN NET POSITION | | | | | 1,802,297 | 3,556,264 |
| NET POSITION, Beginning, Restated | | | | | (9,425,508) | (12,981,772) |
| NET POSITION, Ending | | | | | $ (7,623,211) | $ (9,425,508) |

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

| | TOTAL GOVERNMENTAL FUNDS | |
|---|---|---|
| | 2022 | 2021 |
| ASSETS | | |
| Cash and Investments | $ 1,751,622 | $ 2,228,506 |
| Restricted Cash and Investments | 1,227,994 | 1,420,195 |
| Accounts Receivable | 20,963 | 21,569 |
| TOTAL ASSETS | $ 3,000,579 | $ 3,670,270 |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts Payable | $ 113,010 | $ 94,716 |
| Accrued Salaries | 364,857 | 372,953 |
| TOTAL LIABILITIES | 477,867 | 467,669 |
| FUND BALANCES | | |
| Restricted for Emergencies | 233,490 | 213,516 |
| Restricted for Debt Service | 194,276 | 1,159,270 |
| Restricted for Construction | 800,227 | 224,100 |
| Unassigned | 1,294,719 | 1,605,715 |
| TOTAL FUND BALANCE | 2,522,712 | 3,202,601 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds | 25,512,299 | 25,668,752 |
| Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes bonds payable ($24,845,000) and accrued interest payable ($46,584). | (24,891,584) | (25,332,409) |
| Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This liability includes net pension and OPEB liability of ($8,584,993), deferred outflows related to pensions and OPEB of $2,267,455, and deferred related to pensions and OPEB of ($4,449,100). | (10,766,638) | (12,964,452) |
| Net position of governmental activities | $ (7,623,211) | $ (9,425,508) |

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

| | TOTAL GOVERNMENTAL FUNDS | |
|---|---|---|
| | 2022 | 2021 |
| REVENUES | | |
| Local Sources | $ 8,723,728 | $ 8,581,851 |
| State Sources | 450,694 | 349,406 |
| TOTAL REVENUES | 9,174,422 | 8,931,257 |
| EXPENDITURES | | |
| Current | | |
| Instruction | 4,995,303 | 4,631,305 |
| Supporting Services | 2,912,174 | 3,431,368 |
| Capital Outlay | 369,009 | 2,898,200 |
| Debt Service | | |
| Principal | 440,000 | - |
| Interest | 1,137,825 | 1,213,683 |
| TOTAL EXPENDITURES | 9,854,311 | 12,174,556 |
| NET CHANGE IN FUND BALANCE | (679,889) | (3,243,299) |
| FUND BALANCE, Beginning | 3,202,601 | 6,445,900 |
| FUND BALANCE, Ending | $ 2,522,712 | $ 3,202,601 |

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

| | | |
|---|---|---|
| Amounts Reported for Governmental Activities in the Statement of Activities are Different Because: | | |
| Net Changes in Fund Balances - Total Governmental Funds | $ | (679,889) |
| Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation ($995,226), exceeded capital outlay $838,773, in the current year. | | (156,453) |
| Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the decrease in accrued interest $825 and principal payment of $440,000. | | 440,825 |
| Deferred Charges related to pension and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized. | | 2,197,814 |
| Change in Net Position of Governmental Activities | $ | 1,802,297 |

The accompanying notes are an integral part of the financial statements.

## NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Addenbrooke Classical Academy (the "Academy") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 of the State of Colorado.

The accounting policies of the Academy conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

### Reporting Entity

The financial reporting entity consists of the Academy and organizations for which the Academy is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. In addition, any legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Academy.

Based upon the application of these criteria, the Addenbrooke Classical Academy Building Corporation is considered to be financially accountable to the Academy. The purpose of the Building Corporation is to provide a mechanism to issue debt on behalf of the Academy. The Building Corporation is considered to be part of the Academy for financial reporting purposes because its resources are entirely for the direct benefit of the Academy and is reported as part of the General Fund.

The Academy is a component unit of Jefferson County School District No. R-1.

### Government-Wide and Fund Financial Statements

The Academy financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**NOTE 1:** ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

Program revenues include; 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The Academy reports the following major governmental fund:

*General Fund* – This fund is the general operating fund of the Academy. It is used to account for all financial resources.

**NOTE 1:** ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Assets, Liabilities and Fund Balance/Net Position**

*Capital Assets* – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital Assets are depreciated using the straight line method over an estimated useful life of 30 years for the buildings and 10-15 years for equipment.

*Unearned Revenues* – The unearned revenues include amounts received but not yet available for expenditure.

*Long-term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

**NOTE 1:** ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

**Assets, Liabilities and Fund Balance/Net Position** (Continued)

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* includes the Academy's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Academy typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

*Unrestricted Net Position* typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The Academy did not report any nonspendable fund balance as of June 30, 2022.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Academy has classified Construction and Debt Service funds as being restricted because their use is restricted by the 2021 CECFA Loan and Security Agreement.

**NOTE 1:** ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

**Assets, Liabilities and Fund Balance/Net Position** (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2022.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Academy would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

**Compensated Absences**

The Academy's policy allows employees to accumulate sick leave. Upon termination of employment, no financial compensation is paid for unused sick days. Therefore, no liability for accumulated sick leave is reported in the financial statements.

**Risk Management**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the Academy for its portion of coverage. Settled claims have not exceeded this coverage in the last three years.

## NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

### Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

Academy management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal yearend.

## NOTE 3: ***CASH AND INVESTMENTS***

Cash and investment consist of the following:

| | |
|---|---|
| Pooled Cash with the District | $ 1,983,612 |
| Petty Cash | 1,500 |
| Investments | 994,504 |
| Total Cash and Investments | **$ 2,979,616** |

### Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

At June 30, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

**NOTE 3:** ***CASH AND INVESTMENTS*** (Continued)

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits.

The Academy has no deposits as of June 30, 2022.

**Pooled Cash with the District**

Cash deposits are pooled with the District cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2022 the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled $1,983,612.

**Investments**

Interest Rate Risk

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Academy has no policy for managing credit risk or interest rate risk.

Fair Value

The Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs.

**NOTE 3:** ***CASH AND INVESTMENTS*** (Continued)

**Investments** (Continued)

Local Government Investment Pools

The Academy had invested $994,504 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to $1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAm by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statues, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

**Restricted Cash and Investments**

Pooled Cash with the District in the amount of $233,490 are restricted in the General Fund as an emergency reserve related to the TABOR amendment and investments in the amount of $994,504 are restricted in the General Fund for future debt service requirements and capital outlay expenditures related to the 2020 Bond.

## NOTE 4: CAPITAL ASSETS

Capital Assets activity for the year ended June 30, 2022 is summarized below.

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets, Not Depreciated | | | | |
| Land | $ 5,553,000 | $ - | $ - | $ 5,553,000 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets, Not Depreciated | 5,553,000 | - | - | 5,553,000 |
| Capital Assets, Depreciated | | | | |
| Equipment | 38,037 | - | - | 68,037 |
| Vehicles | 108,091 | - | - | 108,091 |
| Building Improvements | 21,501,538 | 838,773 | - | 22,340,311 |
| Total Capital Assets, Being Depreciated | 21,677,666 | 838,773 | - | 22,516,439 |
| Accumulated Depreciation | | | | |
| Equipment | 13,483 | 6,499 | - | 19,982 |
| Vehicles | - | 10,809 | - | 10,809 |
| Building Improvements | 1,548,431 | 977,918 | - | 2,526,349 |
| Total Accumulated Depreciation | 1,561,914 | 995,226 | - | 2,557,140 |
| Total Capital Assets, Being Depreciated, Net | 20,115,752 | (156,453) | - | 19,959,299 |
| Net Capital Assets | **$ 25,668,752** | **$ (156,453)** | **$ -** | **$ 25,512,299** |

Depreciation has been charged to supporting services program of the Academy.

## NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2022, were $364,857 in the General Fund.

## NOTE 6: *LONG-TERM DEBT*

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Payments | Balance June 30, 2022 | Due In One Year |
|---|---|---|---|---|---|
| CECFA 2020 Bonds | $25,285,000 | $ - | $ 440,000 | $ 24,845,000 | $ 460,000 |
| Total | **$25,285,000** | **$ -** | **$ 440,000** | **$24,845,000** | **$ 460,000** |

### CECFA 2020 Bonds

On May 7, 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $25,285,000 of Charter School Revenue Bonds, Series 2021. Proceeds from the bonds were loaned to the Academy under a lease agreement to provide funding for the purchase of the Academy's facility and related capital projects and costs of issuance. The Building Corporation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at a rate of 4.50% and the bonds mature on February 19, 2027.

Future debt service requirements are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 460,000 | $ 1,118,025 | $ 1,578,025 |
| 2024 | 480,000 | 1,097,325 | 1,577,325 |
| 2025 | 505,000 | 1,075,725 | 1,580,725 |
| 2026 | 525,000 | 1,053,000 | 1,578,000 |
| 2027 | 22,875,000 | 1,029,375 | 23,094,375 |
| Total | **$ 24,845,000** | **$ 5,373,450** | **$ 30,218,450** |

## NOTE 7: ***DEFINED BENEFIT PENSION PLAN***

### Summary of Significant Accounting Policies

*Pensions.* The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**General Information about the Pension Plan** (Continued)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**General Information about the Pension Plan** (Continued)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2022:* Eligible employees of, the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413.

Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

| | July 1, 2021 Through June 30, 2022 |
|---|---|
| Employer contribution rate | 10.90% |
| Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) | (1.02%) |
| Amount apportioned to the SCHDTF | 9.88% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 | 4.50% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 | 5.50% |
| **Total employer contribution rate to the SCHDTF** | **19.88%** |

**Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were $345,534 for the year ended June 30, 2022.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**General Information about the Pension Plan** (Continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TPL to December 31, 2021. The School proportion of the net pension liability was based on the School contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the School reported a liability of $8,188,814 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

| | |
|---|---|
| The School's proportionate share of the net pension liability | $8,188,814 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School. | $843,448 |
| Total | $9,032,262 |

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At December 31, 2021, the School proportion was 0.070%, which was a decrease of 0.004% from its proportion measured as of December 31, 2020. For the year ended June 30, 2022, the School recognized pension income of $1,745,774 and revenue of $100,223 for support from the State as a nonemployer contributing entity.

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $313,501 | N/A |
| Changes of assumptions or other inputs | $625,155 | N/A |
| Net difference between projected and actual earnings on pension plan investments | N/A | $3,078,749 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | $878,376 | $1,222,193 |
| Contributions subsequent to the measurement date | $412,720 | N/A |
| Total | $2,229,752 | $4,300,942 |

$461,377 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2023 | ($638,822) |
| 2024 | ($935,347) |
| 2025 | ($821,555) |
| 2026 | ($88,186) |

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

*Actuarial assumptions.* The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

| | |
|---|---|
| Actuarial cost method | Entry age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation: | 3.40%-11.00% |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Post-retirement benefit increases: | |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually) | 1.00% |
| PERA benefit structure hired after 12/31/06[1] | Financed by the AIR |

[1] Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019**.**

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| **Total** | **100.00%** | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long- term expected nominal rate of return assumption of 7.25%.

*Discount rate.* The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- Benefit payments and contributions were assumed to be made at the middle of the year.

**NOTE 7:** ***DEFINED BENEFIT PENSION PLAN*** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net pension | $12,053,264 | $8,188,814 | $4,964,074 |

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

**Summary of Significant Accounting Policies**

*OPEB. the School* participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 8:** ***DEFINED BENEFIT PENSION PLAN***(Continued)

**General Information about the OPEB Plan**

*Plan description.* Eligible employees of the School are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 *et seq*. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**General Information about the OPEB Plan** (Continued)

*PERA Benefit Structure*
The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*DPS Benefit Structure*
The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**General Information about the OPEB Plan** (Continued)

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $17,729 for the year ended June 30, 2022.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the School reported a liability of $396,179 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the TOL to December 31, 2021. The School proportion of the net OPEB liability was based on the School contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the School's proportion was 0.043%, which was an increase of 0.000% from its proportion measured as of December 31, 2020.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

For the year ended June 30, 2022, the School recognized OPEB expense of $11,446. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $604 | $93,939 |
| Changes of assumptions or other inputs | $8,202 | $21,490 |
| Net difference between projected and actual earnings on OPEB plan investments | N/A | $24,524 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | $7,721 | $8,205 |
| Contributions subsequent to the measurement date | $21,176 | N/A |
| Total | $37,703 | $148,158 |

$23,672 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2023 | $37,198 |
| 2024 | $34,700 |
| 2025 | $35,208 |
| 2026 | $37,167 |
| 2027 | $7,226 |
| Thereafter | ($19,868) |

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

*Actuarial assumptions.* The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

| | State Division | School Division | Local Government Division | Judicial Division |
|---|---|---|---|---|
| Actuarial cost method | Entry age | | | |
| Price inflation | 2.30% | | | |
| Real wage growth | 0.70% | | | |
| Wage inflation | 3.00% | | | |
| Salary increases, including wage inflation | | | | |
| Members other than State Troopers | 3.30%-10.90% | 3.40%-11.00% | 3.20%-11.30% | 2.80%-5.30% |
| State Troopers | 3.20%-12.40% | N/A | 3.20%-12.40% | N/A |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% | | | |
| Discount rate | 7.25% | | | |
| Health care cost trend rates | | | | |
| PERA benefit structure: | | | | |
| Service-based premium subsidy | 0.00% | | | |
| PERACare Medicare plans | 4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029 | | | |
| Medicare Part A premiums | 3.75% in 2021, gradually increasing to 4.50% in 2029 | | | |
| DPS benefit structure: | | | | |
| Service-based premium subsidy | 0.00% | | | |
| PERACare Medicare plans | N/A | | | |
| Medicare Part A premiums | N/A | | | |

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

| | Initial Costs for Members without Medicare Part A | | |
|---|---|---|---|
| **Medicare Plan** | **Monthly Cost** | **Monthly Premium** | **Monthly Cost Adjusted to Age 65** |
| Medicare Advantage/Self-Insured Rx | $633 | $230 | $591 |
| Kaiser Permanente Medicare Advantage HMO | 596 | 199 | 562 |

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|---|---|---|
| 2021 | 4.50% | 3.75% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.80% | 4.00% |
| 2024 | 5.60% | 4.00% |
| 2025 | 5.40% | 4.00% |
| 2026 | 5.10% | 4.25% |
| 2027 | 4.90% | 4.25% |
| 2028 | 4.70% | 4.25% |
| 2029+ | 4.50% | 4.50% |

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class.

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

| Asset Class | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|---|---|---|
| Global Equity | 54.00% | 5.60% |
| Fixed Income | 23.00% | 1.30% |
| Private Equity | 8.50% | 7.10% |
| Real Estate | 8.50% | 4.40% |
| Alternatives | 6.00% | 4.70% |
| **Total** | **100.00%** | |

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $384,802 | $396,179 | $409,359 |

**NOTE 8:** ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

*Discount rate*. The discount rate used to measure the TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

## NOTE 8: *DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN* (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

*Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $460,120 | $396,179 | $341,562 |

*OPEB plan fiduciary net position.* Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

## NOTE 9: *RISK MANAGEMENT*

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The Academy does not maintain an equity interest in the self insurance pool. The Academy funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund. The Academy is fully self insured for unemployment compensation and has a $1,000 deductible for property insurance.

The Academy continues to carry commercial insurance for all other risks of loss, including boiler and machinery coverage. Settled claims resulting from these risks have not exceeded commercial or Academy coverages in any of the past three years.

## NOTE 10: ***COMMITMENTS AND CONTINGENCIES***

### Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited, but the Academy believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

### Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Academy believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies. At June 30, 2022, the reserve of $233,490 was recorded as a restriction of fund balance in the General Fund.

## NOTE 11: ***DEFICIT NET POSITION***

The Net Position of the government type activities reports at a deficit of $7,623,211 due to the Academy included the Net Pension Liability per GASB No. 68 and the Net OPEB Liability per GASB No.75.

## NOTE 12: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through November 9, 2022. It was determined that no events were required to be disclosed through this date.

# REQUIRED SUPPLEMENTARY INFORMATION

ADDENBROOKE CLASSICAL ACADEMY

GENERAL FUND
BUDGETARY COMPARISON STATEMENT
Year Ended June 30, 2022

| | 2022 | | | | |
|---|---|---|---|---|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2021 ACTUAL |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Per Pupil Operating Revenue | $ 7,713,781 | $ 6,887,971 | $ 6,887,955 | $ (16) | $ 6,768,032 |
| Mill Levy Override | 1,532,580 | 1,386,523 | 1,386,687 | 164 | 1,516,970 |
| Charges for Services | 208,000 | 328,000 | 356,691 | 28,691 | 207,788 |
| Donations | 11,500 | 4,500 | 9,523 | 5,023 | 9,263 |
| Earnings on Investments | - | - | 3,117 | 3,117 | 2,564 |
| Other | 42,000 | 60,000 | 79,755 | 19,755 | 77,234 |
| State and Federal Sources | | | | | |
| Grants and Donations | 347,000 | 347,779 | 450,694 | 102,915 | 349,406 |
| TOTAL REVENUES | 9,854,861 | 9,014,773 | 9,174,422 | 159,649 | 8,931,257 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Salaries | 4,582,373 | 4,635,614 | 4,429,199 | 206,415 | 4,367,836 |
| Employee Benefits | 1,237,727 | 1,274,401 | 1,310,232 | (35,831) | 1,191,066 |
| Purchased Services | 2,000,779 | 1,890,363 | 1,856,195 | 34,168 | 1,926,691 |
| Supplies and Materials | 340,675 | 369,000 | 311,851 | 57,149 | 577,080 |
| Property | - | 359,000 | 369,009 | (10,009) | 2,898,200 |
| Contingency | 100,000 | 100,000 | - | 100,000 | - |
| Debt Service | | | | | |
| Principal | 440,000 | 440,000 | 440,000 | - | - |
| Interest | 568,912 | 1,137,828 | 1,137,825 | 3 | 1,213,683 |
| TOTAL EXPENDITURES | 9,270,466 | 10,206,206 | 9,854,311 | 351,895 | 12,174,556 |
| NET CHANGE IN FUND BALANCE | 584,395 | (1,191,433) | (679,889) | 511,544 | (3,243,299) |
| FUND BALANCE, Beginning | 3,202,601 | 3,202,601 | 3,202,601 | - | 6,445,900 |
| FUND BALANCE, Ending | $ 3,786,996 | $ 2,011,168 | $ 2,522,712 | $ 511,544 | $ 3,202,601 |

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|
| School's proportionate share of the Net Pension Liability | 0.005% | 0.015% | 0.026% | 0.031% | 0.005% | 0.058% | 0.061% | 0.074% | 0.070% |
| School's Net Pension Liability | $ 617,909 | $ 1,984,566 | $ 4,037,582 | $ 9,376,549 | $ 15,897,645 | $ 9,807,250 | $ 9,088,650 | $ 11,194,595 | $ 8,188,814 |
| State of Colorado Proportionate Share of the Net Pension Liability associated with the School | - | - | - | - | - | 1,341,005 | 1,152,780 | - | 843,448 |
| Total portion of the Net Pension Liability associated with the School | 617,909 | 1,984,566 | 4,037,582 | 9,376,549 | 15,897,645 | 11,148,255 | 10,241,430 | 11,194,595 | 9,032,262 |
| School's covered payroll | $ 198,232 | $ 632,472 | $ 973,201 | $ 1,026,036 | $ 1,288,906 | $ 1,785,364 | $ 3,552,002 | $ 3,064,869 | $ 2,113,805 |
| School's proportionate share of the Net Pension Liability as a percentage of it covered payroll | 311.7% | 313.8% | 414.9% | 913.9% | 1233.4% | 624.4% | 288.3% | 365.3% | 427.3% |
| Plan fiduciary net position as a percentage of the total pension liability | 64.1% | 62.8% | 59.2% | 43.1% | 44.0% | 57.0% | 64.5% | 67.0% | 74.9% |

Notes:
This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Statutorily required contributions | $ 75,574 | $ 154,256 | $ 187,699 | $ 212,761 | $ 305,134 | $ 371,352 | $ 724,768 | $ 472,857 | $ 345,534 |
| Contributions in relation to the Statutorily required contributions | 75,574 | 154,256 | 187,699 | 212,761 | 305,134 | 371,352 | 724,768 | 472,857 | 345,534 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| School's covered payroll | $ 444,555 | $ 861,766 | $ 1,001,715 | $ 1,096,509 | $ 1,532,496 | $ 1,932,385 | $ 3,791,854 | $ 2,378,553 | $ 1,738,099 |
| Contributions as a percentage of covered payroll | 17.00% | 17.90% | 18.74% | 19.40% | 19.91% | 19.22% | 19.11% | 19.88% | 19.88% |

Notes:
This schedule will report ten years of data when it is available

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,
(Health Care Trust Fund Measurement Date)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| School's proportionate share of the Net OPEB Liability | 0.045% | 0.033% | 0.036% | 0.040% | 0.043% | 0.043% |
| School's Net OPEB Liability | $ 363,035 | $ 270,453 | $ 489,814 | $ 446,886 | $ 406,991 | $ 396,179 |
| School's covered payroll | $ 1,288,906 | $ 1,026,036 | $ 1,785,364 | $ 3,552,002 | $ 3,064,869 | $ 2,113,805 |
| School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll | 28.17% | 26.36% | 27.43% | 12.58% | 13.28% | 18.74% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 16.70% | 17.53% | 17.03% | 24.49% | 32.78% | 39.40% |

Notes:
This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available

The accompanying notes are an integral part of the financial statements.

ADDENBROOKE CLASSICAL ACADEMY

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Statutorily required contributions | $ 11,184 | $ 15,631 | $ 19,710 | $ 38,677 | $ 24,261 | $ 17,729 |
| Contributions in relation to the Statutorily required contributions | 11,184 | 15,631 | 19,710 | 38,677 | 24,261 | 17,729 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| School's covered payroll | $ 1,096,509 | $ 1,532,496 | $ 1,932,385 | $ 3,791,854 | $ 2,378,553 | $ 1,738,099 |
| Contributions as a percentage of covered payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

Notes:
This schedule will report ten years of data when it is available

The accompanying notes are an integral part of the financial statements.

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**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

August [__], 2025

Colorado Educational and Cultural Facilities Authority
Denver, Colorado

D.A. Davidson & Co.
Denver, Colorado

**Colorado Educational And Cultural Facilities Authority**
**Charter School Refunding Revenue Bonds**
**(Addenbrooke Classical Academy Project)**

| **$[A-PAR]** | **$[B-PAR]** |
|---|---|
| **Series 2025A** | **Federally Taxable** |
| | **Series 2025B** |

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Educational and Cultural Facilities Authority (the "**Authority**") in connection with the issuance of its (a) Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Series 2025A in the original aggregate principal amount of $[A-PAR] (the "**Series 2025A Bonds**") and (b) Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Federally Taxable Series 2025B in the original aggregate principal amount of $[B-PAR] (the "**Series 2025B Bonds**" and, together with the Series 2025A Bonds, the "**Bonds**"). The Bonds are being issued under and pursuant to the provisions of the Colorado Educational and Cultural Facilities Authority Act, Article 15, Title 23, Colorado Revised Statutes, as amended (the "**Act**"), the Supplemental Public Securities Act, Article 57, Title 11, Section 201 et seq., Colorado Revised Statutes, as amended (the "**Supplemental Public Securities Act**"), and an Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and UMB Bank, n.a., as trustee (the "**Trustee**"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Indenture.

The Bonds are being issued at the request of Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation (the "**Corporation**"), to provide funds that will be used, together with other monies, to finance a project (the "**Project**") consisting generally of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Bonds.

The Bonds are being issued initially as fully registered bonds in denominations of $5,000 or any multiple thereof. The Bonds will bear interest at the rates and will mature in the amounts and on the dates as set forth on the inside front cover of the Official Statement dated August [__], 2025 relating to the Bonds.

Concurrently with the issuance of the Bonds, the Authority and the Corporation are entering into a Loan and Security Agreement, dated as of August 1, 2025, (the "**Loan Agreement**"), providing for the loan of the proceeds of the Bonds to the Corporation to pay certain costs of the Project. The Corporation will hold title to the Facilities and will lease the Facilities to Addenbrooke Classical Academy, Inc., a public charter school and Colorado nonprofit corporation (the "**Charter School**") pursuant to the terms of a Lease Agreement, dated as of August 1, 2025 (the "**Lease**"), by and between the Corporation and the Charter School. The Charter School will be the owner of the Facilities for federal tax purposes.

The Charter School has represented that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), is not a "private foundation" within the meaning of Section 509(a) of the Code, and is exempt from federal income tax under Section 501(a) of the Code. The Charter School has covenanted that it will maintain its status as a 501(c)(3) organization under the Code and will take whatever actions are necessary to continue to be organized and operated in a manner which will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated business income).

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2025A Bonds for interest thereon to remain excludable from the gross income of the owners of the Series 2025A Bonds for federal income tax purposes. The Authority, the Charter School and the Corporation have covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the Series 2025A Bonds to be included in the gross income of the owners of the Series 2025A Bonds for federal income tax purposes, retroactive to the date of issue of the Series 2025A Bonds or as of some later date. Under the Loan Agreement, the Corporation has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Series 2025A Bonds under Section 103(a) of the Code. For the purposes of the opinions set forth below, we have assumed that the Authority and the Corporation will comply with the covenants set forth in the Indenture and Loan Agreement relating to the tax-exempt status of the interest on the Series 2025A Bonds.

Under the Loan Agreement, the Corporation is obligated to make loan payments in the amounts and at the times necessary to pay, when due, the principal of, premium, if any, and interest on the Bonds. Under the Indenture, the Authority has assigned certain of its rights and interests under the Loan Agreement, including its right to receive the payments under the Loan Agreement in respect of the Bonds, to the Trustee for the benefit of the holders of the Bonds.

Under the Indenture and the Loan Agreement, respectively, the Authority and the Corporation have covenanted that they will comply with the requirements of Section 148 of the Code pertaining to arbitrage bonds. In addition, an officer of the Authority responsible for issuing the Series 2025A Bonds and authorized officers of the Corporation and the Charter School have executed certificates stating the reasonable expectations of the Authority, the Corporation and the Charter School on the date of issue of the Series 2025A Bonds as to future events that are material for the purposes of such requirements of the Code. The Authority also has delivered to us for filing with the Internal Revenue Service a report prepared by us of the issuance of the Series 2025A Bonds as required by the Code as a condition of the exclusion from gross income of the interest on the Series 2025A Bonds for federal income tax purposes.

In our capacity as bond counsel we have examined such documents, records of the Authority and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement and the other documents listed in the closing index in respect of the Bonds filed with the Trustee. We also assume that the Indenture and the Loan Agreement have been duly authorized, executed and delivered by, and are valid and binding obligations of, the parties thereto other than the Authority. We also have examined an executed Bond, authenticated by the Trustee, and have assumed that all other Bonds have been similarly executed and authenticated.

In rendering the foregoing opinions, we have relied upon and assumed the accuracy of the opinions, dated this date, of Miller Farmer Carlson Law, LLC, counsel to the Charter School and the Corporation, including in connection with the status of the Charter School as a Section 501(c)(3) organization.

Based on the foregoing, it is our opinion under existing law and as of the date hereof that:

1. The Authority has been created and is a public body politic and corporate constituting a public instrumentality, validly organized and existing under the laws and constitution of the State of Colorado (the "**State**"), with full power and authority to undertake the financing of the Project, to execute, deliver and perform its obligations under the Loan Agreement and the Indenture, and to issue and sell the Bonds.

2. The Loan Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except as the rights created thereunder and enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. All conditions precedent to the issuance of the Bonds pursuant to the Indenture have been satisfied.

4. The issuance and sale of the Bonds have been duly authorized by the Authority. On the assumption as to execution and authentication stated above, the Bonds have been duly executed and delivered by the Authority and are legal, valid and binding limited revenue obligations of the Authority enforceable against the Authority in accordance with their terms and entitled to the benefit and security of the Indenture, except as the rights created thereunder and enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

5. Assuming the accuracy of certain representations and certifications of the Authority, the Corporation, and the Charter School, and continuing compliance with certain tax covenants by the Authority, the Corporation, and the Charter School, interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Series 2025A Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

6. Interest on the Series 2025B Bonds is included in gross income of the owners for federal income tax purposes.

7. Under the laws of the State as presently enacted and construed, interest on the Bonds is exempt from all taxation and assessments in the State.

Except as set forth in paragraphs 5, 6, and 7 above, we express no opinion regarding any federal, State, or local tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

We express no opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds or with respect to the accuracy or completeness of any information pertaining to the offering for sale of the Bonds. We are not rendering any opinion with respect to the priority of the lien of the Indenture.

We call your attention to the fact that the Bonds are limited obligations of the Authority payable only out of certain revenues of the Authority including payments to be made by the Corporation pursuant to the Loan Agreement and certain other moneys available therefor as provided in the Indenture, and that the Bonds do not pledge the general credit or taxing power of the State or any political subdivision thereof. The Authority has no taxing power. The Authority has no power to levy any tax or assessment.

Very truly yours,

/s/ Casey Parrot LLC

# APPENDIX F

# FORMS OF CONTINUING DISCLOSURE AGREEMENTS

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**CONTINUING DISCLOSURE AGREEMENT OF CHARTER SCHOOL**

**FOR THE PURPOSE OF PROVIDING**
**CONTINUING DISCLOSURE INFORMATION**
**UNDER SECTION (B)(5) OF SEC RULE 15C2-12, AS AMENDED**

**[_____ __], 2025**

This Continuing Disclosure Agreement (this "**Agreement**") is executed and delivered by and between Addenbrooke Classical Academy, Inc., a Colorado public charter school and nonprofit corporation (the "**Charter School**") and Digital Assurance Certification, LLC, as dissemination agent (the "**Dissemination Agent**") in connection with the issuance by the Colorado Educational and Cultural Facilities Authority (the "**Authority**") of its $[_____] Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A (the "**Series 2025A Bonds**") and its $[_____] Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B (the "**Series 2025B Bonds**" and together with the Series 2025A Bonds, the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and UMB Bank, n.a., as trustee thereunder (the "**Trustee**"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the owners thereof, the Charter School hereby covenants and agrees as follows:

**Section 1. Purpose of this Agreement**. This Agreement is executed and delivered by the Charter School as of the date set forth below, for the benefit of the holders and owners (the "**Bondholders**") of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

**Section 2. Definitions**. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"**Annual Financial Information**" means the financial information and operating data described in **Exhibit I**.

"**Annual Financial Information Disclosure**" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

"**Audited Financial Statements**" means the audited consolidated financial statements of the Charter School, prepared pursuant to the standards and as described in **Exhibit I**.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Dissemination Agent**" means Digital Assurance Certification, LLC, or any successor in interest thereto.

"**EMMA**" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Material Event**" means the occurrence of any of the events with respect to the Bonds set forth in **Exhibit II**.

"**Material Events Disclosure**" means dissemination of a notice of a Material Event as set forth in Section 5.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Participating Underwriter**" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

"**Prescribed Form**" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at *www.emma.msrb.org* (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"**Rule**" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"**State**" means the State of Colorado.

**Section 3. CUSIP Number/Final Official Statement**. The nine digit CUSIP [1, ©] of the final maturity of the Series 2025A Bonds is 19645U [___]. The nine digit CUSIP [1, ©] of the final maturity of the Series 2025B Bonds is 19645U [___]. The Official Statement relating to the Bonds is dated [_____], 2025.

**Section 4. Annual Financial Information Disclosure**. Subject to Section 10 of this Agreement, the Charter School hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in **Exhibit I**) by the Charter School's delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 210 days of the completion date of the Charter School's fiscal year (the "**Annual Filing Date**"), commencing with the fiscal year ending June 30, 2026.

The Charter School is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Charter School will disseminate a

[1] The Charter School takes no responsibility for the accuracy of the CUSIP number, which is included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Charter School and are included solely for the convenience of the holders of the Bonds. The Charter School is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.
© CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2025 CUSIP Global Services. All rights reserved.

statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Material Events Disclosure**. Subject to Section 10 of this Agreement, the Charter School hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of a Material Event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture. From and after the Effective Date, the Charter School is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

**Section 6. Duty To Update EMMA/MSRB**. The Charter School shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the Charter School to Provide Information**. The Charter School shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of a Material Event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

If the Dissemination Agent has not received Annual Financial Information and the Audited Financial Statements by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first Business Day thereafter), a failure to file event shall have occurred and the Charter School irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB without reference to the anticipated filing date for the Annual Financial Information and the Audited Financial Statements.

In the event of a failure of the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Charter School to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Charter School to comply with this Agreement shall be an action to compel performance.

**Section 8. Amendments; Waiver**. Notwithstanding any other provision of this Agreement, the Charter School may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is 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 Charter School or type of business conducted;

(b) This Agreement, as amended, or the provision, as 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 interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Authority or the Charter School (such as the Trustee) or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Charter School or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(d) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of this Agreement**. This Agreement of the Charter School shall be terminated hereunder when the Charter School shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Charter School shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable. This Agreement may be terminated by either party hereto provided that the Charter School enters into a new continuing disclosure agreement with a dissemination agent with terms similar to those set forth in this Agreement.

**Section 10. Dissemination Agent**. So long as the Bonds are outstanding, the Charter School shall appoint and continuously engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement. The Charter School hereby appoints Digital Assurance Certification, LLC, as Dissemination Agent, and the Dissemination Agent hereby accepts such appointment. The Dissemination Agent hereby agrees to notify the Charter School 30 days prior to the required dissemination of disclosure filings pursuant to Sections 4 and 11 hereof. The Dissemination Agent additionally agrees to disseminate the information required by Sections 4 and 11 hereof, and any information provided to the Dissemination Agent under Section 5 hereof, pursuant to the terms of this Agreement.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement and no implied covenants or obligation shall be read into this Agreement against the Dissemination Agent. 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 Charter School has provided such information to the Dissemination Agent as required by this 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, verify or confirm the completeness of any information, disclosures or notices provided to it by the Charter School and shall not be deemed to be acting in any fiduciary capacity for the Charter School, the Authority, any Bondholder, the Participating Underwriter, the Trustee or any other party. The Dissemination Agent shall have no responsibility for the Charter School's failure to report to the Dissemination Agent a Material 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 Charter School has complied with this Agreement. The Dissemination Agent may conclusively rely upon certifications of the Charter School at all times. The limitations of the Dissemination Agent under this paragraph shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Charter School agrees to indemnify and to save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct.

**Section 11. Additional Information**. Nothing in this Agreement shall be deemed to prevent the Charter School from disseminating any other information, including such information to be disseminated

pursuant to Section 10.10 (Provision of Financial and Related Information) of the Lease, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Charter School chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Charter School shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

**Section 12. Beneficiaries**. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Charter School, the Dissemination Agent, if any, the Authority, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping**. The Charter School shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Assignment**. The Charter School shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Charter School under this Agreement or to execute a new continuing disclosure agreement under the Rule.

**Section 15. Electronic Transactions**. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 16. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have no responsibility with respect to the content of any disclosures or notice pursuant to the terms hereof. The Dissemination Agent shall have no responsibility for the Charter School's failure to report to the Dissemination Agent a Material Event or a duty to determine the materiality thereof. The Dissemination Agent may conclusively rely upon certifications of the Charter School at all times. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Charter School. The Dissemination Agent shall have no duty or obligation to review or verify any information contained in the Annual Financial Information or any other information, disclosures or notices provided to it by the Charter School and shall not be deemed to be acting in any fiduciary capacity for the Charter School, the Bondholders, or any other party.

**Section 17. Governing Law**. This Agreement shall be governed by the laws of the State.

[Remainder of Page Intentionally Left Blank]

**ADDENBROOKE CLASSICAL ACADEMY, INC.**, a Colorado public charter school and nonprofit corporation

By:_____
President

**DIGITAL ASSURANCE CERTIFICATION, LLC**, as Dissemination Agent

By:_____
Authorized Signatory

[Signature Page to Continuing Disclosure Agreement of the Charter School]

## EXHIBIT I

## ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data exclusive of Audited Financial Statements set forth below, commencing with the Fiscal Year ending June 30, 2025 to be provided by January 26, 2026.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Charter School shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 210 days after the last day of the Charter School's fiscal year. Audited Financial Statements prepared as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the Charter School.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, including for this purpose a change made to the fiscal year-end of the Charter School, the Charter School will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

The Annual Financial Information shall be for the same Fiscal Year in which the Audited Financial Statements were prepared and of the general type included in Appendix A to the Official Statement provided in the following tables, but subject to adjustments as may be noted below:

| **20__-20__ Staff Composition** | | |
|---|---|---|
| | **Full-Time** | **Part-Time** |
| Administration | | |
| Elementary School Instructors | | |
| Middle School Instructors | | |
| High School Instructors | | |
| Special Education | | |
| Reading Specialists | | |
| Instructional Support Staff | | |
| Other [1] | | |
| **Total** | | |

[1] Includes [_____].

| Staff Qualifications | |
|---|---|
| **Degree Held** | **Total Charter School Percent of Staff** |
| None | |
| Bachelor's | |
| Master's | |
| Doctorate | |
| Total | 100% |

| Teacher Retention Rates | |
|---|---|
| **Year** | **Total Charter School Percent Retained** |
| From 20__-20__ to 20__-20__ | – |

| Enrollment | |
|---|---|
| **Grade** | **20__-20__** |
| Pre-K | |
| K | |
| 1st | |
| 2nd | |
| 3rd | |
| 4th | |
| 5th | |
| 6th | |
| 7th | |
| 8th | |
| 9th | |
| 10th | |
| 11th | |
| 12th | |
| Total | |

| Percentage of Students Retained by Grade | |
|---|---|
| **Grade** | **20__-20__ to 20__-20__** |
| 1st | % |
| 2nd | |
| 3rd | |
| 4th | |
| 5th | |
| 6th | |
| 7th | |
| 8th | |
| 9th | |
| 10th | |
| 11th | |
| 12th | |

| Waitlist | |
|---|---|
| **Grade** | **20__- 20__** |
| Pre-K | |
| K | |
| 1st | |
| 2nd | |
| 3rd | |
| 4th | |
| 5th | |
| 6th | |
| 7th | |
| 8th | |
| 9th | |
| 10th | |
| 11th | |
| 12th | |

| CMAS Results % Met or Exceeded [1] | | | | |
|---|---|---|---|---|
| | | 20__ | | |
| **Grade** | **Subject** | **Charter School** | **District** | **State** |
| 3rd | ELA – English | | | |
| | ELA – Spanish | | | |
| | Math | | | |
| 4th | ELA | | | |
| | ELA – Spanish | | | |
| | Math | | | |
| 5th | ELA | | | |
| | Math | | | |
| | Science | | | |
| 6th | ELA | | | |
| | Math | | | |
| 7th | ELA | | | |
| | Math | | | |
| 8th | ELA | | | |
| | Math | | | |
| | Science | | | |
| HS | Science | | | |

[1] ELA is an acronym for English Language Arts.

| 20__ SAT Average Scores – Evidence Based Reading and Writing | | | |
|---|---|---|---|
| **Grade** | **Charter School** | **District** | **State** |
| PSAT9 | | | |
| PSAT10 | | | |
| SAT (11) | | | |

| 20__ SAT Average Scores – Math | | | |
|---|---|---|---|
| **Grade** | **Charter School** | **District** | **State** |
| PSAT9 | | | |
| PSAT10 | | | |
| SAT (11) | | | |

NOTE: The State mandated testing may change from year to year, and the Charter School shall disseminate the testing results mandated by the State in a format comparable to the foregoing, as applicable. If the State does not mandate testing, no testing results are to be reported.

| Graduation Rates |
|---|
| **20__- 20__** |
| % |

| Per Pupil Rate ("PPR") | |
|---|---|
| **School Year** | **PPR** |
| 20__-20__ | $ |

## EXHIBIT II

## EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Nonpayment-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 security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Charter School[1].
13. The consummation of a merger, consolidation or acquisition involving the Charter School or the sale of all or substantially all of the assets of the Charter School, 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 Charter School, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Charter School, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Charter School, any of which reflect financial difficulties.

[1] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Charter School 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 Charter School, 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 Charter School.

**CONTINUING DISCLOSURE AGREEMENT OF THE CORPORATION**

**FOR THE PURPOSE OF PROVIDING**
**CONTINUING DISCLOSURE INFORMATION**
**UNDER SECTION (B)(5) OF SEC RULE 15C2-12, AS AMENDED**

**[_____ __], 2025**

This Continuing Disclosure Agreement (this "**Agreement**") is executed and delivered by and between Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation (the "**Corporation**") and Digital Assurance Certification, LLC, (the "**Dissemination Agent**"), as dissemination agent, in connection with the issuance by the Colorado Educational and Cultural Facilities Authority (the "**Authority**") of its $[_____] Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A (the "**Series 2025A Bonds**") and its $[_____] Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B (the "**Series 2025B Bonds**" and together with the Series 2025A Bonds, the "**Bonds**"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and UMB Bank, n.a., as trustee thereunder (the "**Trustee**"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the owners thereof, the Corporation hereby covenants and agrees as follows:

**Section 1. Purpose of this Agreement**. This Agreement is executed and delivered by the Corporation as of the date set forth below, for the benefit of the holders and owners (the "**Bondholders**") of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

**Section 2. Definitions**. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"**Annual Financial Information**" means the financial information and operating data described in **Exhibit I**.

"**Annual Financial Information Disclosure**" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"**Audited Financial Statements**" means the audited consolidated financial statements of the Corporation described in Section 8.04 of the Loan Agreement, prepared pursuant to the standards and as described in **Exhibit I**.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Dissemination Agent**" means Digital Assurance Certification, LLC or any successor in interest thereto.

"**EMMA**" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Material Event**" means the occurrence of any of the events with respect to the Bonds set forth in **Exhibit II**.

"**Material Events Disclosure**" means dissemination of a notice of a Material Event as set forth in Section 5.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Participating Underwriter**" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

"**Prescribed Form**" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at *www.emma.msrb.org* (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"**Rule**" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"**State**" means the State of Colorado.

**Section 3. CUSIP Number/Final Official Statement**. The nine digit CUSIP [1, ©] of the final maturity of the Series 2025A Bonds is 19645U [___]. The nine digit CUSIP [1, ©] of the final maturity of the Series 2025B Bonds is 19645U [___]. The Official Statement relating to the Bonds is dated [_____], 2025.

**Section 4. Annual Financial Information Disclosure**. Subject to Section 10 of this Agreement, the Corporation hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in **Exhibit I**) by the Corporation's delivery of such Annual Financial Information and the Audited Financial Statements to the MSRB within 210 days of the completion of the Corporation's fiscal year, commencing with the fiscal year ending June 30, 2026 (the "**Annual Filing Date**"), only if required by Sections 8.04 and 8.05 of the Loan Agreement. The Corporation is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Corporation will disseminate a

[1] The Corporation takes no responsibility for the accuracy of the CUSIP number, which is included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the holders of the Bonds. The Corporation is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

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statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Material Events Disclosure**. Subject to Section 10 of this Agreement, the Corporation hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of a Material Event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture. From and after the Effective Date, the Corporation is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

**Section 6. Duty to Update EMMA/MSRB**. The Corporation shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the Corporation to Provide Information**. The Corporation shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of a Material Event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

If the Dissemination Agent has not received Annual Financial Information and the Audited Financial Statements by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first Business Day thereafter), a failure to file event shall have occurred and the Corporation irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB without reference to the anticipated filing date for the Annual Financial Information and the Audited Financial Statements.

In the event of a failure of the Corporation to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Corporation to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Corporation to comply with this Agreement shall be an action to compel performance.

**Section 8. Amendments; Waiver**. Notwithstanding any other provision of this Agreement, the Corporation may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is 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 Corporation or type of business conducted;

(b) This Agreement, as amended, or the provision, as 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;

(c) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Authority or the Corporation (such as the Trustee) or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Corporation or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(d) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Agreement**. This Agreement shall be terminated hereunder when the Corporation shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Corporation shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable. This Agreement may be terminated by either party hereto provided that the Corporation enters into a new continuing disclosure agreement with a dissemination agent with terms similar to those set forth in this Agreement.

**Section 10. Dissemination Agent**. The Corporation must appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement. The Corporation hereby appoints Digital Assurance Certification, LLC, as Dissemination Agent, and the Dissemination Agent hereby accepts such appointment. The Dissemination Agent hereby agrees to notify the Corporation 30 days prior to the required dissemination of disclosure filings pursuant to Section 4 hereof. The Dissemination Agent additionally agrees to disseminate the information required by Section 4 and any information provided to the Dissemination Agent under Sections 5 and 11 hereof pursuant to the terms of this Agreement.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement and no implied covenants or obligation shall be read into this Agreement against the Dissemination Agent. 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 Corporation has provided such information to the Dissemination Agent as required by this 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, verify or confirm the completeness of any information, disclosures or notices provided to it by the Corporation and shall not be deemed to be acting in any fiduciary capacity for the Corporation, the Authority, any Bondholder, the Participating Underwriter, the Trustee or any other party. The Dissemination Agent shall have no responsibility for the Corporation's failure to report to the Dissemination Agent a Material 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 Corporation has complied with this Agreement. The Dissemination Agent may conclusively rely upon certifications of the Corporation at all times. The limitations of the Dissemination Agent under this paragraph shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Corporation agrees to indemnify and to save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct.

**Section 11. Additional Information**. Nothing in this Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual

Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Corporation chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Corporation shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

**Section 12. Beneficiaries**. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Corporation, the Dissemination Agent, if any, the Authority, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping**. The Corporation shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Assignment**. The Corporation shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Corporation under this Agreement or to execute a new continuing disclosure agreement under the Rule.

**Section 15. Electronic Transactions.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 16. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have no responsibility with respect to the content of any disclosures or notice pursuant to the terms hereof. The Dissemination Agent shall have no responsibility for the Corporation's failure to report to the Dissemination Agent a Material Event or a duty to determine the materiality thereof. The Dissemination Agent may conclusively rely upon certifications of the Corporation at all times. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Corporation. The Dissemination Agent shall have no duty or obligation to review or verify any information contained in the Annual Financial Information or any other information, disclosures or notices provided to it by the Corporation and shall not be deemed to be acting in any fiduciary capacity for the Corporation, the Bondholders, or any other party.

**Section 17. Governing Law**. This Agreement shall be governed by the laws of the State.

[Remainder of Page Intentionally Left Blank]

**ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION**, a Colorado nonprofit corporation

By:_____
President

**DIGITAL ASSURANCE CERTIFICATION, LLC**, as Dissemination Agent

By:_____
Authorized Signatory

[Signature Page to Continuing Disclosure Agreement of the Corporation]

## EXHIBIT I

## ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"**Annual Financial Information**" means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference under Sections 8.04 and 8.05 of the Loan Agreement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Corporation shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 210 days after the last day of the Corporation's fiscal year. Audited Financial Statements prepared as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the Corporation.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, including for this purpose a change made to the fiscal year-end of the Obligated Person (as defined in the Rule), the Corporation will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

## EXHIBIT II

## EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Nonpayment-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 security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Corporation [1].
13. The consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, 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 Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Corporation, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Corporation, any of which reflect financial difficulties.

[1] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation 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 Corporation, 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 Corporation.

## APPENDIX G

## BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company ("**DTC**") New York, New York and DTC's book-entry-only system has been obtained from DTC, and none of the Authority, the Corporation, the Charter School, the Trustee and the Underwriter take any 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 securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Series of the Series 2025 Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of each Series of the Series 2025 Bonds and deposited with DTC.

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

Purchases of the 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 Participant 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 the 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 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 remain responsible for keeping accounts 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 the Series 2025 Bonds may wish to take certain steps to augment the 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 Series 2025 Bond documents. For example, Beneficial Owners of the 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 will 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 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 Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2025 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2025 Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Series 2025 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025 Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Series 2025 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership

rights in the Series 2025 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

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 Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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# APPENDIX H

# FORMS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE

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**INDENTURE OF TRUST**

**By and Between**

**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY,**
**as Issuer**

**and**

**UMB BANK, N.A.,**
**as Trustee**

**$[A-PAR]**
**Colorado Educational and Cultural Facilities Authority**
**Charter School Refunding Revenue Bonds**
**(Addenbrooke Classical Academy Project)**
**Series 2025A**

**and**

**$[B-PAR]**
**Colorado Educational and Cultural Facilities Authority**
**Charter School Refunding Revenue Bonds**
**(Addenbrooke Classical Academy Project)**
**Federally Taxable Series 2025B**

**Dated as of August 1, 2025**

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**INDENTURE OF TRUST**

**THIS INDENTURE OF TRUST**, dated as of August 1, 2025 (this "**Indenture**"), is by and between the **COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY**, an independent public body politic and corporate constituting a public instrumentality (the "**Authority**"), and **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, solely in its capacity as trustee (the "**Trustee**"), being authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America.

**W I T N E S S E T H :**

WHEREAS, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Indenture, and if not defined below, shall have the definition or the same meaning set forth in the Loan and Security Agreement, dated as of August 1, 2025, by and between the Authority and Addenbrooke Classical Academy Building Corporation (the "**Corporation**"), a duly organized and validly existing Colorado nonprofit corporation; and

WHEREAS, the Authority is authorized by the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23 of the Colorado Revised Statutes, as amended (the "**Act**") and the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended (the "**Supplemental Act**"), to make secured or unsecured loans to persons, educational institutions and cultural institutions operating in the State of Colorado (the "**State**"), for the purpose of financing or refinancing the costs of the acquisition, construction, reconstruction, repair, alteration, equipment, enlargement, improvement and extension of facilities required or useful for the operation of an educational institution or a cultural institution and the refunding or refinancing of any outstanding obligations incurred to finance such facilities; and

WHEREAS, the Corporation has requested the Authority to issue its bonds and loan the proceeds therefrom to the Corporation, pursuant to and in accordance with the Act and the Supplemental Act, for the purposes of for the purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Bonds, including the premium for the Bond Insurance Policy (collectively, the "**Project**"); and

WHEREAS, the Facilities are expected to continue to be leased to Addenbrooke Classical Academy, Inc. (the "**Charter School**"), a Colorado nonprofit corporation and public



charter school authorized by Jefferson County School District R-1, duly organized and validly existing under the Charter Schools Act, Article 30.5 of Title 22 of the Colorado Revised Statutes, as amended (the "**Charter Schools Act**"), pursuant to the terms and provisions of a Lease Agreement, dated as of August 1, 2025 (the "**Lease**"), by and between the Corporation and the Charter School; and

WHEREAS, the Act and the Supplemental Act authorize the Authority to issue revenue bonds to finance the Project; and

WHEREAS, the Authority has authorized the issuance of the Series 2025 Bonds (as more particularly defined herein), and has entered into the Loan Agreement and this Indenture specifying the terms and conditions of a loan by the Authority to the Borrower of the proceeds of the Series 2025 Bonds to provide for financing and refinancing of the Project and of the payment by the Borrower to the Authority of amounts sufficient for the payment of the principal of, premium, if any, or interest on the Bonds and costs incidental thereto; and

WHEREAS, in order to finance the cost of the Project, the Authority will issue, pursuant to the Act, the Supplemental Act and the Bond Resolution, its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Series 2025A in the original aggregate principal amount of $[A-PAR] (the "**Series 2025A Bonds**") and its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Federally Taxable Series 2025B in the original aggregate principal amount of $[B-PAR] (the "**Series 2025B Bonds**", and together with the Series 2025A Bonds, the "**Series 2025 Bonds**") pursuant to and secured by this Indenture; and

WHEREAS, [Bond Insurer] (the "**Bond Insurer**") has issued its offer to insure (the "**Commitments**"), by which it is offering to commit to issue Municipal Bond Insurance Policies (each, the "**Bond Insurance Policy**") insuring the payment when due of the principal of and interest on the Series 2025 Bonds; and

WHEREAS, the Series 2025 Bonds and the authentication certificates are to be substantially in the following form, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture:

**[FORM OF SERIES 2025 BOND]**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("**DTC**"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.



**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY**
**CHARTER SCHOOL REFUNDING REVENUE BOND**
**(ADDENBROOKE CLASSICAL ACADEMY PROJECT)**
**[FEDERALLY TAXABLE] SERIES 2025[A][B]**

No. R[A][B]-___ $_____

| Maturity Date | Dated Date | Interest Rate | CUSIP |
|---|---|---|---|
| June 1, 20__ | August [__], 2025 | ___% per annum | 19645U ___ |

REGISTERED OWNER: CEDE & CO.
Tax Identification Number: 13-2555119

PRINCIPAL AMOUNT: **DOLLARS**

COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY, an independent public body politic and corporate constituting a public instrumentality (the "**Authority**"), for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the corporate trust operations office of UMB Bank, n.a., as trustee, Kansas City, Missouri, or at such other location as it shall designate, or at the principal office of its successor in trust (the "**Trustee**") under the Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and the Trustee, and to pay, from like sources, to the person who is the Registered Owner hereof on the fifteenth day of the month immediately preceding the month in which an interest payment date occurs (the "**Regular Record Date**") by check or draft mailed on such payment date to such Registered Owner (except that Registered Owners of at least $500,000 in aggregate principal amount of the Series 2025 Bonds (as defined below) outstanding may, by written request received by the Trustee at least ten (10) Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America) at his or her address as it last appears on the registration books kept for that purpose at the offices of the Trustee, interest on said sum in lawful money from the date hereof at the interest rate set forth above, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2025, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of the Bonds not less than ten (10) days prior thereto.

This bond is one of a duly authorized series of the Authority's "*Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke*

*Classical Academy Project) [Federally Taxable] Series 2025[A][B]*" (the "**Series 2025[A][B] Bonds**") in the original aggregate principal amount of $[[A-PAR]][[B-PAR]]. The Series 2025[A][B] Bonds are being issued on a parity with the "*Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) [Federally Taxable] Series 2025[B][A]*" (the "**Series 2025[B][A] Bonds**" and together with the Series 2025[A][B] Bonds, the "**Series 2025 Bonds**") in the original aggregate principal amount of $[[B-PAR]][[A-PAR]]. The Series 2025 Bonds are issued under and equally and ratably secured by the Indenture. The Series 2025 Bonds are pass-through obligations and have been issued under the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23, of Colorado Revised Statutes (the "**Act**"), as amended and the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of Colorado Revised Statutes, as amended (the "**Supplemental Act**"), to loan the proceeds thereof to the Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation (the "**Corporation**"), for the purposes of for the purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Bonds, including the premium for the Bond Insurance Policy (collectively, the "**Project**").

This bond is a special, limited obligation of the Authority payable solely from and secured by (a) a pledge of certain rights of the Authority under and pursuant to the (i) Loan and Security Agreement, dated as of August 1, 2025 (the "**Loan Agreement**"), by and between the Authority and the Corporation; (ii) Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of August 1, 2025, from the Corporation to the Public Trustee of the County of Jefferson, Colorado for the benefit of the Trustee (the "**Deed of Trust**"); and (iii) the Lease (as hereinafter defined), (b) a pledge of the Funds and Revenues as defined in the Indenture (other than the Rebate Fund) and (to the extent provided in the Indenture) all trust accounts created under the Indenture and the Loan Agreement. The Loan Payments (as defined in the Loan Agreement) required by the Corporation under the Loan Agreement do not constitute general obligations of the Corporation (other than with respect to certain fees and indemnities owed the Authority and the Trustee), but are limited special obligations of the Corporation payable upon an event of default solely from the Pledged Revenues or from amounts received from the foreclosure of the Deed of Trust on the Facilities (as defined in the Indenture) and the exercise of rights against any personal or other intangible property in which a security interest was granted by the Loan Agreement; the registered owners of the herein defined Series 2025 Bonds shall not have any recourse to any other property, funds or assets of the Corporation with respect to such payments. The Facilities are expected to continue to be leased by the Corporation to Addenbrooke Classical Academy, Inc. (the "**Charter School**"), a Colorado nonprofit corporation and public charter school authorized by Jefferson County School District



R-1, duly organized and validly existing under the Charter Schools Act, Article 30.5 of Title 22 of the Colorado Revised Statutes, as amended (the "**Charter Schools Act**"), pursuant to the terms and provisions of a Lease Agreement, dated as of August 1, 2025 (the "**Lease**"), by and between the Corporation and the Charter School. The Pledged Revenues are expected to consist of the payments received by the Corporation from the Lease.

The financing of the Project has been authorized by the Bond Resolution (as defined in the Indenture) duly adopted by the Authority pursuant to the laws of the State of Colorado (the "**State**"). This bond shall not constitute or become an indebtedness, a debt or a liability of or a charge against the general credit or taxing power of the State, the General Assembly of the State, or any county, city, city and county, town, school district or other subdivision of the State or of any other political subdivision or body corporate and politic within the State other than the Authority (but only to the extent of the Revenues pledged in the Indenture) and neither the State, the General Assembly of the State, nor any county, city, city and county, town, school district or other subdivision of the State except the Authority to the extent provided above shall be liable hereon; nor shall this bond constitute the giving, pledging or loaning of the faith and credit of the State, the General Assembly of the State, or any county, city, city and county, town, school district or other subdivision of the State or of any other political subdivision or body corporate and politic within the State but shall be payable solely from the funds pledged therefor. The issuance of this bond shall not, directly or indirectly or contingently, obligate the State or any subdivision of the State nor empower the Authority to levy or collect any form of taxes or assessments therefor or to create any indebtedness payable out of taxes or assessments or make any appropriation for the payment of this bond, and such appropriation or levy is prohibited. Nothing in the Act shall be construed to authorize the Authority to create a debt of the State within the meaning of the Constitution or statutes of the State or authorize the Authority to levy or collect taxes or assessments. The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on this bond or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Authority. No breach of any such pledge, mortgage, obligation or agreement shall impose any pecuniary liability upon the State or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

By enactment of Section 23-15-124 of the Act, the State has pledged to and agreed with the owners of bonds, notes and other obligations issued under the Act, and with those parties who may enter into contracts with the Authority pursuant to the provisions of the Act, that the State will not limit, alter, restrict or impair the rights vested in the Authority to acquire, construct, reconstruct, maintain and operate any facility as defined in the Act or to establish, revise, charge and collect rates, rents, fees and other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the owners of bonds, notes or other obligations authorized and issued by the Act and with the parties who may enter into contracts with the Authority pursuant to the Act and will not in any way impair the rights or remedies of the owners of such bonds, notes or other obligations of such parties until such bonds, notes and other obligations, together with interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such owners , are fully met and discharged and such contracts are fully performed on the part of the Authority. Nothing in the Act precludes such limitation or alteration if and when adequate provision is made by law for the protection of the



owners of such bonds, notes or other obligations of the Authority or those entering into such contracts with the Authority.

[The Series 2025A Bonds maturing on and after June 1, 20[__] are subject to redemption prior to maturity, at the option of the Authority, as a whole or in Authorized Denominations, in any order of maturity and in whole or partial maturities, on June 1, 20[__], and on any date thereafter, upon direction by the Corporation and upon payment of par, plus accrued interest through the date of redemption. The Series 2025A Bonds are subject to mandatory sinking fund redemption as more particularly set forth in the Indenture.][The Series 2025B Bonds are not subject to optional redemption prior to maturity. The Series 2025B Bonds are subject to mandatory sinking fund redemption as more particularly set forth in the Indenture.]

The Series 2025 Bonds are also redeemable at the option and upon the written direction of the Corporation in whole at any time or in part on any interest payment date from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2025 Bond redeemed and accrued interest to the redemption date upon the occurrence of any of the following events:

(a) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, (i) the Facilities cannot reasonably be restored within a period of six (6) consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii)the Corporation or its lessee are thereby prevented from carrying on its normal operations for a period of six (6) consecutive months, or (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.03 of the Loan Agreement.

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

(c) As a result of any changes in the Constitution of the State of Colorado or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the Facilities, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement. Redemption pursuant to this subsection (c) shall be in whole only.

The Series 2025 Bonds are subject to mandatory sinking fund redemption, on the dates and in the principal amounts set forth in the Indenture, at a redemption price equal to 100% of



the principal amount of such Series 2025 Bonds being redeemed and accrued interest to the redemption date.

In the event less than all of the Series 2025 Bonds are to be redeemed, they shall be selected in such manner as the Corporation may determine (less than all of the Series 2025 Bonds of a single maturity to be selected by lot in such manner as the Trustee may determine). Notice of the call for redemption shall be given by the Trustee by transmitting a copy of the redemption notice by electronic means or first-class mail or by electronic means to DTC or its successors, not less than thirty (30) days prior to the redemption date, to the Registered Owner of the Series 2025 Bond to be redeemed in whole or in part at the address last showing on the registration books. Failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2025 Bonds. All Series 2025 Bonds called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at the time. Any notice of redemption by the Trustee may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to the pay the redemption price of the Series 2025 Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the Registered Owners of the Series 2025 Bonds called for redemption in the same manner as the original redemption notice was delivered or mailed, as the case may be.

Series 2025 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2025 Bonds.

This Series 2025 Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this bond together with a duly executed written instrument of transfer satisfactory to the Trustee; subject, however, to the terms of the Indenture which limit the transfer and exchange of Series 2025 Bonds during certain periods. Upon such transfer a new fully registered bond of Authorized Denomination or Denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee and the Authority shall require the payment by any Registered Owner of this bond requesting exchange or transfer of the reasonable expenses of the Authority, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Authority and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof, whether or not this bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

To the extent permitted by, and as provided in the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Authority and of the Registered Owners of the Bonds may be made by the Authority and the Trustee but without the consent of the Registered Owners of the Bonds in certain cases described in the Indenture, including any change which does not materially

adversely affect the interests of the Registered Owners of the Bonds. Certain other amendments may be made by the Authority and the Trustee with the consent of the Registered Owners of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by all registered owners adversely affected by such change. Any such consent by the Registered Owner of this bond shall be conclusive and binding upon such Registered Owner and upon all future registered owners of this bond and of any bond issued upon the transfer or exchange of this bond whether or not notation of such consent is made upon this bond.

The Registered Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Bonds at any such time Outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Bonds then Outstanding.

None of the members of the board of directors of the Corporation, the members of the board of directors of the Authority or any Person executing the Series 2025 Bonds shall be liable personally on the Series 2025 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability of the Authority and obligations of the Authority under the Loan Agreement and the Indenture with respect to all or any portion of the Series 2025 Bonds may be discharged at or prior to the maturity or redemption of the Series 2025 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Loan Agreement and the Indenture.

No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, officer, director, agent, servant or employee of the Authority in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Loan Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, director, agent, servant or employee of the Authority or the Corporation in his or her individual capacity, and the members of the governing bodies of the Authority and the Corporation shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.



It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed.

The Series 2025 Bonds are issued pursuant to the Supplemental Act, the Act, the Indenture, and the Bond Resolution. This recital shall conclusively impart full compliance with all of the provisions of the Supplemental Act and shall be conclusive evidence of the validity and regularity of the issuance of the Series 2025 Bonds after their delivery for value and that all of the Series 2025 Bonds issued are incontestable for any cause whatsoever after their delivery for value. No legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Series 2025 Bonds shall be commenced more than thirty days after the authorization of the Series 2025 Bonds.

Copies of the Indenture, the Loan Agreement, the Lease and other documents relating to the Series 2025 Bonds are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Authority and the Corporation, the terms of and security for the Series 2025 Bonds, the custody and application of the proceeds of the Series 2025 Bonds, the rights and remedies of the Registered Owners of the Series 2025 Bonds, amendments, and the rights, duties and obligations of the Authority and the Trustee to all of which the Registered Owner hereof, by acceptance of this bond, assents.

This bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

NONE OF THE AUTHORITY, THE CORPORATION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE SERIES 2025 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE TIMELY OR ULTIMATE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025 BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO REGISTERED OWNERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2025 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

IN WITNESS WHEREOF, the COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY has caused this bond to be signed in its name and on its behalf by



the manual or facsimile signature of its Chair and a facsimile of its corporate seal to be affixed hereon and attested by the manual or facsimile signature of its Executive Director.

[SEAL]

COLORADO EDUCATIONAL AND
CULTURAL FACILITIES AUTHORITY

By_____
Chair

Attest:

By_____
Executive Director

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This is one of the Series 2025[A][B] Bonds described in the within mentioned Indenture of Trust.

Date of Authentication: August [__], 2025

UMB BANK, N.A., as Trustee

By_____
Authorized Signatory

**[END OF FORM OF CERTIFICATE OF AUTHENTICATION]**

**[FORM OF STATEMENT OF INSURANCE]**

**STATEMENT OF INSURANCE**

[To be incorporated.]

**[END FORM OF STATEMENT OF INSURANCE]**

**[FORM OF LEGAL OPINION CERTIFICATE]**

**LEGAL OPINION CERTIFICATE**

STATE OF COLORADO )
)
CITY AND COUNTY OF DENVER ) ss.
)
COLORADO EDUCATIONAL AND )
CULTURAL FACILITIES AUTHORITY )



LEGAL OPINION CERTIFICATE

I, Mark Heller, Executive Director of the Colorado Educational and Cultural Facilities Authority do hereby certify that the attached legal opinion of Casey Parrot LLC, Denver, Colorado, is a true, perfect and complete copy of a manually executed and dated copy thereof on file in the records of the Authority.

By /s/ Mark Heller
Executive Director

**[END OF FORM OF LEGAL OPINION CERTIFICATE]**

**[FORM OF ASSIGNMENT]**

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within bond on the books kept for registration thereof with full owner of substitution in the premises.

Please insert social security or other identifying number of assignee:

_____

Dated: _____

NOTICE; The signature to this Assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

_____
NOTICE: Signature must be guaranteed by a member of a Medallion Signature Program. Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

**[END OF FORM OF ASSIGNMENT]**

**[END OF FORM OF SERIES 2025 BONDS]**

WHEREAS, all things necessary to make the Series 2025 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Authority and to constitute this Indenture a valid, binding and legal instrument for the security of the Series 2025 Bonds in accordance with its terms, have been done and performed.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Authority, in consideration of the premises and of the mutual covenants contained and of the purchase and acceptance of the Bonds by the Registered Owners thereof and of the sum of One Dollar to it duly paid by the Trustee at or before the execution and delivery of these presents, 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 Indenture, according to their tenor and effect, to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, alien, assign, pledge, set over and confirm unto UMB Bank, n.a., as Trustee, for the benefit of the Registered Owners from time to time of the Bonds, and to its successors and assigns forever, all and singular the following described property, franchises and income, without recourse and subject to the Unassigned Rights:

(a) The rights and interests of the Authority, if any, under the Loan and Security Agreement, dated as of August 1, 2025, as amended from time to time (the "**Loan Agreement**"), by and between the Authority and the Corporation, except all the Unassigned Rights.

(b) The rights and interests of the Authority in the Facilities (as defined in the Loan Agreement), subject to Permitted Encumbrances (as defined in the Loan Agreement), except the Unassigned Rights.

(c) The Pledged Revenues (as defined in the Loan Agreement) and all rights and interests of the Authority in the Pledged Revenues, subject to Permitted Encumbrances, except the Unassigned Rights.

(d) The rights and interests of the Trustee, and the Corporation under the Lease (except the rights of the Authority and the Corporation under Sections 10.07 and 13.01 of the Lease).

(e) All Funds created in this Indenture (other than the Rebate Fund), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding hereunder, and all trust accounts containing all insurance and condemnation proceeds and all Revenues payable to the Trustee by or for the account of the Authority pursuant to the Loan Agreement and



this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

(f) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security hereunder by the Authority or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms hereof.

TOGETHER WITH the rights and interests of the Trustee in the Lease and the rights and interests of the Trustee under and pursuant to the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of August 1, 2025, from the Corporation to the Public Trustee in and for the County of Jefferson, Colorado, for the benefit of the Trustee, encumbering the Facilities (said property, along with the property described in clauses (a) through (f) above being herein referred to as the "**Trust Estate**").

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the 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 Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except (a) as otherwise provided in Article VII hereof, (b) with respect to moneys otherwise held to redeem or pay particular Bonds hereunder, and (c) with respect to moneys received pursuant to the provisions of the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program for payment of the Bonds.

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly 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 Debt Service Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Authority and the United States of America 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 Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture to be and remain in full force and effect.

IT IS HEREBY EXPRESSLY ACKNOWLEDGED that the Authority has entered into this Indenture and issued the Bonds to fulfill the public purposes of the Act, and the Trustee



hereby accepts such Trust Estate and covenants to enforce the provisions of this Indenture, the Loan Agreement and the Deed of Trust so as to effect the public purposes of the Act.

THIS 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 property, rights, interests, and revenues and funds hereby pledged, assigned and mortgaged 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 Authority has agreed and covenanted, and does hereby agree and covenant with the Trustee for the benefit of the Registered Owners from time to time of the Bonds as follows:

**ARTICLE I**

**DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT**

**Section 1.01. Definitions**. All words and phrases defined in Article I of the Loan Agreement shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"**Act**" means the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23, of Colorado Revised Statutes, as amended.

"**Additional Bonds**" means bonds which may be issued under Section 2.11 below.

"**Authority Fees and Expenses**" means (i) payment or reimbursement to the Authority for any expenses or indemnification, including Additional Payments; and (ii) any other reasonable expense that may be incurred by the Authority, plus any Authority late fees incurred with respect to any of the foregoing.

"**Authorized Denomination**" means (a) with respect to the Series 2025 Bonds $5,000 and any integral multiple thereof; and (b) with respect to any Additional Bonds as provided any supplemental indenture.

"**Beneficial Owner**" means any person for which a Participant acquires an interest in the Bonds.

["**Bond Insurance Policy**" means each Municipal Bond Insurance Policy issued by the Bond Insurer, pursuant to the Commitments, that guarantees the scheduled payment of principal of and interest on the Series 2025 Bonds when due.]

["**Bond Insurer**" shall mean [Bond Insurer], or any successor thereto.]

"**Bond Purchase Agreement**" means (a) with respect to the Series 2025 Bonds, the Bond Purchase Agreement, dated August [__], 2025, by and among the Authority, the Borrower, the Charter School and D.A. Davidson & Co., as the underwriter for the Series 2025 Bonds.

"**Bond Resolution**" means the resolution duly adopted by the Authority on June 25, 2025 authorizing among other things, the issuance of the Series 2025 Bonds.



"**Business Day**" means any day other than a Saturday or Sunday or a day on which banking institutions in the State are authorized to close.

"**Cede**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

"**Colorado Charter School Debt Reserve Fund Program**" means that certain debt reserve fund program described in § 22-30.5-407, Colorado Revised Statues, as amended, or any successor statute thereto.

"**Colorado Charter School Intercept Program**" means that certain intercept program described in § 22-30.5-406, Colorado Revised Statutes, as amended, or any successor statute thereto.

"**Colorado Charter School Intercept Program Application**" means the application required under the Colorado Charter School Intercept Program.

"**Colorado Charter School Moral Obligation Program**" means that certain moral obligation program described in § 22-30.5-408, Colorado Revised Statutes, as amended, or any successor statute thereto.

"**Commitments**" means that certain offer to issue each Bond Insurance Policy, each effective August [__], 2025, issued by the Bond Insurer, and agreed to by the Authority, the Corporation and the Charter School.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**DTC Participants**" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds bonds as securities depository.

"**Electronic Means**" or "**electronic means**" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"**Fitch**" means Fitch Ratings.

"**Funds**" means the Debt Service Fund, the Bond Reserve Fund, the Rebate Fund, the Project Fund and the Issuance Expense Fund.

"**Government Obligations**" means (a) State and Local Government Series issued by the United States Treasury ("**SLGS**"); (b) United States Treasury bills, notes and bonds, as traded on the open market; and (c) Zero Coupon United States Treasury Bonds.

"**Investment Obligations**" means any investment permitted under Section 23-15-122, Colorado Revised Statutes, as amended, whether or not any such investment or reinvestment is authorized under any other law of the State, including but not limited to the following: money

market funds, bonds or other obligations of the United States; bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States; obligations issued or guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the congress of the United States; obligations issued or guaranteed by any state of the United States or any political subdivision of any such state; prime commercial paper; prime finance company paper; bankers' acceptances drawn on and accepted by commercial banks; repurchase agreements fully secured by obligations issued or guaranteed as to principal and interest by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the congress of the United States; or certificates of deposit or time deposits issued by commercial banks or savings and loan associations, and other interest bearing deposits that are insured by the federal deposit insurance corporation or its successor.

"**Loan Agreement**" means the Loan and Security Agreement, dated as of August 1, 2025, as amended from time to time, by and between the Authority and the Borrower.

"**Moody's**" means Moody's Investors Service.

"**Nominee**" means Cede & Co., as nominee of DTC, the initial securities depository for the Bonds, and any successor nominee of DTC and, if another securities depository replaces DTC as securities depository hereunder, any nominee of such substitute securities depository.

"**Outstanding**" means when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.01 hereof) shall have been theretofore deposited with the 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 Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05 or 2.06 hereof; and

(d) Bonds for which the conditions enumerated in Section 5.06 hereof have been met.

"**Participants**" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.



"**Rating Agency**" or "**Rating Agencies**" means either Moody's, S&P or Fitch.

"**Registered Owner**" or "**Owner**" means the holders and owners of the Bonds on the registration books of the Trustee, as registrar.

"**Regular Record Date**" means the close of business on the fifteenth day of the month immediately preceding the month in which an interest payment date occurs.

"**Representation Letter**" means the representation letter from the Authority to DTC, dated May 29, 2025.

"**Revenues**" means all payments received by the Trustee for the account of the Authority pursuant to the Loan Agreement and this Indenture.

"**Special Record Date**" means a special record date, which shall be a Business Day, fixed to determine the names and addresses of the Registered Owners, 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 hereof.

"**S&P**" means S&P Global Ratings.

"**State**" means the State of Colorado.

"**Supplemental Act**" means the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of Colorado Revised Statutes, as amended.

"**Trust Estate**" means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses hereof.

"**Unassigned Rights**" means the rights of the Authority under Sections 4.06, 5.02(f), 8.04, 8.05, 8.06, 10.04, 12.01, 12.10, 12.11 and 12.20 of the Loan Agreement and, to the extent not expressly provided in said sections (or in any other sections hereof or thereof) the Authority's rights thereunder and under this Indenture to (a) inspect books and records; (b) give or receive notices, approvals, consents, requests, and other communications; (c) receive payment or reimbursement for expenses, including without limitation "Additional Rents" as defined in the Loan Agreement and the Annual Fee; (d) immunity from and limitation of liability; (e) indemnification by the Corporation or any other Person; and (f) to enforce, in its own name and on its own behalf, those provisions hereof and of the Loan Agreement and any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Authority. For avoidance of doubt, the "Unassigned Rights" referenced in clauses (d), (e) and (f), above, shall include (but not be limited to) the rights of the Authority to immunity from and limitation of liability and indemnification by the Corporation as provided in the Loan Agreement and the right of any Authority Indemnified Party to enforce such rights in his, her or its own name.

"**Underwriter**" means D.A. Davidson & Co., its successors and assigns.



**Section 1.02. Indenture to Constitute Contract**. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the Authority with the Registered Owners of the Bonds, and shall be deemed to be and shall constitute contracts among the Authority, the Trustee and the Registered Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, except (a) as otherwise provided in Article VII hereof, (b) with respect to moneys otherwise held to redeem or pay particular Bonds hereunder, and (c) with respect to moneys received pursuant to the provisions of the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program for payment of the Bonds.

**Section 1.03. Pledge and Agreement of the State**. By the enactment of Section 23-15-124 of the Act, the State has pledged to and agreed with the owners of any bonds, notes, and other obligations issued under the Act, and with those parties who may enter into contracts with the Authority pursuant to the provisions of the Act, that the State will not limit, alter, restrict or impair the rights vested in the Authority to acquire, construct, reconstruct, maintain and operate any facility as defined in the Act or to establish, revise, charge and collect rates, rents, fees and other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the owners of bonds, notes or other obligations authorized and issued pursuant to the Act, and with the parties who may enter into contracts with the Authority pursuant to the Act, and will not in any way impair the rights or remedies of the owners of such bonds, notes or other obligations of such parties until such bonds, notes or other obligations, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding by or on behalf of such owners, are fully met and discharged and such contracts are fully performed on the part of the Authority. Nothing in the Act precludes such limitation or alteration if and when adequate provision is made by law for the protection of the owners, of such bonds, notes or other obligations of the Authority or those entering into such contracts with the Authority.

## ARTICLE II

## AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

**Section 2.01. Authorized Amount of Bonds**. No Bonds may be issued under this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder is hereby expressly limited to $[COMBINED PAR], except as provided in Sections 2.05, 2.06 and 2.11 hereof.

**Section 2.02. All Bonds Equally and Ratably Secured by Trust Estate; Limited Obligation of Bonds and Pledges Securing the Same**. Except as provided herein, all Bonds issued under this 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 issue 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 Indenture, and shall all be equally and ratably secured hereby.

The Bonds shall be special, limited obligations of the Authority payable solely out of the security specified in this Indenture. The Bonds shall not constitute or become an indebtedness, a debt or a liability of or a charge against the general credit or taxing power of the State, the General Assembly of the State, or of any county, city, city and county, town, school district or other subdivision of the State, or of any other political subdivision or body corporate and politic within the State other than the Authority (but only to the extent provided in this Indenture) and neither the State, the General Assembly of the State, nor any county, city, city and county, town, school district or other subdivision of the State except the Authority to the extent provided above shall be liable thereon; nor shall the Bonds constitute the giving, pledging or loaning of the faith and credit of the State, the General Assembly of the State, or any county, city, city and county, town, school district or other subdivision of the State or of any other political subdivision or body corporate and politic within the State but shall be payable solely from the funds herein provided therefor. The issuance of the Bonds shall not, directly or indirectly or contingently, obligate the State or any subdivision of the State nor empower the Authority to levy or collect any form of taxes or assessments therefor or to create any indebtedness payable out of taxes or assessments or make any appropriation for their payment, and such appropriation or levy is prohibited. Nothing in the Act shall be construed to authorize the Authority to create a debt or multiple-fiscal year obligation of the State within the meaning of the Constitution or statutes of the State or authorize the Authority to levy or collect taxes or assessments. Neither the members of the Authority nor any Person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Authority. No breach of any such pledge, mortgage, obligation or agreement shall impose any pecuniary liability upon the State or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

**Section 2.03. Authorization of Series 2025 Bonds**. There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the "Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A" in the original aggregate principal amount of $[A-PAR] and "Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B" in the original aggregate principal amount of $[B-PAR]. The Series 2025 Bonds shall be issuable as fully registered bonds in the Authorized Denominations. The Series 2025 Bonds shall be numbered separately and lettered, if at all, in such manner as the Trustee shall determine.

The Series 2025 Bonds shall be dated as of August [__], 2025. The Series 2025 Bonds shall bear interest on the basis of a 360-day year, consisting of twelve 30-day months, from their date until payment of principal has been made or provided for, payable on each June 1 and December 1 of each year, commencing December 1, 2025, except that Series 2025 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Series 2025 Bonds.

The Series 2025A Bonds shall mature on June 1 in the years and shall bear interest at the per annum interest rates set forth below:

| Year (June 1) | Amount | Interest Rate |
|---|---|---|
| 20[__] | $ | % |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |
| 20[__] | | |

The Series 2025B Bonds shall mature on June 1 in the years and shall bear interest at the per annum interest rates set forth below:

| Year (June 1) | Amount | Interest Rate |
|---|---|---|
| 20[__] | $[B-PAR] | % |

The principal of and premium, if any, on the Series 2025 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust operations office of the Trustee in Denver, Colorado, or at such other location as it shall designate, or at the principal office of its successor in trust, upon presentation and surrender of the Series 2025 Bonds. Payment of interest on any Series 2025 Bond shall be made to the Registered Owner thereof by check or draft mailed on each interest payment date by the Trustee to the Registered Owner at his or her address as it last appears on the registration records kept by the Trustee at the close of business on the Regular Record Date for such interest payment date (except that the Registered Owners of at least $500,000 in aggregate principal amount of Series 2025 Bonds Outstanding may, by written request received at least ten (10) Business Days prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America), but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to 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 Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Series 2025 Bonds not less than ten (10) days prior thereto



by first-class mail or electronic means to each such Owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of, premium, if any, and interest on any Series 2025 Bonds that are subject to the book-entry system as provided in Article II of this Indenture shall be made in accordance with the rules, regulations and procedures established by DTC in connection with its book-entry system.

The Series 2025A Bonds are subject to sinking fund redemption provisions of Section 5.03 hereof. The Series 2025 Bonds are otherwise subject to prior redemption as herein set forth. The Series 2025 Bonds shall be substantially in the form and tenor hereinabove recited with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture.

**Section 2.04. Execution of Bonds**. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of the Chair, Vice-Chair or Executive Director or any Assistant Vice-Chair of the Authority and its corporate seal or a facsimile thereof shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the Authority by any Person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such Person may have ceased to hold such office.

**Section 2.05. Registration, Transfer and Exchange of Bonds; Persons Treated as Registered Owners**. The Authority shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee. Upon surrender for transfer of any Bond at the designated corporate trust operations office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like series and aggregate principal amount of the same maturity.

The Bonds may be exchanged at the designated operations office, or at such other location as it shall designate of the Trustee, for a like series and aggregate principal amount of Bonds of the same maturity and interest rate in Authorized Denominations. The Authority shall execute and the 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 Authority of any Bond of any Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond subject to redemption during the period of five (5) days next preceding the mailing of notice of redemption as herein provided except that Bonds not subject to redemption pursuant to Section 5.03 hereof may be transferred or exchanged during such period in the event of redemption pursuant to Section 5.03



hereof. After the giving of such notice the Trustee shall not be required to transfer or exchange any Bond, which Bond or portion thereof has been called for redemption.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, except to the extent otherwise provided herein with respect to Regular Record Dates and Special Record Dates for the payment of interest, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his 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 Trustee and the Authority shall require any Registered Owner requesting exchange or transfer to pay the reasonable expenses of the Authority, if any, of a reasonable transfer or exchange fee and 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 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 indemnity satisfactory to the Trustee and the Authority, and upon surrender and cancellation of the Bond in accordance with the customary practices of the Trustee, if mutilated, (a) the Authority shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity, interest rate and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) 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 Trustee 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 Authority and of the Trustee in connection with the issuance of such 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.

**Section 2.07. Delivery of Bonds**. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds and deliver them to the initial purchasers thereof as directed by the Authority and as hereinafter in this Section provided. The Trustee shall be entitled to conclusively rely upon such direction and authorization from the Authority as to the names of the purchasers and the amount of such purchase price.

Prior to the delivery by the Trustee of any of the Bonds, there shall have been filed with or delivered to the Trustee the following:

(a) the Bond Resolution duly adopted by the Authority, certified by the Executive Director thereof, authorizing the execution and delivery of the Loan Agreement, the Tax Compliance Certificate, and this Indenture and the issuance of the Bonds;



(b) a duly executed copy of this Indenture, the Tax Compliance Certificate, the Loan Agreement, the Deed of Trust and the Lease;

(c) the written order of the Authority as to the delivery of the Bonds, signed by an Authorized Representative of the Authority

(d) an opinion of nationally recognized municipal bond counsel substantially to the effect that the Bonds constitute legal, valid and binding obligations and the interest on the Series 2025A Bonds is excludable from gross income for federal income tax purposes;

(e) an opinion of counsel to the Authority, the Corporation and Charter School acceptable to nationally recognized municipal bond counsel; and

(f) a commitment for title insurance naming the Trustee as an insured party.

**Section 2.08. Authentication Certificate**. The authentication certificate upon the Bonds shall be substantially in the form and tenor hereinbefore provided. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 2.09. Cancellation and Destruction of Bonds**. Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled and destroyed by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

**Section 2.10. Reserved**.

**Section 2.11. Additional Bonds**. Additional Bonds secured by and payable solely from the Trust Estate may be issued in the Authority's sole discretion in one or more additional series, provided the following terms and conditions have been met:

(a) the Trustee has received a certificate of an Authorized Representative of the Corporation to the effect that (i) the Corporation is not in default under the Loan Agreement, the Deed of Trust or this Indenture, (ii) the Corporation is not aware of any Events of Default under the Loan Agreement, the Lease, the Deed of Trust or this Indenture and (iii) that the requirements for additional Indebtedness of the Corporation as set forth in Section 8.13 of the Loan Agreement have been met;

(b) the Authority has consented to the issuance of Additional Bonds pursuant to this Section 2.11;

(c) the Trustee has received a copy, duly certified by the Executive Director of the Authority, of the resolution adopted by the Authority authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending this Indenture, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of this Indenture, and of an agreement supplementing and amending the Loan Agreement, the Lease and the Deed of Trust;

(d) the Authority and the Trustee have received an opinion of nationally recognized municipal bond counsel to the effect that the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes;

(e) the Trustee has received original executed counterparts of the agreements supplementing and amending the Loan Agreement, the Lease and the Deed of Trust, and the supplemental indenture supplementing and amending this Indenture;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Authority and signed by its Executive Director or any other Authorized Representative of the Authority to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional reserve requirement for deposit into the bond reserve fund designated for such Additional Bonds;

(h) the Authority and the Trustee have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding limited obligations of the Authority, enforceable in accordance with their terms, subject to normal bankruptcy exceptions; and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable); and

(i) the Base Rents of the Lease, as recalculated pursuant to the Lease, shall be equal to the amounts necessary to make the principal, premium, if any, and interest payments on the Outstanding Bonds and the Additional Bonds when due.

The provisions, covenants and agreements herein set forth to be performed by, or on behalf of the Authority or the Trustee, and in the Loan Agreement and Deed of Trust to be performed by the Corporation shall be for the equal benefit, protection and security of the



Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in this Indenture.

**Section 2.12. Book-Entry System; Limited Obligation of Authority**.

(a) The Bonds shall be initially issued in the form of single, certificated, fully registered Bonds for each maturity of each series. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of Cede.

(b) With respect to Bonds registered in the name of Cede or held by a depository, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or Beneficial Owner including, without limitation, any responsibility or obligation with respect to: (i) the accuracy of the records of the depository or any Participant concerning any ownership interest in the Bonds; (ii) the delivery to any Participant, Beneficial Owner, or Person other than the Registered Owner, of any notice concerning the Bonds, including notice of redemption; and (iii) the payment to any Participant, Beneficial Owner, or Person other than the Registered Owner, of the principal of, premium if any, and interest on the Bonds. The Authority and the Trustee may treat the Registered Owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal of, premium if any, and interest on such Bond, for purposes of giving notices of redemption and other matters with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium if any, and interest on or in connection with the Bonds only to or upon the order of the Registered Owners, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the payment of the same. No Person, other than a Registered Owner, shall receive a certificated Bond evidencing the obligations of the Authority pursuant to this Indenture.

(c) DTC may determine to discontinue providing its service as depository with respect to the Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC, a substitute depository which is willing and able to undertake the system of book-entry transfers upon reasonable and customary terms may be engaged by the Authority or, if the Authority determines in its sole and absolute discretion that it is in the best interests of the Beneficial Owners or the Authority that the Beneficial Owners should be able to obtain certificated Bonds, the Bonds shall no longer be restricted to being registered in the name of Cede or other nominee of a depository but shall be registered in whatever name or names the Beneficial Owners shall designate at that time, and fully registered Bond certificates shall be delivered to the Beneficial Owners.

(d) The Authority, in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to the Bonds if the Authority determines that:



(i) DTC is unable to discharge its responsibilities with respect to the Bonds; or

(ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration records kept by the Trustee in the name of Cede or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(e) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsections 2.12(c) or (d) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated at the written direction of the Authority to deliver Bond certificates at the expense of the Beneficial Owners of the Bonds and the Bonds shall no longer be restricted to being registered in the registration records kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

**Section 2.13. Supplemental Public Securities Act Provisions**. Pursuant to the Bond Resolution, the Authority has elected to apply the provisions of the Supplemental Act to the Bonds. Pursuant to said Section 11-57-210, each Bond shall recite that it is issued under the authority of the Bond Resolution and the Supplemental Act and that it is the intention of the Authority that such recital shall be conclusive evidence of the validity and the regularity of the issuance of such Bond after its delivery for value. Pursuant to said Section 11-57-208, the assets pledged under this Indenture for the payment of the Bonds, as received by or otherwise credited to the Authority, shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge and the obligation to perform the contractual provisions made in the Bond Resolution and this Indenture shall have priority over any or all other obligations and liabilities of the Authority. The lien of such pledge shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such persons have notice of such lien.

## ARTICLE III

## REVENUES AND FUNDS

**Section 3.01. Pledge of Trust Estate**. Subject only to the rights of the Authority to apply amounts under the provisions of this Article; a pledge of the Trust Estate to the extent provided herein is hereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and then or thereafter received by the Authority shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority with respect to the Trust Estate and the lien of such pledge shall be



valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

**Section 3.02. Establishment of Funds**. The Authority hereby establishes and creates the following funds, which shall be special trust funds held by the Trustee:

(a) Debt Service Fund;

(b) Bond Reserve Fund;

(c) Project Fund; and

(d) Issuance Expense Fund.

The Trustee shall apply the proceeds of the Bonds in the manner set forth in Section 4.01 of the Loan Agreement.

**Section 3.03. Payments into the Debt Service Fund**. There shall be deposited into the Debt Service Fund, as appropriate, in a pro rata portion as appropriate, and as and when received (a) all payments by the Corporation pursuant to Sections 5.02(a) and 5.05 of the Loan Agreement, (b) all moneys transferred to the Debt Service Fund pursuant to Sections 3.07, 3.13, 3.18 or 6.03 hereof, (c) all other moneys to be deposited into the Debt Service Fund pursuant to the Loan Agreement, the Deed of Trust, the Lease or this Indenture, and (d) all other moneys received by the Trustee when accompanied by directions from the Corporation that such moneys are to be paid into the Debt Service Fund. There shall also be retained within the accounts of the Debt Service Fund, respectively, interest and other income received on investment of moneys in the accounts of the Debt Service Fund to the extent provided in Section 6.03 hereof.

If the Trustee does not receive payments into the Debt Service Fund pursuant to Section 5.02(a) of the Loan Agreement by the fifth day after any required payment date pursuant to Section 5.02(a) of the Loan Agreement, the Trustee will immediately notify the Authority and the Corporation of such nonpayment; and if such payments are not received within five (5) Business Days thereafter, the Trustee shall notify the Registered Owners of the Bonds.

**Section 3.04. Use of Moneys in the Debt Service Fund**. Any accrued or capitalized interest deposited into an account of the Debt Service Fund pursuant to Section 3.03 hereof shall be used to pay interest on the Bonds. Except as provided in this Section and in Sections 3.18, 3.23, 6.03 and 8.05 hereof, moneys in the Debt Service Fund shall be used, in the following priority, subject to the provisions of this Section, first for the payment of the interest on the Bonds, and second for the payment of the principal of and premium, if any, on the Bonds. Whenever the total amount in the Debt Service Fund and the Bond Reserve Fund is sufficient to redeem all of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption, and redemption premium, if any, the Trustee, subject to the requirements of the Loan Agreement and written direction from the Corporation, covenants to take and cause to be taken the necessary steps to redeem all of the Bonds on the redemption date for which the required redemption notice has been given.

Subject to the provisions of Section 6.03 hereof, the Trustee shall calculate on June 30 of each year, commencing June 30, 2026 or upon the written request of the Corporation, the amount held in the Debt Service Fund, and shall transfer to the Charter School as soon as reasonably possible following the Trustee's calculation that any such moneys exist, all or such portion of any moneys deposited with the Trustee by or on behalf of the Charter School pursuant to Section 6.02 of the Lease, which are not necessary to meet the monthly Loan Payments required pursuant to Sections 5.02(a) and 5.05 of the Loan Agreement because moneys from the State have been deposited with the Trustee by the Charter School pursuant to Section 6.02(a) of the Lease. Further, so long as (a) there has been no Event of Default hereunder, (b) the Lease Term has not expired, ended or been terminated, (c) none of the moneys in the Debt Service Fund are necessary or required for payment of all or any portion of the Bonds for a redemption pursuant to Article V hereof, and (d) the Trustee is not in possession of any Net Proceeds, the Trustee shall, within five (5) Business Days following the date of maturity or sinking fund redemption of any of the Bonds, transfer to the Charter School the balance of any moneys on deposit in the Debt Service Fund which is not required to be held pursuant to Section 3.20 hereof.

The Trustee shall, during the Lease Term (as defined in the Lease), take or cause to be taken such actions, in accordance with the terms of the Loan Agreement and this Indenture, as necessary and appropriate, upon the written direction of the Charter School, the Charter Authorizer or the State Treasurer, to cause direct payment of Base Rents to be made to the Trustee by the State Treasurer or, if the State Treasurer does not so agree, by the Charter Authorizer pursuant to and in accordance with the Colorado Charter School Intercept Program.

**Section 3.05. Custody of the Debt Service Fund**. The Debt Service Fund shall be in the custody of the Trustee, but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Fund to pay, first interest on the Bonds, and second principal of and premium, if any, on the Bonds and to withdraw sufficient excess funds from the Debt Service Fund to make permissible transfers to the Charter School authorized in Section 3.04 hereof.

**Section 3.06. Payments into the Bond Reserve Fund**. There shall be deposited into an account within the Bond Reserve Fund pursuant to Section 4.01 of the Loan Agreement, proceeds from the sale of the Series 2025 Bonds an amount equal to the Bond Reserve Fund Requirement, which shall secure the Series 2025 Bonds. There shall be deposited into the Bond Reserve Fund all moneys required to be paid by the Corporation to the Trustee pursuant to Section 5.02(b) of the Loan Agreement. In addition, there shall also be deposited into the Bond Reserve Fund (a) all moneys transferred to the Bond Reserve Fund from the Debt Service Fund, pursuant to Section 6.03 hereof, (b) all other moneys required to be deposited therein pursuant to the Loan Agreement or this Indenture, including, without limitation, moneys received pursuant to the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program; and (c) all other moneys received by the Trustee when accompanied by written directions from the Corporation that such moneys are to be paid into the Bond Reserve Fund. There also shall be retained in the Bond Reserve Fund interest and other income received on investments of Bond Reserve Fund moneys to the extent provided in Section 6.03 hereof. Additional accounts shall be created in the Bond Reserve Fund for each additional series of Bonds issued pursuant to a supplement to this Indenture as specified therein.



**Section 3.07. Use of Moneys in the Bond Reserve Fund**. Except as provided in Sections 3.18 and 3.23 hereof, moneys in the Bond Reserve Fund shall be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Bonds issued hereunder in the event moneys in the Debt Service Fund for the Bonds are insufficient to make such payments when due, whether on an interest payment date, sinking fund redemption date, maturity date or otherwise in an amount necessary to cure such Event of Default and notwithstanding any other provision of this Indenture. Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.02(a) of the Loan Agreement or under the Deed of Trust and under Section 8.02(a) hereof, any moneys in the Bond Reserve Fund shall be transferred by the Trustee to the Debt Service Fund and applied in accordance with Section 8.05 hereof; provided, however, that the amounts on deposit in the Bond Reserve Fund shall be used to pay only the series of Bonds for which the Authority has determined that a deposit to the Bond Reserve Fund shall be made in accordance with Section 2.11 hereof. On the final maturity date of the series of Bonds for which the Authority has determined that a deposit to the Reserve Fund shall be made in accordance with Section 2.11 hereof any moneys in the applicable account of the Bond Reserve Fund may be used to pay the principal of and interest on such Bonds on such final maturity date. In the event of the redemption of the series of Bonds for which the Authority has determined that a deposit to the Reserve Fund shall be made in accordance with Section 2.11 hereof, in whole, any moneys in the Bond Reserve Fund from such deposit shall be transferred to the Debt Service Fund and applied to the payment of the principal of and premium, if any, on such Bonds. The Trustee shall value the Investment Obligations in the Bond Reserve Fund semiannually on June 1 and December 1 of each year at their market value. If on any valuation date the amount in the Bond Reserve Fund (determined pursuant to this Section) is greater than the Bond Reserve Fund Requirement for the series of Bonds for which the Authority has determined that a deposit to the Reserve Fund shall be made in accordance with Section 2.11 hereof, such excess shall be transferred by the Trustee to the Debt Service Fund and applied to the payment of the interest on such Bonds; provided, however, that the amount remaining in the Bond Reserve Fund (determined pursuant to this Section) immediately after such transfer shall not be less than the Bond Reserve Fund Requirement for such Bonds on that date. If on any valuation date the amount in the Bond Reserve Fund (determined pursuant to this Section) is less than the Bond Reserve Fund Requirement, the Trustee shall notify the Corporation of its obligation pursuant to Section 5.02(b) of the Loan Agreement.

At such times as moneys are to be transferred out of the Bond Reserve Fund for deposit into the Debt Service Fund pursuant to this Section or to the Rebate Fund pursuant to Section 3.18 hereof, the Trustee shall use cash or Investment Obligations in such order of priority as the Corporation shall direct in writing. The Trustee shall apply amounts in the Bond Reserve Fund first to interest due and owing on the Bonds and second to principal on the Bonds.

With respect to the Bond Reserve Fund, or any account therein, for the benefit of the Series 2025 Bonds, the Trustee agrees to notify the Authority in writing of any draw upon the Bond Reserve Fund and cooperate with the Authority and the directives of the Authority to utilize the provisions of the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program for the Series 2025 Bonds.



Furthermore, the Trustee agrees to notify the State Treasurer if the Trustee hasn't received payment of debt service on the Bonds on the tenth business day immediately prior to the date on which such payment is due and the respective account within the Debt Service Reserve Fund has been depleted, in accordance with Sections 22-30.5-407, et seq., Colorado Revised Statutes.

Anything contained herein to the contrary notwithstanding, $[_____] (the amount of the Bond Reserve Fund Requirement initially funded with the proceeds of the Series 2025B Bonds) on deposit in the Bond Reserve Fund, plus any interest earned thereon, to the extent such amounts do not consist of the proceeds of the Series 2025A Bonds, shall be transferred by the Trustee to the Debt Service Fund, as needed, to cure a deficiency, and, if, on any Interest Payment Date, the amount then on hand in the Debt Service Fund is not sufficient to pay the principal and interest then due on the Series 2025B Bonds, whether at maturity or upon redemption or by acceleration. No amounts in the Bond Reserve Fund funded with proceeds of the Series 2025A Bonds, or any interest earnings on such amounts, may be used to pay the amounts due on the Series 2025B Bonds.

**Section 3.08. Custody of the Bond Reserve Fund**. The Bond Reserve Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Reserve Fund to pay the principal of, premium, if any, and interest on the Bonds and for the purpose described in Section 3.18 hereof, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Debt Service Fund on any payment date for the Bonds, the Trustee shall promptly make up such deficiency from the Bond Reserve Fund so that the amount therein is equal to such deficiency.

**Section 3.09. Reserved**.

**Section 3.10. Reserved**.

**Section 3.11. Payments into and Use of Moneys in the Project Fund**. There shall be deposited into the Project Fund pursuant to Section 4.01 of the Loan Agreement proceeds from the sale of the Series 2025 Bonds. There shall also be deposited into the Project Fund any earnings from the Escrow Account. Upon the issuance of Additional Bonds, there shall be deposited into the Project Fund from the bond proceeds of any Additional Bonds amounts specified in a supplement to this Indenture.

The Project Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Project Fund for the purposes set forth in Section 4.03 of the Loan Agreement, which authorization and direction the Trustee hereby accepts.

**Section 3.12. Payments Into and Use of Moneys in the Issuance Expense Fund**.

There shall be deposited into the Issuance Expense Fund from the Bond proceeds, pursuant to Section 4.01 of the Loan Agreement, an amount which shall not be less than the Issuance Expense Fund Initial Deposit (provided that such amount may be reduced by amounts allocated to issuance expenses but paid directly by the Underwriter). There shall also be retained



in the Issuance Expense Fund interest and other income received on investments of Issuance Expense Fund moneys as provided in Section 6.03 hereof. Except as provided in Sections 3.13 and 3.18 hereof, such moneys shall be expended to pay issuance expenses in accordance with the provisions of Section 4.04 of the Loan Agreement; provided however, amounts necessary to pay for invoiced fees of nationally recognized municipal bond counsel, the Authority and the Trustee may be paid by the Trustee without additional documentation. The Trustee is hereby authorized and directed to issue its checks on or make wire payments from the Issuance Expense Fund for each payment in accordance with Section 4.04 of the Loan Agreement.

The Trustee shall keep and maintain accurate records pertaining to the Issuance Expense Fund and all payments therefrom, which shall be open to inspection by the Corporation or their duly authorized agents during normal business hours of the Trustee. After all expenses incurred in connection with the issuance of the Bonds have been paid, the Trustee shall file a statement of income in the form of its customary trust statement and disbursements with respect thereto with the Corporation and the Authority.

**Section 3.13. Termination of Issuance Expense Fund**. Upon the earlier of: (a) receipt by the Trustee of a certificate signed by an Authorized Representative of the Corporation stating that all expenses incurred in connection with the issuance of the Bonds have been paid, or (b) ninety (90) days following August [__], 2025, any moneys remaining in the Issuance Expense Fund shall be transferred to the Debt Service Fund and applied to the payment of the interest on the Bonds.

**Section 3.14. Custody of the Issuance Expense Fund**. The Issuance Expense Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Issuance Expense Fund for the purposes set forth in Section 4.04 of the Loan Agreement and Section 3.12 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.15. Reserved**.

**Section 3.16. Reserved**.

**Section 3.17. Reserved**.

**Section 3.18. Rebate Fund**. The Trustee shall establish a Rebate Fund, if requested by the Corporation, or if the Corporation is required to pay or cause to be paid to the Trustee any amounts required to be paid pursuant to the Tax Compliance Certificate at the times and in the manner specified therein.

If the Rebate Fund is required to be established hereunder, there shall be deposited into the Rebate Fund investment income on moneys in the Funds to the extent provided in the written direction of the Corporation subject to the limitations in Section 6.03 hereof, moneys received from the Corporation pursuant to Section 5.02(e) of the Loan Agreement, moneys transferred to the Rebate Fund from the Issuance Expense Fund, the Bond Reserve Fund, the Project Fund, the Debt Service Fund pursuant to the provisions of this Section and all other moneys received by the Trustee when accompanied by written directions from the Corporation that such moneys are to be paid into the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund

to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Corporation's written direction pursuant to Section 4.07 of the Loan Agreement. The Trustee shall be fully protected in relying upon such written direction of the Corporation without inquiry or investigation. The Trustee shall have no responsibility for making any determinations as to the amount to be deposited to or withdrawn from the Rebate Fund or the amount required to be rebated to the United States.

If, upon receipt of the certification pursuant to Section 4.07 of the Loan Agreement, the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, notwithstanding Section 6.03 hereof, the Trustee shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the Issuance Expense Fund, the Project Fund, the Debt Service Fund, and the Bond Reserve Fund. The Trustee shall provide notice to the Authority if the certificate referred to in Section 4.07 of the Loan Agreement is not received by the Trustee as provided in Section 4.07 of the Loan Agreement. Upon receipt by the Trustee and the Authority of an opinion of Rebate Analyst acceptable to the Authority to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein, such excess shall be transferred to the Debt Service Fund.

**Section 3.19. Custody of the Rebate Fund**. The Rebate Fund shall be in the custody of the Trustee but in the name of the Authority and the Authority authorizes and directs the Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 3.18 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.20. Nonpresentment of Bonds**. In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Debt Service Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Authority to the Registered Owner or Registered Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Registered Owner or Registered Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, said Bond and the Trustee will hold such fund or funds without liability for interest thereon. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the Corporation the funds theretofore held by it for payment of such Bond and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Corporation. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

**Section 3.21. Moneys to be Held in Trust**. All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and, except for moneys deposited with or paid to the



Trustee for the payment or redemption of specific Bonds and moneys held by the Trustee in the Rebate Fund and in the separate trust accounts pursuant to Section 3.20, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Moneys held in the Rebate Fund shall be held in trust by the Trustee and shall be applied as provided in Section 3.18 hereof.

**Section 3.22. Insurance and Condemnation Proceeds**. Reference is hereby made to the provisions of the Loan Agreement wherein it is provided that under certain circumstances the Net Proceeds of insurance payments and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform such duties and obligations of the Trustee specified in the Loan Agreement with respect to insurance payments and condemnation awards. The Trustee shall reasonably cooperate with the Corporation in the handling and conduct of any prospective or pending insurable event or condemnation proceeding with respect to the Facilities or any part thereof.

**Section 3.23. Repayment to the Corporation from the Funds**. Any amounts remaining in the Funds after payment in full of the following: (a) the Bonds (or making provision for such payment), (b) the fees and expenses of the Trustee, the Annual Fees, and payments due in respect of the Unassigned Rights, and (c) all other amounts required to be paid hereunder and under the Loan Agreement to the Authority and all other amounts required to be paid hereunder and under the Loan Agreement (including payments into the Rebate Fund and to the United States of America) shall be paid to the Corporation upon the expiration of the term of the Loan Agreement.

## ARTICLE IV

## COVENANTS OF THE AUTHORITY

**Section 4.01. Performance Covenants**. The Authority covenants that it will, to the extent within its control, faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all proceedings of the Authority pertaining thereto. The Authority covenants, represents, warrants and agrees that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act and the Supplemental Act, to issue the Bonds and to execute this Indenture, to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part required for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken or will be duly taken as provided herein, and that this Indenture is a valid and enforceable instrument of the Authority and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof, except as the enforceability thereof may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or against public corporations such as the Authority and by the application of general principles of equity.

**Section 4.02. Instruments of Further Assurance**. The Authority covenants that it will, to the extent within its control, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further



acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging and hypothecating unto the Trustee all and singular the Trust Estate to the payment of the principal of, premium, if any, and interest on the Bonds; provided, however, that the Authority shall not be required to expend any money or take any action unless it is reimbursed by the Corporation for the expense or the cost of taking such action. The Authority shall be under no obligation to prepare, record, or file any such instruments or transfers.

**Section 4.03. Payment of Principal, Premium, if any, and Interest**. The Authority 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 the Trust Estate, which is hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the Authority other than those pledged hereby or creating any liability of the Authority's directors, employees, attorneys or other agents.

**Section 4.04. Conditions Precedent**. The Trustee and the Authority will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Loan Agreement and the Deed of Trust. The Authority, except in respect of the Unassigned Rights, agrees that whenever the Loan Agreement or Deed of Trust gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Loan Agreement or Deed of Trust, as applicable, shall be as though it were set out in this Indenture in full.

**Section 4.05. Rights Under the Loan Agreement and Deed of Trust**. The Trustee and the Authority will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Loan Agreement and the Deed of Trust. The Authority, except in respect of the Unassigned Rights, agrees that whenever the Loan Agreement or Deed of Trust gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Loan Agreement or Deed of Trust, as applicable, shall be as though it were set out in this Indenture in full.

The Authority agrees that the Trustee as assignee of the Loan Agreement and beneficiary under the Deed of Trust may enforce, in its name or in the name of the Authority, all rights of the Authority and all obligations of the Corporation under and pursuant to the Loan Agreement (subject to certain other exceptions, including the Unassigned Rights, stated in the granting clauses hereof) or Deed of Trust for and on behalf of the Registered Owners, whether or not the Authority is in default hereunder.

**Section 4.06. Actions Under the Charter School Facilities Financing Act**. The Authority and the Trustee (at the direction of the Authority) shall take all permissible actions necessary pursuant to the provisions of the Charter School Facilities Financing Act, when applicable, in order to (i) reserve money from the Colorado Charter School Debt Reserve Fund for payment on the Series 2025 Bonds pursuant to this Indenture; (ii) request replenishment of the Series 2025 Bonds within the Bond Reserve Fund pursuant to this Indenture from the Governor of the State pursuant to the Colorado Charter School Moral Obligation Program; and



(iii) make application for the direct payment of the Bonds by the State Treasurer pursuant to the Colorado Charter School Intercept Program.

## ARTICLE V

## REDEMPTION OF SERIES 2025 BONDS PRIOR TO MATURITY

**Section 5.01. Optional Redemption of Series 2025 Bonds**. The Series 2025A Bonds maturing on and after June 1, 20[__] are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in Authorized Denominations, in any order of maturity and in whole or partial maturities, on June 1, 20[__] and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption.

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

**Section 5.02. Redemption of Series 2025 Bonds Upon Occurrence of Certain Events**.

(a) The Series 2025 Bonds are also redeemable at the option and upon the written direction of the Corporation in whole at any time or in part (only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Series 2025 Bonds pursuant to paragraphs (i) or (ii) of this Section) on any interest payment date from and to the extent of funds on deposit under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2025 Bond redeemed and accrued interest to the redemption date upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee (a) the Facilities cannot reasonably be restored within a period of six (6) consecutive months to the condition thereof immediately preceding such damage or destruction, or (b) the Corporation or its lessee are thereby prevented from carrying on its normal operations for a period of six (6) consecutive months, or (c) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.03 of the Loan Agreement.

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

(iii) As a result of any changes in the Constitution of the State of Colorado or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement or Deed

of Trust shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the Facilities, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement. Redemption pursuant to this paragraph (iii) shall be in whole only.

**Section 5.03. Sinking Fund**. The Series 2025A Bonds maturing June 1, 20[__] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025A Bonds maturing June 1, 20[__], plus accrued interest thereon to the redemption date:

| Year (June 1) | Principal Amount |
|---|---|
| 20[__] | $ |
| 20[__] | |
| 20[__] | |
| 20[__] | |
| 20[__][1] | |

[1] Maturity Date

[ADD ADDITIONAL TERM BONDS IF APPLICABLE]

The Series 2025B Bonds maturing June 1, 20[__] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Debt Service Fund sufficient to redeem the following principal amount of the Series 2025B Bonds maturing June 1, 20[__], plus accrued interest thereon to the redemption date:

| Year (June 1) | Principal Amount |
|---|---|
| 20[__] | $ |
| 20[__][1] | |

[1] Maturity Date

Not more than forty-five (45) days nor less than thirty (30) days prior to the sinking fund payment date for the Series 2025 Bonds, the Trustee is required to proceed to select for redemption (by lot in such manner as the Trustee may determine) from all outstanding Series 2025 Bonds, a principal amount of Series 2025 Bonds equal to the aggregate principal amount of Series 2025 Bonds, redeemable with the required sinking fund payment and is required to call such Series 2025 Bonds for redemption from the sinking fund on the next June 1 and give notice of such call.



**Section 5.04. Method of Selecting Bonds**. In the event that less than all of the Outstanding Bonds shall be redeemed, the Bonds redeemed shall be selected in such manner as the Corporation may determine (less than all of the Bonds of a single maturity and interest rate to be redeemed shall be selected by lot in such manner as the Trustee may determine).

**Section 5.05. Notices of Redemption**. Bonds shall be called for optional redemption by the Trustee as herein provided upon receipt by the Trustee, unless otherwise waived by the Trustee, at least forty-five (45) days prior to the redemption date of a certificate of the Corporation specifying the principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption, and, in the case of redemption of less than all of the Outstanding Bonds pursuant to Section 5.01 hereof, the method of selection of Bonds chosen by the Corporation, provided that such certificate shall not be required with respect to a sinking fund redemption pursuant to Section 5.03 hereof and Bonds shall be called for redemption by the Trustee pursuant to such Section without the necessity of any action by the Corporation. In the case of every redemption, or in the case of any defeasance, the Trustee shall cause notice of such redemption or defeasance by electronic delivery or mailing by first-class mail a copy of the redemption notice or defeasance notice to the Authority and the Registered Owners of the Bonds designated for redemption or defeasance in whole or in part, at their addresses as the same shall last appear upon the registration records or by electronic means to DTC or its successors, in each case not less than thirty (30) days prior to the redemption date or defeasance date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption or defeasance of such Bonds. Any notice of redemption by the Trustee may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to the pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the Registered Owners of the Bonds called for redemption in the same manner as the original redemption notice was delivered or mailed, as the case may be.

Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed. If less than all of the Outstanding Bonds are redeemed, the Trustee shall, as may be necessary, calculate the revised sinking fund schedule based on a pro rata share of the Bonds then Outstanding.

**Section 5.06. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**. On or before the thirtieth day prior to the redemption date specified in any notice of redemption of the Corporation delivered pursuant to Section 5.05 hereof (provided that such notice shall not be required with respect to a sinking fund redemption pursuant to Section 5.03 hereof), hereof, an amount of money sufficient to redeem all the Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Trustee by the Corporation; unless a conditional notice of redemption has been provided by the Trustee as provided for in Section 5.05 above. On the redemption date



the principal amount of each 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 (except the last sentence of the first paragraph of Section 5.05 hereof), then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made) the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Authority shall be under no further liability in respect thereof, as provided in Section 3.20 hereof.

**Section 5.07. Cancellation**. All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Corporation for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.09 hereof.

**Section 5.08. Partial Redemption of Bonds**. Upon surrender of any Bond for redemption in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Corporation, a new Bond or Bonds of the same series, maturity, interest rate and of Authorized Denominations, in an aggregate principal amount equal to that portion of the Bond not redeemed. The Trustee or the Corporation, at the cost of the Corporation, shall subscribe for new CUSIP numbers, if necessary, in connection with such partial redemption of Bonds.

**Section 5.09. No Partial Redemption in Event of Default**. Notwithstanding any provisions of this Article, the Bonds shall not be subject to partial redemption pursuant to Section 5.01 hereof if an Event of Default has occurred hereunder and has not been cured or otherwise waived by the Trustee for the purpose of making any such redemption payment.

## ARTICLE VI

## INVESTMENTS

**Section 6.01. Investment of Debt Service Fund, Bond Reserve Fund, the Project Fund, Issuance Expense Fund, and Rebate Fund**. On instructions signed by an Authorized Representative of the Corporation and delivered to the Trustee, any moneys held as part of the Funds shall be invested by the Trustee in Investment Obligations (a) with respect to the Issuance Expense Fund and the Project Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as estimated by an Authorized Representative of the Corporation filed with the Trustee, (b) with respect to the Debt Service Fund, and the Rebate Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as determined by the Corporation, and (c) with respect to the Bond Reserve Fund maturing at such times as determined in writing by an Authorized Representative of the Corporation. All such Investment Obligations purchased shall mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure. In the event the Trustee does not receive written investment instructions from the Corporation, the Trustee is directed to invest moneys held as part of the Funds in money market funds permitted pursuant to this Indenture. Unless otherwise confirmed or directed in writing, an account statement delivered periodically



by the Trustee to the Corporation shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Corporation, unless the Corporation notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement. The Trustee is specifically authorized to purchase or invest in, shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee or its affiliate may provide advisory, administrative, custodial, or other services for compensation); (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States; and (iii) maintains a constant asset value per share; provided that at the time of such investment therein, such investments are Investment Obligations; and, provided further that, the Trustee may implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

The Trustee shall value the Investment Obligations held within the Funds on each June 1 and December 1 of each year, commencing December 1, 2025. In computing for any purpose hereunder the amount in any Fund on any date, Investment Obligations purchased shall be valued at the lesser of their market value or cost (with the exception of the Bond Reserve Fund, which shall be valued at its market value). The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee shall not be responsible for any depreciation in the value of any Investment Obligation or for any loss resulting from the sale of any Investment Obligation. The Trustee may make any and all investments permitted by the provisions of this Section through its trust departments or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

The Trustee hereby agrees to retain the documentation with respect to investments of moneys in the Funds as required by and as described in the Tax Compliance Certificate.

The Trustee may conclusively rely upon the written investment instructions of the Authorized Representative of the Corporation as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification to the Trustee that such directed investments constitute Investment Obligations and that such investments meet the requirements of 6.01(a), (b), and (c) above.

The Trustee may credit the Funds hereunder with amounts expected to be received from the sale or redemption of, or the earnings on, the investments in such Funds, prior to actual receipt of final payment thereof, and may advance funds to purchase directed investments in anticipation of receipt of such final payments. Any such credit or advance shall be conditional upon actual receipt by the Trustee of final payment and may be reversed if final payment is not actually received in full. The Corporation acknowledges that the legal obligation to pay the purchase price of any investment arises immediately at the time of the purchase. Nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code § 9-206.

Although the Corporation recognizes that it may obtain brokerage confirmations or written statements containing comparable information at no additional cost, the Corporation

agrees that brokerage confirmations are not required to be issued by the Trustee for each month in which a monthly statement of investments is provided by the Trustee.

Market values of Investment Obligations may be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee, and the Trustee does not have any duty to independently value any asset or obligation other than the price provided by pricing services and sources relied upon by Trustee.

**Section 6.02. Tax Status of the Interest on the Bonds**. The Authority hereby acknowledges that in order to insure that the tax status of the interest on the Bonds is not adversely affected, it has secured from the Corporation the covenant set forth in Section 4.08 of the Loan Agreement.

**Section 6.03. Allocation and Transfers of Investment Income**. Any investments shall be held by or under the control of the 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. Any interest or other gain from any Fund from any investment or reinvestment pursuant to Section 6.01 hereof realized shall be retained therein or shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Fund shall be retained in the respective Fund unless a deficiency exists at the time such interest is received or other gain is realized in the Bond Reserve Fund, in which case such interest or other gain shall be paid into the Bond Reserve Fund forthwith.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Bond Reserve Fund shall be credited to the Bond Reserve Fund if the amount therein is less than the Bond Reserve Fund Requirement. If the amount in the Bond Reserve Fund is equal to or greater than the Bond Reserve Fund Requirement immediately subsequent to any valuation required pursuant to Section 3.07 hereof, such amount in excess of the Bond Reserve Fund Requirement shall be paid into the Debt Service Fund to pay interest on the Bonds.

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Project Fund shall be retained in the Project Fund unless a deficiency exists at the time such interest is received or other gain is realized in the Bond Reserve Fund, in which case such interest or other gain shall be paid into the Bond Reserve Fund forthwith.

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Issuance Expense Fund shall be retained in the Issuance Expense Fund, until transferred pursuant to Section 3.13 hereof.

Notwithstanding the provisions of this Section, any interest or other gain from any Fund shall be transferred to the Rebate Fund to the extent required by the written direction of the Corporation pursuant to Section 4.07 of the Loan Agreement, except that no such transfer shall be made from any Fund if such transfer would cause the amount then on deposit in such Fund to



be less than required by the provisions of this Indenture. Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Rebate Fund shall be retained in the Rebate Fund.

## ARTICLE VII

## DISCHARGE OF INDENTURE

**Section 7.01. Discharge of this Indenture**. If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, all amounts payable to the Authority and the Trustee under the Loan Agreement and/or under the Deed of Trust, as the case may be, and all amounts payable to the United States of America pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "**Code**"), then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured hereby shall have been purchased by the Corporation and delivered to the Trustee for cancellation, and all other sums payable hereunder, all amounts payable to the Authority under the Loan Agreement, and all amounts payable to the United States pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the written request of the Corporation, the Trustee shall assign and transfer to the Corporation all property then held by the Trustee hereunder and shall execute such documents as may be reasonably required by the Corporation and shall turn over to the Corporation any surplus in any Fund pursuant to Section 3.23 hereof, except to the extent otherwise required by Section 4.08 of the Loan Agreement and Section 3.20 hereof.

Payment of any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if: (a) in case said Bond is to be redeemed on any date prior to its maturity, the Corporation shall have given to the Trustee irrevocable instructions to give on a date in accordance with the provisions of Section 5.05 hereof notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 5.05 hereof; (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be; (c) there shall have been delivered to the Trustee and the Authority a certificate from a firm of certified public accountants certifying as to the sufficiency of the deposit made pursuant to the preceding clause (b); (d) there shall have been delivered an opinion of nationally recognized bond counsel satisfactory to the Authority that such payment does not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, and the defeasance is



in accordance with the requirements of this Indenture; and (e) in the event said Bond is not by its terms subject to redemption within the next forty-five (45) days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.05 hereof, a notice to the Authority and the Registered Owner of such Bond that the deposit required by clause (b) above has been made with the Trustee and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bond and stating whether any redemption provisions relating to the Bonds will remain in effect. Neither such securities nor moneys deposited with the Trustee pursuant to this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bond; provided any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such moneys or securities deposited with the Trustee.

The release of the obligations of the Authority and Corporation under this Section shall be without prejudice to the right of the Trustee or of the Authority to payment of all fees, costs and expenses due to the Authority in respect of its Unassigned Rights and to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable 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.

In the event that the principal of and/or interest due on the Series 2025 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, such Series 2025 Bonds shall remain Outstanding for all purposes, shall not be deemed to be defeased or otherwise satisfied, and shall not be considered paid by the Authority.

**Section 7.02. Liability of Authority Not Discharged**. Upon compliance with the provisions of Section 7.01 hereof with respect to all Bonds then Outstanding, this Indenture may be discharged in accordance with the provisions of this Article but the liability of the Authority in respect of such Bonds shall continue provided that the Registered Owners thereof shall thereafter be entitled to payment only out of the moneys or securities deposited with the Trustee as provided in Section 7.01 hereof.



## ARTICLE VIII

## DEFAULTS AND REMEDIES

**Section 8.01. Events of Default**. Each of the following is hereby defined as and shall be deemed an "**Event of Default**":

(a) default in the payment by the Authority 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, on a sinking fund payment date or upon proceedings for redemption;

(b) default in the payment by the Authority of any installment of interest on any Bond when the same shall become due and payable;

(c) default shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture contained (other than as referred to in subsections (a) or (b) of this Section) and such default shall continue for a period of thirty (30) days after written notice to the Authority, the Corporation, the Bond Insurer and the Trustee from the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding or to the Authority and the Corporation from the Trustee, subject to Section 9.01(h) hereof, specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; provided further, however, that failure to correct such default within ninety (90) days of receipt of such notice shall constitute an Event of Default; or

(d) the occurrence of an "event of default" under Section 10.01 of the Loan Agreement

The foregoing provisions of this Section or any other provision of this Indenture or any other financing document notwithstanding, any Event of Default under this Section 8.01 (each a "**Corporation Related Default**") shall not be deemed an Event of Default of the Authority, and the Authority shall not be considered to be in default of any of its obligations hereunder with respect thereto under any circumstances, as the Authority is merely acting in a conduit capacity hereunder and the Bonds are secured by and payable solely from amounts received from the Corporation or the Project and the Trust Estate, consisting of the Pledged Revenues and other assets pledged hereto, and is not a debt or indebtedness of the Authority. Any remedial action hereunder with respect to a Corporation Related Default is therefore limited to action against the Trust Estate.

**Section 8.02. Remedies on Events of Default**. Upon the occurrence of an Event of Default, the Trustee shall have the following rights and remedies:

(a) ***Acceleration***. The Trustee (i) may by notice in writing given to the Authority, the Bond Insurer and the Corporation or (ii) shall, upon the written request of

the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Authority and the Trustee shall immediately declare all Loan Payments under the Loan Agreement to be immediately due and payable as provided in Section 10.02 of the Loan Agreement.

(b) ***Receivership***. Upon the filing of foreclosure under the Deed of Trust or the filing of a separate action for receivership (whether or not concurrent with foreclosure and not dependent upon the filing of any such foreclosure to enforce the rights of the Trustee and of the Registered Owners), the Trustee shall be entitled as a matter of right (on an ex parte basis and without notice) to the appointment of a receiver or receivers of the Trust Estate, and of the rents, revenues, income, products and profits thereof, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(c) ***Foreclosure***. Foreclosure under the Deed of Trust on or against all or any portion of the Facilities or any interest of the Authority or the Trustee therein with the power of sale as and to the extent permitted of a mortgagee or beneficiary by the laws of the State and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto, and to realize upon the security interest in the Pledged Revenues and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto.

(d) ***Suit for Judgment on the Bonds***. The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Authority shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Registered Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee, and of the Registered Owners shall continue unimpaired as before. Pursuant to the Loan Agreement, other than amounts to be paid pursuant to Section 5.02(d) and (f) of the Loan Agreement and amounts payable pursuant to the indemnification provisions of Section 8.06 of the Loan Agreement which are general obligations of the Corporation, any recovery against the Corporation is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust on the Facilities granted by the Loan Agreement and the Deed of Trust. The obligations of the Corporation under the Loan Agreement, other than amounts to be paid pursuant to Section 5.02(d) and (f) of the Loan Agreement and amounts payable pursuant to the indemnification provisions of Section 8.06 of the Loan Agreement, are not general obligations of the Corporation; and none of the Trustee, the Authority or the Registered Owners of the Bonds shall have any



recourse to any Property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations.

If written notice is given by the Registered Owners or the Trustee under Section 8.01(c) hereof, the Trustee shall immediately give written notice with respect to such default to the Corporation under Section 10.01(d) of the Loan Agreement.

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 right or 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 not less than a majority in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners. For purposes of the foregoing, so long as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, upon the occurrence and continuation of an Event of Default, the Bond Insurer shall be deemed to be the Registered Owner of the Series 2025 Bonds insured by the Bond Insurance Policy.

**Section 8.03. Direction of Remedies**. So long as the Bond Insurer is not then in default of its payment obligations under the Bond Insurance Policy, it shall have the right to control and direct the enforcement of all remedies upon an Event of Default. Except as provided in the preceding sentence, anything in this Indenture to the contrary notwithstanding, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, with the exception of the Trustee's exercise of remedies, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the 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 Indenture, or for the appointment of a receiver, or any other proceedings or remedies hereunder, provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified as provided in Section 9.01 hereof.

**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 Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.01(h) hereof, or of which by Section 9.01(h) hereof it is deemed to have notice, nor unless such default shall have become an Event of Default and the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and, so long as it is not in default of its payment obligations under the Bond Insurance Policy, the Bond Insurer, shall have made written request to the 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 its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 9.01 hereof nor unless the Trustee shall thereafter



fail or refuse to exercise within a reasonable period of time (not to exceed thirty (30) days) the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request, and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this 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 Indenture by his, her or their 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 benefit of the Registered Owners of the Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any Bond at and after the maturity thereof, or the obligation of the Authority 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. For purposes of this Section, so long as the Bonds are held by DTC pursuant to the provisions of Section 2.12 hereof, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Registered Owner, upon receipt of appropriate certification of such beneficial ownership by the Beneficial Owners satisfactory to the Trustee.

**Section 8.05. Application of Moneys**. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article and any other moneys held as part of the Trust Estate shall, after payment of first, the actual and reasonable costs and expenses of the proceedings resulting in the collection of such moneys and the fees and expenses, liabilities and advances incurred or made by the Trustee including any unpaid fees, costs, or expenses or attorney's fees, reasonable fees and expenses of its counsel, and second, the actual and reasonable costs and expenses of the proceedings resulting in the collection of such moneys and the fees and expenses, liabilities and advances incurred or made by the Authority, including any unpaid fees, costs or expenses or attorneys' fees, as well as the payment of fees, costs and expenses of the Authority and any other payments due to the Authority in respect of the Unassigned Rights (including, without limitation, indemnification payments) provided, that payment of amounts due to the Authority under this Section 8.05 shall not absolve the Corporation from liability therefor except of the amounts received from the Trustee, be held or deposited into the Debt Service Fund during the continuance of an Event of Default and shall be applied as follows

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the Persons entitled thereto of all installments of interest then due on the 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 and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates 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) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, subject to the terms of Section 3.07 above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, in its reasonable discretion, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (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 dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds, the premium, if any, and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and the Annual Fee and all other amounts to be paid to the Authority hereunder or under the Loan Agreement have been paid, any balance remaining in the Funds shall be applied as provided in Section 3.23 hereof.

**Section 8.06. Trustee May Enforce Rights Without Bonds**. All rights of action and claims under this Indenture or any of the Bonds Outstanding may be enforced by the 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 Trustee shall be brought in its name

as Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds.

**Section 8.07. 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 Trust Estate or the Corporation, the Authority or the 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 Trustee and the Authority, and of the Registered Owners allowed in such proceedings for the entire amount due and payable by the Authority (but solely and exclusively from the Trust Estate) under this Indenture, or by the Corporation, as the case may be, 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 in his or her own behalf.

**Section 8.08. Delay or Omission No Waiver**. No delay or omission of the Trustee or of any Registered Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

**Section 8.09. No Waiver of One Default to Affect Another**. No waiver of any default hereunder, whether by the Trustee or the Registered Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

**Section 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored**. In case the Trustee or the Registered Owners shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Registered Owners, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Authority, the Trustee and the Registered Owners shall continue as if no such proceedings had been taken.

**Section 8.11. Waivers of Events of Default**. The Trustee may waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding in respect of which a default exists; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any, and all reasonable fees and expenses of the Trustee, and all amounts to be paid to the Authority hereunder and under the Loan Agreement, in connection with such default shall have been paid or provided for, (b) any default in the payment of amounts set forth in Section 5.02(e) of the Loan Agreement and, provided further, that so long



as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, neither the Trustee nor any other person shall waive any Event of Default without the Bond Insurer's prior written consent, or (c) any default in respect of the Unassigned Rights without express written consent of the Authority. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon. No waiver of any Event of Default in respect of the Unassigned Rights may be made except upon the express written consent of the Authority.

## ARTICLE IX

## CONCERNING THE TRUSTEE

**Section 9.01. Duties of the Trustee**. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The 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 Indenture. In the case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any right or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, employees or receivers but shall be answerable for the conduct of the same in accordance with the standard specified in subsection (g) of this Section, and shall be entitled to rely and act upon the advice or an Opinion of Counsel concerning all matters of the trust hereof and its 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 trusts hereof. The Trustee may act upon the advice or 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 legal advice or Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Facilities or for evaluating the sufficiency of any policies of insurance or self insurance, or collecting any insurance moneys or for the validity of the



execution by the Authority of this Indenture, financing statement (other than continuation statements as provided in subsection (q) of this Section) or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith (excluding the continuation of UCC financing statements as provided in subsection (q) of this Section) or for the value of or title to the Facilities, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority, or on the part of the Corporation, except as hereinafter expressly set forth; but the Trustee may require of the Corporation full information and advice as to the performance of the covenants, conditions, and agreements contained herein, and as to the condition of the Facilities, in the Loan Agreement or under the Deed of Trust. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.01 hereof.

(d) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds or investments held by the Trustee), or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee, in its individual or any other capacity, may become the Registered Owner or Beneficial Owner of the Bonds with the same rights which it would have if not Trustee. The Trustee shall not be accountable for the use or application by the Authority or the Corporation of the proceeds of any of the Bonds or of any money paid to or upon the order of the Authority or Corporation under any provision of this Indenture, the Lease or the Loan Agreement.

(e) The Trustee may conclusively rely on and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to this 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 owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Representative of the Authority or on behalf of the Corporation by an Authorized Representative of the Corporation or such other Person as may be designated for such purpose by the Authority or the Corporation as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection



(h) of this Section, or of which by said subsection 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 rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Corporation to cause to be made any of the payments to the Trustee required to be made hereunder unless the Trustee has actual notice thereof or the Trustee shall be specifically notified in writing of such default by the Authority or the Registered Owners of at least a majority in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the designated office of the Trustee, or at such other location as it shall designate, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no default except as aforesaid.

(i) All moneys received by the 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 Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder.

(j) At any and all reasonable times the Trustee, and its duly authorized attorneys, experts, engineers, accountants, agents and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Authority and Corporation pertaining to the Facilities, the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the 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, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, 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 Trustee deemed desirable for the purpose of establishing the right of the Authority or the Corporation to the authentication

of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) Before taking any action under this Indenture, other than payment of monies on deposit in any of the funds as provided for herein, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses (including reasonable attorneys' fees and expenses) 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.

(n) The Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder unless it has received assurances satisfactory to it that it will be repaid.

(o) The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum, remarketing circular or other disclosure material prepared or distributed with respect to the Bonds, except for written information provided by the Trustee specifically for inclusion in such document, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(p) The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Loan Agreement, the Deed of Trust, the Lease or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

(q) The Trustee shall be responsible for filing any UCC continuation statements necessary to preserve the security interest securing payment of the Bonds. The Authority shall have no responsibility for the filing, perfection or continuation of any security interest created under this Indenture or the Loan Agreement. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interest, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to the UCC. In addition, unless the Trustee shall have been notified in writing by the Authority or the Corporation that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this paragraph and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Trustee shall file continuation statements with respect to each UCC financing statement relating to the Trust Estate filed by the Authority or the Corporation at the time of the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. The Corporation shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder.



(r) The Trustee shall provide any information to the dissemination agent under the Continuing Disclosure Agreement, received pursuant to Section 10.11 of the Lease or Section 8.05 of the Loan Agreement, upon the request of the dissemination agent. The Trustee shall have no duty or obligation to monitor compliance by the Corporation with the Continuing Disclosure Agreement.

(s) The Trustee may inform the Registered Owners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for the Trustee to foreclose upon, manage, maintain or operate the Facilities, if the Trustee in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

(t) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, 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 indemnity satisfactory to it against such risk or liability is not assured to it.

(u) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(v) Notwithstanding any other provision of this Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it be deemed to be in its capacity as Trustee, registrar, or paying agent.

(w) The Trustee shall be under no responsibility to approve or evaluate any Consultant, Consulting Architect, Insurance Consultant, counsel, expert or other skilled person selected by the Corporation, the Charter School or the Authority for any of the purposes expressed in any of the Bond Documents.

(x) The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture or other Bond Documents sent by Electronic Means; provided, however, that the Corporation and the Charter School shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions ("**Authorized Officers**"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Corporation or the Charter School elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling.



Each of the Corporation and the Charter School agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Corporation and the Charter School shall be responsible for ensuring that only their respective Authorized Officers transmit such instructions to the Trustee, and the Corporation, the Charter School and their Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. Each of the Corporation and the Charter School agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 9.02. Fees and Expenses of Trustee**. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered hereunder as and when the same become due (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances, agent fees and other ordinary expenses reasonably made or incurred by the Trustee in connection with such services, including legal fees and expenses, as and when the same become due. If it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore. The Trustee shall have a first lien with right of payment before payment on account of principal of or interest on any Bond, upon all moneys in its possession under any provisions hereof for the foregoing reasonable advances, fees, costs and expenses incurred. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or its resignation or removal hereunder and payment in full of the Bonds.

**Section 9.03. Resignation or Replacement of Trustee**. The present or any future Trustee may resign by giving to the Authority, the Corporation and the Registered Owners thirty (30) days' notice of such resignation. Such resignation shall take effect immediately on the appointment of a successor. The present or any future Trustee may be removed at any time by an instrument in writing by the Authority or by the Registered Owners of a majority in aggregate principal amount of the Bonds and such removal shall take effect immediately on the



appointment of a successor; provided that so long as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, the Trustee may not be removed without the Bond Insurer's prior written consent. The Trustee may also be removed at any time for any breach of the trust set forth herein. If no successor is appointed within thirty (30) days following the date designated in the notice for the Trustee's resignation to take effect, the resigning or removed Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; provided that the Authority (with the consent of the Corporation so long as the Corporation is not in default under the Loan Agreement) may appoint a successor until a new successor shall be appointed by the Registered Owners as herein authorized; and provided further that so long as the Bond Insurer is not in default of its payment obligations under the Bond Insurance Policy, a successor Trustee may not be appointed without the prior written consent of the Bond Insurer. The Authority upon making such appointment shall forthwith give notice thereof to the Registered Owners and the Corporation, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Authority shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Every successor shall always be a bank or trust company in good standing, be qualified to act hereunder, be subject to examination by a federal or state authority and have capital and surplus of not less than seventy-five million dollars. Any successor appointed hereunder shall execute, acknowledge and deliver to the Authority 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 Trustee herein and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor, and upon payment of the fees and expenses owed to the predecessor, 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 duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the Authority be reasonably required by any successor for such vesting and confirming, the Authority shall execute, acknowledge and deliver the said deeds, conveyances and instruments on the request of such successor.

The notices provided for in this Section to be given to the Registered Owners shall be given by the Trustee by mailing to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. The notices provided for in this Section to be given to the Authority, the Corporation and the retiring Trustee shall be given in accordance with Section 11.07 hereof.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

**Section 9.04. Conversion, Consolidation or Merger of Trustee**. Any bank or trust company into which the Trustee or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer its municipal corporate trust business as a whole or substantially as a whole shall be the successor of the Trustee under this 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 been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of such successor Trustee.

**Section 9.05. Direct Payment by State Treasurer or Charter Authorizer to Trustee**. The Trustee shall, during the Lease Term (as defined in the Lease), take or cause to be taken such actions, in accordance with the terms of the Loan Agreement and this Indenture, as appropriate to cause direct payment of Base Rents to be made to the Trustee by the State Treasurer or, if the State Treasurer does not so agree, by the Charter Authorizer, pursuant to and in accordance with the Colorado Charter School Intercept Program.

**Section 9.06. Notices to Registered Owners**. If an Event of Default occurs of which the Trustee is, pursuant to Section 9.01(h) hereof, deemed to have notice or is required to take notice, or if notice of an Event of Default is given as provided in said Section, then the Trustee shall, within thirty (30) days, give written notice thereof to the Registered Owners of all Bonds then Outstanding, unless such Event of Default has been cured or waived.

## ARTICLE X

## SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE LOAN AGREEMENT, DEED OF TRUST AND THE LEASE

**Section 10.01. Supplemental Indentures Not Requiring Consent of Registered Owners**. The Authority may and, at the written direction of the Corporation, the Trustee may, without the consent of, or notice to, the Registered Owners, enter into such indentures supplemental hereto (which supplemental indentures 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 Indenture contained 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, including revisions to the legal description of the Facilities,



contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds;

(c) to provide for the issuance of Additional Bonds issued pursuant to Section 2.11 hereof;

(d) to subject to the lien of this Indenture additional revenues, properties or collateral; or

(e) to modify, alter, amend or supplement this Indenture in such a manner as shall permit the qualification hereof under the Trust Indenture Act of 1939, as from time to time amended.

**Section 10.02. Supplemental Indentures Requiring Consent of Registered Owners**. Exclusive of supplemental indentures covered by Section 10.01 hereof, either (i) the Registered Owners of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding, or (ii) the Bond Insurer, acting alone, shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee, at the written direction of the Corporation, of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Registered Owners whose approval is required under this Section 10.02 and the Authority for the purpose of modifying altering amending adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Registered Owners of all the Bonds at the time Outstanding and adversely affected thereby and the Bond Insurer, nothing herein contained (exclusive of supplemental indentures covered by Section 10.01 hereof) shall permit, or be construed as permitting:

(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 Indenture (other than as permitted hereby when such Bond was initially issued);

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such supplemental indenture or amendment to the Loan Agreement, the Lease or the Deed of Trust.

If at any time the Authority shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being reasonably indemnified by the Corporation with respect to expenses, mail by first-class mail notice of the proposed execution of such supplemental indenture to the Registered Owners of the Bonds at



their addresses as the same shall last appear upon the registration records or by electronic notice to DTC or its successors and the Bond Insurer. Such notice shall be prepared by or on behalf of the Authority or the Corporation, briefly set forth the nature of the proposed supplemental indenture and state that copies thereof are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days following the mailing or sending of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding on the dated date of such notice, or the Bond Insurer, as the case may be, 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 Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.03. Execution of Supplemental Indentures**. The Trustee is authorized to join with the Authority in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture which materially adversely affects its rights, duties, or immunities under this Indenture. The Trustee shall require delivery of an opinion of nationally recognized municipal bond counsel addressed to the Trustee and the Authority to the effect that each such supplemental indenture (a) has been validly authorized and duly executed by the Authority and is enforceable against the Authority in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, and (d) is permitted pursuant to the terms of this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this 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 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.

**Section 10.04. Consent of Corporation**. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such supplemental indenture, unless an Event of Default has occurred and is continuing under the Loan Agreement.

**Section 10.05. Consent of Charter School**. Anything herein to the contrary notwithstanding, so long as the Lease is in effect and no Event of Default or Event of Nonappropriation (each as defined therein) has occurred and is continuing thereunder, a supplemental indenture under this Article shall not become effective unless and until the Charter School shall have consented to the execution and delivery of such supplemental indenture unless an Event of Nonappropriation or an Event of Default shall have occurred under the Lease.

**Section 10.06. Amendments, Etc., of the Loan Agreement or Deed of Trust Not Requiring Consent of Registered Owners**. The Authority and the Trustee may, without the



consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Loan Agreement or the Deed of Trust as such amendment may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) to conform such documents or otherwise for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not to the material adverse prejudice of the Trustee or the Registered Owners of the Bonds, which may rely on an opinion of counsel; provided, however, that the consent of the Bond Insurer is required for any amendment, change or modification of the Loan Agreement.

**Section 10.07. Amendments, Etc., of the Loan Agreement or Deed of Trust Requiring Consent of Registered Owners**. Except for the amendments, changes or modifications referred to in Section 10.06 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or Deed of Trust without giving notice to and receiving the written approval or consent of either (i) the Registered Owners of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding, or (ii) the Bond Insurer, acting alone, subject to the same limitations set forth in Section 10.02 hereof. Such notice and consent shall be given and procured as provided in Section 10.02 hereof. If at any time the Authority and the Corporation shall request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement or the Deed of Trust, the Trustee shall, upon being reasonably indemnified by the Corporation 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 be prepared by or on behalf of the Authority or the Corporation, briefly set forth the nature of such proposed amendment, change or modification and state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification and the Bond Insurer shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification 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 Trustee, the Corporation or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.08. Execution of Amended Loan Agreement or Deed of Trust**. The Trustee shall, prior to its consent to any amendment, change or modification to the Loan Agreement or Deed of Trust, require delivery of an opinion of (a) nationally recognized municipal bond counsel addressed to the Trustee and the Authority to the effect that such amendment, change, or modification to the Loan Agreement or Deed of Trust (i) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (ii) will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is intended to be excluded from gross income for federal income tax purposes, and (iii) is permitted pursuant to the terms of this Indenture; and (b) counsel to the Corporation and/or the Authority to the effect that such supplement, amendment or change to the Loan Agreement or Deed of Trust has been validly authorized and duly executed by the Authority and the Corporation, as applicable, and is enforceable against the Authority and the Corporation in accordance with its terms, as

applicable. After execution thereof, any supplemental amendment, modification or change to the Loan Agreement or Deed of Trust executed in accordance with the provisions of this Article shall thereafter form a part of the Loan Agreement or Deed of Trust (as applicable) and all the terms and conditions contained in any such amendment, modification or change to the Loan Agreement or Deed of Trust (as applicable) as to any provision authorized to be contained therein shall be deemed to be part of the Loan Agreement or Deed of Trust (as applicable) for any and all purposes.

**Section 10.09. Amendments, Etc., of the Lease Not Requiring Consent of Registered Owners**. The Authority and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Lease as may be required (a) by the provisions of the Lease or this Indenture, (b) to conform such documents or otherwise for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not to the material adverse prejudice of the Trustee or the Registered Owners of the Bonds, which may rely on an opinion of counsel; provided, however, that the consent of the Bond Insurer is required for any amendment, change or modification of the Lease.

**Section 10.10. Amendments, Etc., of the Lease Requiring Consent of Registered Owners**. Except for the amendments, changes or modifications referred to in Section 10.09 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Lease without giving notice to and receiving the written approval or consent of either (i) the Registered Owners of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding, or (ii) the Bond Insurer, acting alone, subject to the same limitations set forth in Section 10.02 hereof. Such notice and consent shall be given and procured as provided in Section 10.02 hereof. If at any time the Corporation shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease, the Trustee shall, upon being reasonably indemnified by the Corporation 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 be prepared by or on behalf of the Corporation, briefly set forth the nature of such proposed amendment, change or modification and state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days following the sending of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification, and the Bond Insurer shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification 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 Trustee, the Authority, the Corporation or the Charter School from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.11. Execution of Amended Lease**. The Trustee shall, prior to its consent to any supplement, amendment or change to the Lease, require delivery of an opinion of (a) nationally recognized municipal bond counsel addressed to the Trustee and the Authority to the effect that such supplement, amendment or change to the Lease (i) will not adversely affect the



qualification of the Bonds as obligations which may be issued pursuant to the Act, (ii) will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, and (iii) is permitted pursuant to the terms of this Indenture; and (b) counsel to the Corporation and/or the Charter School to the effect that such supplement, amendment or change to the Lease has been validly authorized and duly executed by the Charter School and the Corporation, as applicable, and is enforceable against the Corporation and the Charter School in accordance with its terms, as applicable. After execution thereof, any supplement, amendment, modification or change to the Lease executed in accordance with the provisions of this Article shall thereafter form a part of the Lease and all the terms and conditions contained in any such supplement, amendment, modification or change to the Lease as to any provision authorized to be contained therein shall be deemed to be part of the Lease for any and all purposes.

## ARTICLE XI

## MISCELLANEOUS

**Section 11.01. Evidence of Signature of Registered Owners and Ownership of Bonds**. Any request, consent or other instrument which this 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 the registered ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the 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 his or her attorney of such instrument may be proven 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 registered ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proven by the registration records of the Authority kept by the Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

**Section 11.02. Parties Interested Herein**. With the exception of rights herein expressly conferred on the Corporation, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to, any Person other than the Authority, the Trustee, the Bond Insurer and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Bond



Insurer and the Registered Owners of the Bonds. Without limiting the foregoing, the Bond Insurer is a third-party beneficiary hereof and may enforce any right, remedy, or claim conferred, given, or granted hereunder.

**Section 11.03. Titles, Headings, Etc.** The titles and headings of the articles, sections, and subsections of this 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 11.04. Severability**. In the event any provision of this 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 11.05. Governing Law**. This Indenture shall be governed by and construed in accordance with the laws of the State, regardless of the location of the principal or any other office of the Trustee.

**Section 11.06. Execution in Counterparts; Facsimile and PDF Signatures**. This 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. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes, except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds. Signature pages of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

**Section 11.07. Notices**. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) provided by electronic means, (b) mailed by certified or registered mail, postage prepaid, (c) deposited with any nationally recognized overnight delivery service that routinely issues receipts, or (d) personally delivered by any courier service that routinely issues receipts: if to the Authority, at 1800 Glenarm Place, Suite 1201, Denver, Colorado 80202, Attention: Executive Director, Colorado Educational and Cultural Facilities Authority, if to the Corporation, to Addenbrooke Classical Academy Building Corporation, 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; if to the Charter School, to Addenbrooke Classical Academy, Inc., 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; if to the Trustee, at UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust & Escrow Services; [if to the Bond Insurer, at [Bond Insurer], [_____], Attention: [_____];] and if to the Underwriter, to D.A. Davidson & Co., at 1550 Market Street, Suite 300, Denver, Colorado 80202, Attention: Eric Duran. [In each case in which notice or other communication refers to an event of default or a claim on the Bond Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel of the Bond Insurer at the same address designated above and at [_____] or at facsimile number [_____] and shall be marked to indicate "URGENT MATERIAL ENCLOSED." A duplicate copy of each notice, certificate, or other communication given hereunder by the Authority or the Trustee, shall also be given to the Corporation and the Bond Insurer. The Authority, the Corporation, the Trustee, the Bond Insurer and the Underwriter may, by notice



given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.]

All notices, approvals, consents, requests and any communications to the Trustee under the Bond Documents must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Authority, the Corporation or the Charter School chooses to use electronic signatures to sign documents delivered to the Trustee, such parties agree to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

**Section 11.08. Payments Due on Holidays**. If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 11.09. No Personal Liability of Officials of the Authority or the Trustee**. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed director, official, officer, agent, attorney, servant or employee of the Authority in his or her individual capacity or any director, board member, officer, agent, attorney, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Authority nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.10. No Pecuniary Liability of the Authority**. No provision, covenant or agreement contained in this Indenture or any obligations herein imposed upon the Authority, or the breach thereof, shall constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. In making the agreements, provisions and covenants set forth in this Indenture, the Authority has not obligated itself except with respect to the application of the Trust Estate for payment of the Bonds under this Indenture.

**Section 11.11. Bonds Owned by the Authority or the Corporation**. In determining whether Registered Owners of Bonds in the requisite aggregate principal amount have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority or the Corporation or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation (unless the Authority, the Corporation or such person owns all the Bonds which are then Outstanding) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the

purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only the Bonds which the Trustee knows are so owned shall be so disregarded. The Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or the Corporation or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 11.12. Retention of Records**. The Trustee will retain all of its records relating to the Bonds and this Indenture (including but not limited to any rebate calculations and payments) for a period of four years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

**Section 11.13. Electronic Storage; Electronic Signature**. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

In the event that any individual or individuals who are authorized to execute this Indenture on behalf of the Authority or the Trustee are not able to be physically present to manually sign this Indenture, such individual or individuals are hereby authorized to execute this Indenture electronically via facsimile or email signature. The authority to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Indenture or the other Bond Documents shall carry the full legal force and effect of any original, handwritten signature, except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds.

**Section 11.14. [Notice to the Bond Insurer]**. [At the time that the Authority or the Trustee is required to give any notice hereunder to the Registered Owners (other than a notice of redemption), like notice shall be given to the Bond Insurer.]

**Section 11.15. [Concerning the Bond Insurance Policy]**.

(a) [In the event that principal and/or interest due on the Series 2025 Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Series 2025 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, the assignment and pledge of the trust estate and all covenants, agreements and other obligations to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

(b) Irrespective of whether any such assignment is executed and delivered, the Authority and the Trustee shall agree for the benefit of the Bond Insurer that: (i) they recognize that to the extent the Bond Insurer makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Series 2025 Bonds, the Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Authority, with interest thereon, as provided and solely from the sources stated herein and in the Series 2025 Bonds; and (ii) they will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided herein and in the Series 2025 Bonds for the payment of principal of and interest on the Series 2025 Bonds to holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.]

**Section 11.16. [Bond Insurer Default]**. [If an Insurer Default shall occur and be continuing, then, (1) if at any time prior to or following an Insurer Default, the Bond Insurer has made payment under the Bond Insurance Policy, to the extent of such payment the Bond Insurer shall be treated like any other holder of the Series 2025 Bonds for all purposes, including giving of consents, and (2) if the Bond Insurer has not made any payment under the Bond Insurance Policy, the Bond Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Bond Insurer makes a payment under the Bond Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "**Insurer Default**" means: (A) the Bond Insurer has failed to make any payment under the Bond Insurance Policy when due and owing in accordance with its terms; or (B) the Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York Insurance Law).]

**Section 11.17. [Bond Insurer Consent]**. [In addition to the other consents required herein, initiation or approval of any action which requires the consent of the Registered Owners shall require the consent of the Bond Insurer. In addition, any amendment, supplement or modification to this Indenture that adversely affects the rights or interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.]

[Remainder of page intentionally left blank]





IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be executed in their respective corporate names, all as of the date first above written.

[SEAL]

COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY

By_____
Mark Heller, Executive Director

UMB BANK, N.A., as Trustee

By_____
Authorized Officer

[Signature page to Indenture of Trust – Addenbrooke Classical Academy, Inc.]

STATE OF COLORADO )
) ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this ___ day of August, 2025, by Mark Heller, as Executive Director of the Colorado Educational and Cultural Facilities Authority, an independent public body politic and corporate constituting a public instrumentality.

Witness my hand and official seal.

_____
Notary Public for the State of Colorado

(SEAL)

[Notary page to Indenture of Trust – Addenbrooke Classical Academy, Inc.]

STATE OF COLORADO )
) ss.
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this ___ day of August, 2025, by John M. Wahl, as an Authorized Officer of UMB Bank, n.a., a national banking association.

Witness my hand and official seal.

_____
Notary Public for the State of Colorado

(SEAL)

[Notary page to Indenture of Trust – Addenbrooke Classical Academy, Inc.]

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After Recording Please Return to:
Casey Parrot LLC
2205 W 136th Avenue, Suite 106-226
Broomfield, Colorado 80023
Attention: Hester M. Parrot, Esq.

**LOAN AND SECURITY AGREEMENT**

**by and between**

**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY**

**and**

**ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION**

**$[A-PAR]**
**Colorado Educational and Cultural Facilities Authority**
**Charter School Refunding Revenue Bonds**
**(Addenbrooke Classical Academy Project)**
**Series 2025A**

**$[B-PAR]**
**Colorado Educational and Cultural Facilities Authority**
**Charter School Refunding Revenue Bonds**
**(Addenbrooke Classical Academy Project)**
**Federally Taxable Series 2025B**

**Dated as of August 1, 2025**

**This Loan and Security Agreement also is a security agreement with respect to certain accounts and is secured by a deed of trust lien on real estate. Certain rights of the Colorado Educational and Cultural Facilities Authority hereunder have been assigned, without recourse and subject to the Unassigned Rights, to UMB Bank, n.a., Denver, Colorado, solely in its capacity as trustee (the "Trustee") under an Indenture of Trust, dated as of August 1, 2025, by and between the Colorado Educational and Cultural Facilities Authority and the Trustee.**

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**LOAN AND SECURITY AGREEMENT**

**THIS LOAN AND SECURITY AGREEMENT**, dated as of August 1, 2025 (this "**Loan Agreement**"), is by and between the **COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY**, an independent public body politic and corporate constituting a public instrumentality of the State of Colorado (the "**Authority**"), and **ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION**, a Colorado nonprofit corporation (the "**Corporation**").

**W I T N E S S E T H :**

WHEREAS, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Loan Agreement, and if not defined below, they shall have the meaning used in the Indenture of Trust, dated as of August 1, 2025 (the "**Indenture**"), by and between the Authority and UMB Bank, n.a., as trustee thereunder; and

WHEREAS, the Authority is authorized by the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23 of the Colorado Revised Statutes, as amended (the "**Act**"), and the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes, as amended (the "**Supplemental Act**"), to make secured or unsecured loans to persons, educational institutions and cultural institutions operating in the State of Colorado (the "**State**"), for the purpose of financing or refinancing the costs of the acquisition, construction, reconstruction, repair, alteration, equipment, enlargement, improvement and extension of facilities required or useful for the operation of an educational institution or a cultural institution and the refunding or refinancing of any outstanding obligations incurred to finance such facilities; and

WHEREAS, the Corporation requests that the Authority finance the cost of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Bonds, including the premium for the Bond Insurance Policy (collectively, the "**Project**"); and

WHEREAS, the Facilities are expected to continue to be leased to the Charter School pursuant to the terms and provisions of a Lease Agreement, dated as of August 1, 2025, by and between the Corporation and the Charter School; and



WHEREAS, pursuant to and in accordance with the Act and the Supplemental Act, the Authority proposes to make a loan to the Corporation pursuant to this Loan Agreement for purposes of financing the Project; and

WHEREAS, pursuant to and in accordance with the Act and the Supplemental Act, the Authority proposes to issue its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Series 2025A in the original aggregate principal amount of $[A-PAR] and its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Federally Taxable Series 2025B in the original aggregate principal amount of $[B-PAR] pursuant to the Indenture, to fund such loan; and

WHEREAS, the Authority proposes to make the loan (the "**Loan**") to the Corporation and the Corporation desires to borrow from the Authority the proceeds of the Bonds for purposes of financing the Project upon the terms and conditions hereinafter in this Loan Agreement set forth.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

**ARTICLE I**
**DEFINITIONS**

All terms defined in Article I of the Indenture shall have the same meaning in this Loan Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"**Accountant**" means any independent public accounting firm licensed to practice in the State (which may be the firm of accountants who regularly audit the books and accounts of the Corporation) from time to time selected by the Corporation.

"**Act**" means the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23 of the Colorado Revised Statutes, as amended, and the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of the Colorado Revised Statutes, as amended.

"**Additional Rents**" has the meaning set forth in the Lease.

"**Annual Fee**" means the annual fee required to be paid by the Corporation to the Authority pursuant to Section 5.02(f) hereof.

"**Authority**" means the Colorado Educational and Cultural Facilities Authority, an independent public body politic and corporate constituting a public instrumentality, duly organized and existing under the laws of the State, or any public corporation succeeding to its rights and obligations under this Loan Agreement.

"**Authorized Representative**" means, in the case of the Authority, the Chair, the Vice-Chair, any Assistant Vice-Chair or the Executive Director thereof or, in the case of the



Corporation or the Charter School, the President, any Vice President or the Secretary or any Director thereof and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other Person authorized to perform such act, discharge such duty or execute such certificate or other document.

"**Base Rents**" means the base rent payments payable by the Charter School pursuant to Section 6.02(a) of the Lease and as further set forth in Exhibit B thereto, as they may be amended hereunder, during the Lease Term, which constitute the base rent payments due and payable by the Charter School for and in consideration of the right to use the Facilities during the Lease Term.

"**Bond Documents**" means, collectively, the Indenture, this Loan Agreement, the Lease, the Deed of Trust and the Commitments.

"**Bond Reserve Fund**" means the bond reserve fund created in Section 3.02 of the Indenture.

"**Bond Reserve Fund Requirement**" means (a) with respect to the Series 2025 Bonds, an amount equal to $[_____], which amount is the maximum annual debt service on the Series 2025 Bonds; and (b) with respect to any Additional Bonds an amount specified in an amendment hereto.

"**Bonds**" means the Series 2025 Bonds and any Additional Bonds issued under the Indenture.

"**Bond Year**" means each period commencing August 1 of each calendar year and terminating on July 31 of the next succeeding calendar year, except that the first Bond Year shall commence on August [__], 2025 and end on July 31, 2026.

"**Building**" means that certain building or buildings and all other structures and facilities now owned or hereafter acquired (all fixtures, heating and air conditioning equipment and all other equipment and machinery affixed to the Land or Building, and parking areas and site improvements) which are located on the Land.

"**Capital Improvements**" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions which, under Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

"**Charter Authorizer**" means Jefferson County School District R-1, or any successor Person pursuant to which the Charter School is granted a charter under the Charter Schools Act.

"**Charter Contract**" means the charter contract between the Charter Authorizer and the Charter School.

"**Charter School**" means Addenbrooke Classical Academy, Inc., a Colorado nonprofit corporation and a public charter school authorized by the Charter Authorizer, duly organized and validly existing charter school under the Charter Schools Act, and any successors thereto and an organization that is exempt from federal income tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" within the meaning of section 509(a) of the Code and any successors thereto.

"**Charter Schools Act**" means the Charter Schools Act, constituting Article 30.5 of Title 22 of Colorado Revised Statutes, as amended, or any successor act thereto.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations prescribed thereunder.

"**Colorado Charter School Intercept Program**" means that certain intercept program described in Section 406 of Article 30.5 of Title 22 of Colorado Revised Statutes, as amended, or any successor statute thereto.

"**Completion Date**" means the date of completion of the Project as that date shall be certified as provided in Section 4.03 hereof.

"**Consultant**" means an independent consulting or management firm selected by the Corporation and not objected to by the Authority.

"**Consultant's Certificate**" means a written opinion or report of a Consultant.

"**Consulting Architect**" means an individual or an independent engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Corporation for other purposes) selected by the Corporation.

"**Consulting Architect's Certificate**" means a written opinion or report signed by the Consulting Architect.

"**Corporation**" means (a) Addenbrooke Classical Academy Building Corporation, a duly organized and validly existing Colorado nonprofit corporation or (b) any surviving, resulting or transferee corporation, as provided in Section 8.02 hereof.

"**Cost of the Project**" means the sum total of all reasonable or necessary costs incidental to the Project that may be financed pursuant to the Act.

"**Debt Service Fund**" means the Debt Service Fund created in Section 3.02 of the Indenture.

"**Deed of Trust**" means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of August 1, 2025, from the Corporation to the Public Trustee in and for the County of Jefferson, Colorado for the benefit of the Trustee, and any amendment and supplements thereto made in conformity with the requirements thereof and of the Indenture.



"**Default Rate**" means the lesser of (i) 3% per annum above the highest rate of interest borne by any of the Bonds, or (ii) the maximum rate permitted by law if less than such rate.

"**Environmental Requirements**" means all present and future federal, state or local laws, regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements which apply to any actual, proposed or threatened storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Facilities.

"**Event of Default**" means those defaults specified in Section 10.01 hereof and in Section 8.01 of the Indenture.

"**Facilities**" means, collectively, the 2016 Facilities and the 2020 Facilities.

"**Fiscal Year**" means the Corporation's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year.

"**Funds**" means the Debt Service Fund, the Bond Reserve Fund, the Project Fund, the Rebate Fund, and the Issuance Expense Fund.

"**Gross Revenue of the Charter School**" means all income and revenues directly or indirectly derived by the Charter School from its operations, including without limitation per pupil revenues and other funding received from the Charter Authorizer, or by virtue of the Charter Contract; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for the payments required under the Lease.

"**Hazardous Substance**" means, at any time, (a) any "hazardous substance" as defined in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§9601 et seq.) as amended at such time; and (b) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under applicable federal, state or local laws, regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements which apply to the Facilities; provided, however, that "Hazardous Substance" shall not include any such substances used in or resulting from the ordinary operation of the Facilities or for the cleaning of the Facilities if such substances are stored, handled or disposed of in compliance with all applicable Environmental Requirements and other applicable laws and regulations.

"**Indebtedness**" means all indebtedness of the Corporation for borrowed moneys, or which has been incurred or assumed in connection with the acquisition of Property, all indebtedness, no matter how created, including, without limitation, the Loan, secured by Property, whether or not such indebtedness is assumed by the Corporation, and any leases required to be capitalized in accordance with Generally Accepted Accounting Principles, installment purchase obligations and guaranties of repayment by the Corporation.

"**Indemnified Parties**" has the meaning ascribed to such term in Section 8.06 hereof.



"**Indenture**" means the Indenture of Trust, dated as of August 1, 2025, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

"**Initial Term**" means the period commencing on the date the Bonds are issued and ending on June 30, 2026.

"**Insurance Consultant**" means an independent insurance consultant and/or risk management firm or an insurance broker or an insurance agent (which may be a consultant, firm, broker or agent with whom the Corporation, the Authority or the Trustee regularly transacts business) selected by the Corporation.

"**Irrevocable Deposit**" means the irrevocable deposit in trust of cash in an amount (or non-callable Government Obligations, the principal of and interest on which will be in an amount) and under terms sufficient to pay all or a specified portion of the principal of, premium, if any, and/or the interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit shall have possession of any cash and securities (other than book-entry securities) and may be the Trustee or any other trustee authorized to act in such capacity.

"**Issuance Expense Fund**" means the Issuance Expense Fund created in Section 3.02 of the Indenture.

"**Issuance Expense Fund Initial Deposit**" means an amount equal to $[_____].

"**Land**" means the real estate, interests in real estate, and other real property rights described in Exhibit A hereto, together with all real estate, interests in real estate and other real property rights made a part of the Land in connection with the substitution of such real estate and other real property rights pursuant to Section 8.11 hereof or as the result of replacement of property taken in condemnation, or otherwise, less such real estate, interests in real estate and other real property rights released under the provisions of Section 8.11 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.02 hereof.

"**Lease**" means the Lease Agreement, dated as of August 1, 2025, by and between the Charter School and the Corporation, and any amendments or supplements thereto, pursuant to which all or substantially all of the Facilities are expected to be leased by the Corporation to the Charter School.

"**Lease Term**" means the Initial Term and each Renewal Term during which the Charter School is the lessee of the Facilities under the Lease as provided in Section 4.01 of the Lease. Certain provisions of the Lease survive the expiration or end of the Lease Term as provided in Section 4.0l(c) of the Lease.

"**Lien**" means the lien of the Deed of Trust, and any mortgage or pledge of, security interest in, or lien or encumbrance on, any Property which secures any Indebtedness or other obligation of the Corporation or which secures any obligation of any Person other than an obligation to the Corporation excluding liens applicable to Property in which the Corporation has only a leasehold interest unless the lien secures Indebtedness.



"**Loan**" means the loan by the Authority to the Corporation of the proceeds from the sale of the Bonds pursuant to this Loan Agreement.

"**Loan Agreement**" means this Loan and Security Agreement and any amendments and supplements hereto made in conformity with the requirements hereof and of the Indenture.

"**Loan Payments**" means those payments required to be paid by the Corporation pursuant to Section 5.02(a) hereof.

"**Long-Term Indebtedness**" means (a) all Indebtedness, the final maturity of which (taking into account any extensions available at the sole option of the Corporation) is greater than one year after the initial incurrence thereof, and (b) if the Lease is in effect, all capital leases of the Charter School, but only if the base rents payable thereunder secure Indebtedness described in clause (a) of this definition.

"**Maximum Annual Debt Service**" means as of any date of calculation, the highest principal and interest payment requirements with respect to all Long-Term Indebtedness outstanding for any succeeding Bond Year.

"**Net Proceeds**" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

"**Net Revenue**" means Gross Revenue of the Charter School, plus the amount of unrestricted working capital of the Charter School held in the Charter School's operating fund in excess of the balance required pursuant to Section 10.08 of the Lease, less Operating Expenses of the Charter School.

"**Operating Expenses of the Charter School**" means all reasonable and necessary current expenses of the Charter School, paid or accrued, to operate a public school and provide educational services at the Facilities, including without limitation (a) salaries, employee retirement and health benefits and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, (d) professional services and (e) any payments made under the Lease which constitute Additional Rents and any similar rental payments made in connection with other lease-purchase agreements of the Charter School; provided however, there shall be excluded from Operating Expenses of the Charter School (i) any allowance for depreciation; (ii) expenses incurred in connection with the construction of Capital Improvements; (iii) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenue of the Charter School; and (iv) Base Rent payments and any similar rental payments made for the lease-purchase of Capital Improvements.

"**Opinion of Counsel**" means an opinion in writing of legal counsel, who may be counsel to the Authority, the Trustee, the Charter School or the Corporation.

"**Permitted Encumbrance**" means, as of any particular time, any of the following:

(a) liens for taxes and special assessments on the Facilities not then delinquent;

(b) this Loan Agreement, the Tax Compliance Certificate and the Indenture;

(c) purchase money security interests with respect to any item of equipment related to the Facilities;

(d) the Lease, and any other leases of the Facilities permitted pursuant to the terms of Section 8.11 hereof;

(e) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure on the Deed of Trust on the Facilities);

(f) mechanics' and materialmen's liens related to the Facilities when payment of the related bill is not overdue and as may be permitted by the Lease;

(g) mechanics' and materialmen's liens, security interests or other encumbrances related to the Facilities to the extent permitted in Section 6.01 hereof;

(h) Liens arising by reason of good faith deposits with the Corporation in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Corporation to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(i) Liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency as required by law or governmental regulation as a condition to any transaction or any business or the exercise of any privilege or license, or to enable the Corporation to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(j) judgment Liens against the Corporation or the Charter School so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(k) rights reserved to or vested in any municipality, school district or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facilities, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Facilities or materially and adversely affect the value thereof, or (B)



purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facilities; (i) Liens on the Facilities for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with the Facilities, which are not due and payable or which are not delinquent or which are being contested in good faith or with respect to liens of mechanics, materialmen and laborers, or have been due for less than sixty (60) days; (ii) easements, rights of way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facilities which do not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (iii) rights reserved to or vested in any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not materially impair the use of the Facilities or materially and adversely affect the value thereof;

(l) Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds and as disclosed in the title policy provided in accordance with Section 4.09 hereof, provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facilities not subject to such Lien on such date, unless such Lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance hereunder;

(m) Liens arising by reason of an Irrevocable Deposit;

(n) Liens in favor of the Trustee on the proceeds of the Bonds prior to the applications of such proceeds;

(o) Liens securing the Bonds or any additional Indebtedness permitted by Section 8.13 hereof;

(p) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Facilities and which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure of the Lien granted by the Deed of Trust); and

(q) the Lien of the Deed of Trust.

"**Person**" includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

"**Pledged Revenues**" means all revenues, rentals, fees, third-party payments, receipts, contributions or other income derived from the Facilities, including the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with Generally Accepted Accounting Principles, including, but not limited to, any revenues received



from rentals of the Facilities, including, without limitation, rentals received pursuant to the Lease; proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation which are derived from the Facilities; and all donations, gifts, grants, bequests and contributions (including income and profits therefrom), to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for any of the payments required hereunder. Pledged Revenues shall not, however, include any administrative fee paid to the Corporation or the Charter School by a lessee of the Facilities for the Corporation's or Charter School's administration of the Facilities, including, without limitation, the Additional Rents paid to the Corporation pursuant to Section 6.02 of the Lease.

"**Project**" has the meaning as set forth in the attached Exhibit B, which may be amended from time to time upon issuance of Additional Bonds.

"**Project Fund**" means the Project Fund created pursuant to Section 3.02 of the Indenture.

"**Property**" means any and all right, title and interest in and to any and all property of the Corporation whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired.

"**Pro Rata Portion**" means the dollar amount derived by dividing the amount of principal or interest to come due on the first principal or interest payment date, respectively, by the number of monthly deposits required to be made prior to such payment date.

"**Rebate Analyst**" means the entity chosen by the Corporation and the Charter School to determine the amount of required deposits to the Rebate Fund, if any.

"**Rebate Fund**" means the Rebate Fund created in Section 3.18 of the Indenture.

"**Refunded Bonds**" means the Series 2020 Bonds.

"**Refunded Bonds Trustee**" means UMB Bank, n.a., Denver, Colorado, in its capacity as trustee for the Refunded Bonds, or any successor corporate trustee.

"**Renewal Term**" means each twelve-month period, commencing on July 1 of each year and ending on June 30 of the following calendar year, for which the Charter School renews the Initial Term or a Renewal Term.

"**Resolution**" means the resolution of the Authority providing for the issuance of the Bonds and approving this Loan Agreement, the Indenture and related matters

"**Series 2016 Bonds**" means the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2016, originally issued in the original aggregate principal amount of $18,045,000.



"**Series 2020 Bonds**" means the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000.

"**Series 2025 Bonds**" means the Series 2025A Bonds and the Series 2025B Bonds.

"**Series 2025A Bonds**" means Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A issued in the aggregate principal amount of $[A-PAR].

"**Series 2025B Bonds**" means Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Federally Taxable Series 2025B issued in the aggregate principal amount of $[B-PAR].

"**Supplemental Act**" means the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of the Colorado Revised Statutes, as amended.

"**Tax Compliance Certificate**" means the Tax Compliance Certificate, dated as of August [__], 2025, among the Authority, the Corporation, and the Charter School executed in connection with the initial issuance and delivery of the Bonds, as amended or supplemented from time to time pursuant to its terms.

"**Trustee**" means UMB Bank, n.a., Denver, Colorado, solely in its capacity as trustee, being the paying agent, the registrar and the trustee under the Indenture, or any successor corporate trustee.

"**UCC**" means the Colorado Uniform Commercial Code.

"**Underwriter**" means D.A. Davidson & Co., its successors and assigns.

"**2016 Facilities**" means, collectively, the Land and the Buildings located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235, including the equipment therein, if any, or improvements thereto, financed with proceeds of the Series 2016 Bonds.

"**2020 Facilities**" means, collectively, the Land and the Buildings located at 3605 South Teller Street, Lakewood, Colorado 80235, including the equipment therein, if any, or improvements thereto, financed with proceeds of the Series 2020 Bonds.

## ARTICLE II
## REPRESENTATIONS

**Section 2.01. Representations by the Authority**. The Authority represents that:

(a) The Authority is an independent public body politic and corporate constituting a public instrumentality duly organized and existing under the laws of the State. The Authority is authorized by the Act, the Supplemental Act and the Resolution to enter into this Loan Agreement, the Tax Compliance Certificate and the Indenture, and

to carry out the transactions contemplated hereby and thereby and to carry out its obligations hereunder and thereunder and has duly authorized the execution and delivery of this Loan Agreement, the Tax Compliance Certificate and the Indenture.

(b) The Authority has duly adopted the Resolution, and the Resolution has not been terminated, rescinded, canceled, revoked, vacated, amended, supplemented or otherwise modified since the date of its adoption and is and has been since the date of its adoption in full force and effect.

(c) Consistent with the understanding between the Authority and the Corporation, the Authority will loan the Corporation the proceeds of the Series 2025 Bonds to provide for the financing of the Project, all for the purpose of providing adequate educational facilities.

(d) To finance the Project, the Authority will issue the Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project) Series 2025A in the original aggregate principal amount of $[A-PAR] and the Colorado Educational and Cultural Facilities Authority Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Federally Taxable Series 2025B in the original aggregate principal amount of $[B-PAR]. The Series 2025A Bonds and the Series 2025B Bonds shall 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 Indenture.

(e) Neither the execution and delivery of this Loan Agreement, the Tax Compliance Certificate or the Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement, the Tax Compliance Certificate or the Indenture, to the Authority's knowledge, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority under the terms of any instrument or agreement.

(f) Based solely on the representations of the Corporation, the Authority hereby approves the Corporation's estimate of the total Cost of the Project as reasonably determined by the Corporation, set forth in Section 2.02(c) hereof and hereby finds, based solely on the representations of the Corporation contained in Section 2.02(c) hereof, that the amount of the Loan does not exceed such estimated cost.

(g) The Authority will take all permissible actions within its control necessary pursuant to the provisions of the Charter School Facilities Financing Act, Sections 22-30.5-401, et seq., Colorado Revised Statutes, as amended, when applicable, in order to (i) receive money for the payment of the Series 2025 Bonds from the Colorado Charter School Debt Reserve Fund Program upon written notice from the Trustee of a deficiency; (ii) to request replenishment of the Series 2025 Bond Reserve Fund from the Governor of



the State pursuant to the Colorado Charter School Moral Obligation Program, upon notice from the Trustee of a deficiency; and (iii) make application for the direct payment of the Series 2025 Bonds by the Colorado State Treasurer pursuant to the Colorado Charter School Intercept Program.

(h) To the knowledge of the Authority, no litigation at law or in equity or administrative action of any nature has been served on the Authority and is now pending materially adversely affecting, nor to the Authority's knowledge, is there any proposed amendment to any State law or any administrative interpretation of any State law or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect: (i) the creation, organization or existence of the Authority; (ii) the authority of the Authority to accept or perform the duties and obligations of the Authority under the Authority Documents or the Bonds; (iii) the Authority's ability to fulfill its duties and obligations under the Authority Documents or the Bonds; (iv) the validity or enforceability of the Authority Documents, the Bonds, or any other loan document to which the Authority is a party; or (v) the tax-exempt status of interest on the Series 2025 Bonds.

(i) The Authority shall have no responsibility for the filing, perfection or continuation of any security interest created under the Indenture or this Loan Agreement.

**Section 2.02. Representations by the Corporation**. The Corporation represents and covenants that:

(a) The Corporation is a nonprofit corporation duly organized and in good standing under the laws of the State; is an "Educational Institution" within the meaning of the Act; is not supported in whole or in part by state funds (as that term is used in the Act), has power to enter into and to perform and observe the covenants and agreements on its part contained in this Loan Agreement, the Deed of Trust, the Lease and the Tax Compliance Certificate; and by proper action has duly authorized the execution and delivery of this Loan Agreement, the Deed of Trust, the Lease, and the Tax Compliance Certificate.

(b) The Corporation shall pay the initial fee to the Authority in connection with the Bonds.

(c) The Facilities constitute educational "Facilities" within the meaning of the Act, and the Corporation intends to cause the Facilities to operate at all times during the term of this Agreement so as to qualify as educational "Facilities" within the meaning of the Act.

(d) Neither the execution and delivery of this Loan Agreement, the Deed of Trust, the Lease or the Tax Compliance Certificate, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement, the Deed of Trust, the Lease or the Tax Compliance Certificate violate any law or conflict with or result in a breach of any of the terms,



conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound 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 whatsoever upon any of the Facilities under the terms of any instrument or agreement, other than this Loan Agreement, the Deed of Trust, the Lease and the Tax Compliance Certificate or any Permitted Encumbrances.

(e) The total estimated Cost of the Project is hereby determined to be not less than $[COMBINED PAR] and the financing of such cost by the Authority will assist the Corporation in providing facilities which are to be leased to institutions of education or cultural institutions.

(f) The Corporation will at all times prior to the expiration of the term of this Loan Agreement make the Facilities available for use by institutions of education or cultural institutions within the meaning of the Act and has complete lawful authority to lease the Facilities for such purpose. The Facilities constitute educational "Facilities" within the meaning of the Act, and the Corporation intends to cause the Facilities to operate at all times during the term of this Loan Agreement so as to qualify as educational "Facilities" within the meaning of the Act.

(g) The Loan Payments due under this Loan Agreement are in an amount sufficient to pay the principal of and premium, if any, and interest on the Series 2025 Bonds; and this Loan Agreement requires the Corporation to pay or provide for the payment of all costs of maintenance, repair, taxes, payments in lieu of taxes, assessments, insurance premiums, trustee's fees and all other expenses relating to the Facilities, so that the Authority will not incur any expenses on account of the Facilities, other than those that are covered by the payments by the Corporation provided for herein; provided, however, that, all such payments, except as specifically provided herein, are limited special obligations of the Corporation payable, upon an Event of Default, solely from the Pledged Revenues or from amounts received from the foreclosure on the Deed of Trust.

(h) Except as described in writing delivered to the Authority, neither the Corporation nor, to the knowledge of the Corporation, any other Person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Facilities or any part thereof in violation of Environmental Requirements. The Corporation hereby warrants and represents that it will comply in all material respects with all applicable Environmental Requirements at the Facilities. Except as described in writing to the Trustee and the Authority, to the knowledge of the Corporation, the Facilities have not previously contained and do not contain any underground storage tanks other than in compliance with all applicable Environmental Requirements and have never been used by the Corporation or, to the knowledge of the Corporation, by any other Person, as a temporary or permanent storage or disposal site for any Hazardous Substance.

(i) There are no actions, suits or proceedings or investigations pending or, to the best of the knowledge of the officer executing this Loan Agreement, threatened against the Corporation or the Property of the Corporation, or involving the enforceability



of the Series 2025 Bonds, this Loan Agreement, the Deed of Trust, the Lease, the Indenture or the Tax Compliance Certificate, or the priority of the lien on Pledged Revenues created hereby, at law or in equity, or before or by any governmental authority, except actions which, if adversely determined, would not materially impair the ability of the Corporation to perform its obligations under this Loan Agreement, and to cause to be paid any amounts which may become payable under this Loan Agreement. The Corporation is not in default in any material respect under any mortgage, deed of trust, lease, loan or credit agreement, partnership agreement or other instrument to which the Corporation is a party or by which it is bound.

(j) The Corporation is currently in compliance with and in the future will comply with all applicable federal and state nondiscrimination laws.

(k) The Corporation will take all permissible actions necessary to assist the Authority in utilizing (i) the Colorado Charter School Debt Reserve Fund Program for the payment of the Series 2025 Bonds, (ii) the Colorado Charter School Moral Obligation Program for the payment of the Series 2025 Bonds, and (iii) the Colorado Charter School Intercept Program.

(l) The Corporation will comply with the provisions of Securities and Exchange Commission Rule 15c2-12; provided, however, failure to comply shall not constitute an Event of Default hereunder.

## ARTICLE III
## TERM OF THIS LOAN AGREEMENT

This Loan Agreement shall remain in full force and effect from the date of delivery hereof until such time as all the Loan Payments and any other amounts represented by the Indebtedness of the Bonds and/or any other amounts due under the Deed of Trust shall have been fully paid in full or provision is made for such payment pursuant to the Indenture and all reasonable fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the Authority accrued and to accrue through final payment of the Bonds and all other liabilities of the Corporation accrued and to accrue through final payment of the Bonds under this Loan Agreement and the Indenture have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding any other provision hereof (a) the indemnification provision of Section 8.06 hereof shall survive after the termination of the term of this Loan Agreement; (b) all agreements, representations and certifications by the Corporation as to the exclusion from gross income of interest for federal income tax purposes on the Bonds, the interest on which is excludable from gross income for federal income tax purposes, shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Registered Owners of the Bonds for federal and state income taxes with respect to interest on the Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Indemnified Parties, and all such agreements, representations and certifications regarding the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes, shall be enforceable by the Registered Owners of the Bonds, directly against the Corporation.

**ARTICLE IV**
**THE PROJECT; ISSUANCE OF THE BONDS**

**Section 4.01. Agreement to Issue Series 2025 Bonds; Application of Series 2025 Bond Proceeds and Other Moneys**. In order to provide funds to make the Loan for payment of the Cost of the Project, the Authority will sell and cause to be delivered to the initial purchasers thereof the Series 2025 Bonds for a purchase price of $[_____], less the following:

(a) The Underwriter's discount of $[_____];

(b) $[_____] to the Bond Insurer for payment of the premium for issuance of the Bond Insurance Policy; and

(c) The amount necessary to pay and cancel the Refunded Bonds, on August [__], 2025 upon payment of $[_____] to the owners thereof, $[_____] of which is funded from Series 2025 Bond proceeds and $[_____] of which is funded with deposits held with the Refunded Bonds Trustee;

and will make such Loan and, direct the Trustee to deposit the remaining proceeds of the Series 2025 Bonds in an amount equal to $[_____], as follows:

(a) Into an account within Bond Reserve Fund entitled "Series 2025 Bond Reserve Account" in an amount equal to the Bond Reserve Fund Requirement.

(b) Into the Issuance Expense Fund an amount equal to the Issuance Expense Fund Initial Deposit.

(c) Into the Project Fund an amount equal to $0.00.

**Section 4.02. Reserved**.

**Section 4.03. Disbursement from the Project Fund**. The Authority has, in the Indenture, authorized and directed the Trustee to disburse the Loan moneys in the Project Fund to or on behalf of the Corporation for the Cost of the Project upon receipt by the Trustee of (a) a completed requisition, in the form attached hereto as Exhibit C, signed by the Authorized Representative of the Corporation or, if the Lease is in effect, the Authorized Representative of the Charter School, which may be submitted to the Trustee by the Corporation or the Charter School, as the case may be, as frequently as twice per month, and (b) a completed, executed copy of Internal Revenue Service Form W-9 for each payee listed therein. The Trustee may conclusively rely on as to the completeness and accuracy of all statements in such requisition if such requisition is signed by an Authorized Representative of the Corporation or the Charter School, as the case may be, and the Trustee shall not be required to make an independent investigation in connection therewith.

The Completion Date of the Project shall be evidenced to the Trustee by the furnishing of a certificate signed by the Authorized Representative of the Corporation or, if the Lease is in effect, the Authorized Representative of the Charter School (as defined in the Lease), stating that the Project has been completed by the Corporation (the "**Completion Certificate**").



Any Loan moneys (including investment proceeds) remaining in the Project Fund on the date of the Completion Certificate may be used, at the direction of the Authorized Representative of the Corporation or, if the Lease is in effect, the Authorized Representative of the Charter School, to the extent indicated, for the payment, in accordance with the provisions of this Loan Agreement, of any Cost of the Project not theretofore paid, as specified in the Completion Certificate.

Any Loan moneys (including investment proceeds) remaining in the Project Fund on the date of receipt of the Completion Certificate and not set aside for the payment of the Cost of the Project related to the Facilities as specified above shall on such date be deposited by the Trustee in the Debt Service Fund upon the written direction of an Authorized Representative of the Corporation or, if the Lease is in effect, the Authorized Representative of the Charter School to be used to pay the principal of and interest on the Bonds.

In the event the Loan moneys in the Project Fund available for payment of the Cost of the Project should not be sufficient to pay the costs thereof in full, the Corporation will pay or deposit in the Project Fund moneys sufficient to pay the Cost of the Project as may be in excess of the moneys available therefor in the Project Fund, but solely from the Pledged Revenues. NEITHER THE AUTHORITY NOR THE TRUSTEE MAKES ANY WARRANTY, EITHER EXPRESS OR IMPLIED (1) THAT THE MONEYS WHICH WILL BE PAID INTO THE PROJECT FUND AND WHICH, UNDER THE PROVISIONS OF THIS LOAN AGREEMENT, WILL BE AVAILABLE FOR PAYMENT OF THE COST OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL THE COSTS WHICH WILL BE INCURRED IN THAT CONNECTION; OR (2) AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITIES OR THAT THE FACILITIES ARE OR WILL BE SUITABLE FOR THE CORPORATION'S PURPOSES OR NEEDS. The Corporation agrees that if after exhaustion of the moneys in the Project Fund or otherwise the Corporation should pay or deposit moneys in the Project Fund for the payment of any portion of the Cost of the Project pursuant to the provisions of this Section it shall not be entitled to any reimbursement therefor from the Authority or from the Trustee or from the Registered Owners of the Bonds, nor shall it be entitled to any diminution of the Loan Payments, or other amounts required to be paid under this Loan Agreement.

**Section 4.04. Disbursements from the Issuance Expense Fund**. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Issuance Expense Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Issuance Expense Fund only for paying the costs of legal, accounting, organization, marketing or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the Authority, the Trustee, the Corporation or the Charter School in connection with the issuance of the Bonds. The Authority does not make any warranty either express or implied that the moneys in the Issuance Expense Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Corporation agrees to pay that portion of such costs in excess of the amount in the Issuance Expense Fund from any moneys legally available for such purpose. The Corporation shall not be entitled as a result of paying a portion of the issuance expenses pursuant to this Section to any reimbursement therefor from the Authority, the Trustee or the Registered Owners of the Bonds, nor shall it be entitled to any diminution in or postponement of the Loan Payments or other amounts required to be paid under this Loan



Agreement. The Trustee shall make payments from the Issuance Expense Fund in accordance with the closing memo prepared by the Underwriter dated as of the Closing Date which summarizes the approved costs of issuance; provided, however, that if the invoice submitted by the payee therefor is less than the amount listed in such closing memo, the Trustee is hereby authorized to pay the lesser amount. The Trustee may require a completed, executed copy of Internal Revenue Service Form W-9 for each payee listed in the closing memo prior to making payments thereto in its sole discretion. Any moneys remaining in the Issuance Expense Fund following such payments and any other payments to be made from such fund shall be transferred to the Debt Service Fund, as set forth in Section 3.13 of the Indenture.

**Section 4.05. Reserved**.

**Section 4.06. Obligation of the Corporation to Cooperate in Furnishing Documents to Trustee**. The Corporation agrees to cooperate with the Trustee in furnishing the requisitions referred to in Sections 4.03 and 4.04 hereof.

**Section 4.07. Investment of Moneys**. Any Loan moneys held as a part of the Funds shall be invested, reinvested and transferred to other Funds by the Trustee as provided in Article VI and Section 3.18 of the Indenture and at the written direction of the Corporation. In addition, the Corporation covenants that any money held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Compliance Certificate to the extent required to comply with its covenants contained in Section 4.08 hereof. The Corporation shall provide to the Trustee at least every five (5) years from the date of issuance of the Bonds, as provided in the Tax Compliance Certificate, a certificate of an Authorized Representative of the Corporation to the effect that (a) all requirements of this Loan Agreement, the Indenture and the Tax Compliance Certificate with respect to the Rebate Fund have been met on a continuing basis, (b) the proper amounts have been and are on deposit in the Rebate Fund, and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either money of the Corporation or the Trustee will transfer moneys to the Rebate Fund as set forth in Section 3.18 of the Indenture. The Corporation acknowledges the provisions of Section 6.03 of the Indenture which limit the amount of money to be so transferred from the Funds at its direction.

If the certificate described in the preceding paragraph is not delivered to the Trustee within thirty (30) days following each computation date as provided in the Tax Compliance Certificate, during the term of this Loan Agreement, the Trustee shall provide the Authority with written notice of such failure to receive such certificate, and the Trustee will transfer moneys from other Funds as provided in Section 3.18 of the Indenture to the Rebate Fund or the United States Treasury.

**Section 4.08. Tax Covenant**. The Corporation covenants for the benefit of the Authority and the Registered Owners of the Bonds, and their respective successors and assigns, that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Corporation or any of the Property of the Corporation, including the Facilities, if such action or omission (a) would cause the interest on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes, to lose its



exclusion from gross income for federal income tax purposes under Section 103 of the Code, (b) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, or (c) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the expiration of statutes of limitations applicable to the liability of the Registered Owners of the Bonds for federal and state income taxes with respect to interest on the Bonds.

The Corporation further covenants, represents and warrants that the procedures set forth in the Tax Compliance Certificate implementing the above covenant shall be complied with to the extent necessary under the Code to maintain the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes, or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations.

The Corporation acknowledges that in the event of an examination of the Tax-Exempt Bonds by the Internal Revenue Service (the "**Service**") to determine compliance of the Tax-Exempt Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Authority is likely to be treated as the "taxpayer" in such examination. The Borrower agrees, upon notification by the Authority, that the Borrower (a) will respond to any inquiries from the Service in connection with such examination, and (b) following request of the Authority, will reimburse the Authority for all expense incurred by the Authority in connection with such examination of the Tax-Exempt Bonds by the Service, or will directly pay the costs of any such examination. The Authority covenants that it will promptly notify the Corporation of any inquiry or examination by the Service relating to the Tax-Exempt Bonds and will cooperate with the Borrower, at the Borrower's sole expense, in connection with any such inquiry or examination. The Borrower understands and agrees that the interests of the Authority and the Borrower in any such examination may differ and that the existence of the examination may be subject to public disclosure by the Authority under the open records laws of the State.

**Section 4.09. Title Insurance**. On or before the date of issuance of any Bonds and the making of the Loan, the Trustee shall be provided with a commitment for (i) a copy of a standard owner's title insurance policy and lender's title insurance policy insuring the Corporation's interest in the real property; and (ii) a standard title insurance policy insuring the Trustee's interest under the Deed of Trust in the Land and included in the Facilities, subject only to Permitted Encumbrances, in an amount not less than the lesser of either (i) the principal amount of the Outstanding Bonds or (ii) the insurable value of the Facilities, as completed. Each such policy shall be in the form of an ALTA extended policy of title insurance issued by Land Title Guarantee Company and may not permit the title insurer to purchase any Bonds in lieu of providing payment under the policy unless, upon purchase, all such Bonds are cancelled.

The Corporation acknowledges that in the event of an examination of the Bonds by the Service to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Authority is likely to be treated as the "taxpayer" in such examination. The Corporation agrees, upon notification by the Authority, that the Corporation (a) will respond to any inquiries from the Service in connection with such examination, and (b)

following request of the Authority, will reimburse the Authority for all expenses incurred by the Authority in connection with such examination of the Bonds by the Service, or will directly pay the costs of any such examination. The Authority covenants that it will promptly notify the Corporation of any inquiry or examination by the Service relating to the Bonds and will cooperate with the Corporation, at the Corporation's sole expense, in connection with any such inquiry or examination. The Corporation understands and agrees that the interests of the Authority and the Corporation in any such examination may differ and that the existence of the examination may be subject to public disclosure by the Authority under the open records laws of the State.

**ARTICLE V**
**DEED OF TRUST AND SECURITY PROVISIONS; PROVISIONS FOR PAYMENT**

**Section 5.01. Deed of Trust and Security Agreement Provisions; Evidence of Loan Indebtedness**. In order to secure the payment of the Loan and the payment of all other amounts payable hereunder and under the Deed of Trust and to secure the performance by the Corporation of all the covenants expressed or implied by this Loan Agreement and the documents and instruments executed in connection herewith:

(a) the Corporation shall execute and deliver the Deed of Trust concurrently with this Loan Agreement. The Deed of Trust shall secure the Loan and all obligations hereunder in a first lien security position for the benefit of the Trustee and its successors and assigns, subject only to Permitted Encumbrances;

(b) the Corporation does hereby pledge to and grant to the Authority a present security interest, within the meaning of the UCC and to the extent permitted by law, in all personal property, materials, equipment, fixtures or other property whatsoever now or hereafter attached or affixed to, or installed in, or used in connection with the buildings and other improvements now erected or hereafter to be erected on the Land or otherwise in connection with the Facilities, all accounts, escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the UCC, and all contract rights, franchises, books, contracts, certificates, records, plans, specifications, permits, licenses (to the extent assignable), approvals, actions, and causes of action which now or hereafter relate to, are derived from or are used in connection with the Facilities, or the use, operation, construction, management, maintenance, occupancy, operation, or enjoyment thereof or the conduct of any business or activities thereon (hereinafter collectively called the "**Intangibles**"), insurance proceeds and all renewals or replacements of or substitutions for any of the foregoing comprising the Facilities and together with and including all Pledged Revenues and all the proceeds thereof, subject to Permitted Encumbrances, and all of the Corporation's right, title and interest, if any, in the Funds and in any trust accounts referred to in this Loan Agreement or the Indenture (the foregoing notwithstanding, nothing contained in this subsection shall create a pledge or grant of personal property owned by the Charter School); and

(c) the Liens of this Loan Agreement and the Deed of Trust shall apply to all property related to the Land or the Facilities acquired by the Corporation after the date of



this Loan Agreement which by the terms of this Loan Agreement shall be subject to the Lien and/or the security interests created hereby, shall immediately upon the acquisition thereof by the Corporation and without further mortgage, encumbrance, conveyance, or assignment become subject to the Lien and security interests created by this Loan Agreement, the Deed of Trust and any and all other documents and instruments delivered in connection therewith, including, without limitation, any UCC Financing Statements. Nevertheless, the Corporation shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further mortgages, deeds of trust, security agreements, financing statements and assurances as the Authority shall require for accomplishing the purposes of this Loan Agreement. Failure of the Corporation to execute and deliver such requested documents shall be deemed a default hereunder and the Authority and its successors and assigns, as the beneficiary hereunder, and the Trustee, as beneficiary under the Deed of Trust is hereby given the express authority to file any and all such financing statements, amendments and documents necessary to confirm the agreements set forth herein, which grant is coupled with an interest and is non-revocable.

Notwithstanding subsections (a), (b) and (c) above, the Authority and the Trustee shall terminate and release the Deed of Trust and the security interests granted, sold, bargained or conveyed unto the Authority or the Trustee, as the case may be, when the Loan has been paid in full and the Bonds secured hereby and thereby are no longer Outstanding and all obligations under the Indenture and this Loan Agreement have been satisfied.

**For purposes of the Deed of Trust, this Loan Agreement evidencing the Loan and Bonds issued pursuant hereto shall be deemed an "evidence of debt" as defined in Section 38-38-100.3(8), Colorado Revised Statutes, as amended.**

This Loan Agreement and the pledge hereunder shall be valid and binding from the date hereof and the issuance of the Bonds evidencing the funding of the Loan under this Loan Agreement. To the extent any property covered by this Loan Agreement consists of personal property, intangible interests or any right or interest, the perfection of which is governed by the UCC, this Loan Agreement constitutes a security agreement and financing statement and is intended when filed or when the Deed of Trust is recorded and/or any UCC Financing Statements are filed, as and where required, to create a perfected security interest (to the extent that such security interest can be perfected by filing) in such property in favor of the Authority or the Trustee, as the case may be. The Authority shall have no responsibility for the filing, perfection or continuation of any security interest created under the Indenture or this Loan Agreement.

**Section 5.02. Loan Payments and Other Amounts Payable; Limited Payment Obligations of Corporation**.

(a) The Corporation shall pay (or cause to be paid) as repayment of the Loan until the principal of, premium, if any, and interest on the Bonds (and any other sums due hereunder) shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture, (i) commencing [_____], 2025, into the Debt Service Fund on or before the first day of each month during the term of this Loan Agreement an amount (after taking into account any accrued and capitalized interest, if



any, contained in the Debt Service Fund) sufficient to pay 1/6th of the interest which will become due on the Bonds on the next succeeding interest payment date; and (ii) commencing [_____], 2025, into the Debt Service Fund on or before the first day of each month during the term of this Loan Agreement, an amount sufficient to pay 1/12$^{th}$ of the principal which shall become due on the Bonds on the next succeeding principal payment date (whether at maturity, upon sinking fund redemption or otherwise); provided, however, that any amount in the Debt Service Fund in excess of the aggregate amount required to be held pursuant to this Section 5.02(a) shall be credited against the next succeeding Loan Payment due or otherwise transferred by the Trustee in accordance with the terms of the Indenture; provided further, in the event that the first full month following the month in which the Bonds are issued is not six months prior to the first interest payment date or twelve months prior to the first principal payment date, an amount equal to the Pro Rata Portion of the interest and principal to come due on the Bonds shall be substituted for the 1/6th interest payments and 1/12th principal payments otherwise required prior to the respective first payment dates; except that, if the Charter School has entered into the Colorado Charter School Intercept Program, then all payments of principal of, premium, if any, and interest on the Bonds may be received on the twenty-fifth (25$^{th}$) day (or the next Business Day thereafter) of each month during the term of this Loan Agreement without being considered late. If, by the fifth (5$^{th}$) Business Day prior to any principal or interest payment date on the Bonds or the date any other amounts are payable on the Bonds, the amount held by the Trustee in the Debt Service Fund is insufficient to make the required payments of principal of, premium, if any, and interest on the Bonds, the Corporation shall upon notice of such deficiency from the Trustee forthwith pay or cause to be paid such deficiency as repayment of the Loan for deposit into the Debt Service Fund. All amounts deposited by the Trustee to the Debt Service Fund pursuant to Section 6.02 of the Lease shall be credited by the Trustee against the next succeeding Loan Payment due.

(b) In the event any moneys in the Bond Reserve Fund are transferred to the Debt Service Fund pursuant to Section 3.08 of the Indenture or to the Rebate Fund pursuant to Section 3.18 of the Indenture, or in the event the Trustee has notified the Corporation of a deficiency in the Bond Reserve Fund pursuant to Section 3.07 of the Indenture, the Corporation will in 6 equal monthly installments promptly deposit or cause to be deposited moneys into the Bond Reserve Fund in an amount equal to the amount required to cause the total amount in the Bond Reserve Fund to equal the Bond Reserve Fund Requirement.

(c) The Corporation shall pay or provide for the payment of all taxes and assessments, general or special, concerning or in any way related to the Facilities or any part thereof, during the term of this Loan Agreement and any other governmental charges and impositions whatsoever, and all utility and other charges and assessments, in the manner, at the times and under the conditions more specifically provided in Section 6.02 hereof.

(d) The Corporation agrees to pay or cause to be paid to the Trustee the reasonable fees and expenses of the Trustee (as provided by Section 9.02 of the



Indenture), including its attorney fees and expenses, as and when the same become due, upon submission of a statement therefor.

(e) The Corporation shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be paid pursuant to the Tax Compliance Certificate at the times and in the manner specified therein.

(f) The Corporation shall pay the initial fee to the Authority in connection with the Series 2025 Bonds. The Corporation agrees to pay or cause to be paid to the Authority an Annual Fee in accordance with the preliminary agreement between the Corporation and the Authority, as the same may be amended from time to time, plus any amounts required to reimburse the Authority for any expenses incurred by the Authority, whether out-of-pocket or internal, in connection with this Loan Agreement, the Indenture, the Bonds, the Refunded Bonds, as applicable, the Tax Compliance Certificate, the Bond Purchase Agreement, the Facilities or any other instrument or, action relating to the foregoing, including fees and disbursements of attorneys of the Authority, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Bond Documents or any other documents relating to the Project or the Loan or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit or post issuance examination of the Bonds or the Refunded Bonds. The sum of such Annual Fee and initial fee shall at all times be in an amount which does not cause the Corporation to violate the provisions of Section 4.08 hereof.

In the event the Corporation should fail to make or cause to be made any of the payments required by this Section, the item or installment in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same and, with respect to the payments required by subsections (a), (d), and (f) of Section 5.02 hereof, to pay interest at the Default Rate.

Notwithstanding any other provision of this Loan Agreement, all payments required to be made by the Corporation pursuant to this Loan Agreement, other than paragraphs (e) and (f) of this Section and the indemnification provisions of Sections 8.06 and 10.04 hereof, which are general obligations of the Corporation, are limited, special obligations of the Corporation payable, including upon an Event of Default, solely from the Pledged Revenues or from amounts received from the foreclosure on the Deed of Trust and the exercise of any rights herein by the holder hereof as against any other personal property in which a security interest is granted by this Loan Agreement as provided in Section 10.06 hereof and which grant is perfected and secured by a UCC Financing Statement.

**Section 5.03. Payees of Payments**. The Loan Payments provided for in Section 5.02(a) hereof shall be paid in funds immediately available in the city in which the designated office of the Trustee is located or at such other location as it shall direct, directly to the Trustee for the account of the Authority and shall be deposited into the Debt Service Fund. The payments provided for in Section 5.02(b) hereof shall be paid to the Trustee for the account of the Authority and deposited into the Bond Reserve Fund. The payments provided for in

Section 5.02(c) hereof shall be paid to the Persons to whom due. The payments to be made to the Trustee under Section 5.02(d) hereof shall be paid directly to the Trustee for its own use. The payments provided for in Section 5.02(e) hereof shall be paid to the Trustee for the account of the Authority and deposited into the Rebate Fund. The payments to be made to the Authority under Section 5.02(f) hereof shall be paid directly to the Authority for its own use.

**Section 5.04. Obligations of Corporation Hereunder Unconditional**. Except as provided herein (including the last paragraph of Section 5.02 and Section 10.06 hereof), the obligations of the Corporation to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. The Corporation (a) shall not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein, (b) shall perform and observe all of its other agreements contained in this Loan Agreement and (c) except as provided in Article XI hereof, shall not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Project, failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities, commercial frustration of purpose, or 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, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Corporation may at its own cost and expense and in its own name or in the name of the Authority (without expense to the Authority and with the Authority's prior written consent), prosecute or defend any action or proceeding or take any other action involving third Persons which the Corporation deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Facilities; provided, however, that any such prosecution, defense or action taken by the Corporation in the name of the Authority shall not preclude or prohibit in any way the Authority from prosecuting, defending, joining or intervening in such action or proceedings, or taking any other action it deems necessary, in its own name and of its own accord.

**Section 5.05. Direct Payment by State Treasurer or Charter Authorizer**. The Corporation agrees that, during the Lease Term (as defined in the Lease), the Corporation shall take or cause to be taken such actions as may be necessary to cause direct payment of Base Rents payable under the Lease to be made to the Trustee by the State Treasurer or if the State Treasurer does not so agree, by the Charter Authorizer. Further, during the Lease Term (as defined in the Lease) the Base Rents shall be payable at such times and payable in such amounts to make the Loan Payments.

**Section 5.06. Reserved**.



## ARTICLE VI
## MAINTENANCE, TAXES AND INSURANCE

**Section 6.01. Maintenance and Modifications of Facilities by Corporation**. The Corporation agrees that during the term of this Loan Agreement the Facilities shall be operated and maintained, in substantial compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to such Facilities. The Corporation agrees that during the term of this Loan Agreement it will (or shall require the lessee pursuant to the Lease) (a) keep the Facilities in as reasonably safe condition as the operations at the Facilities permit and (b) keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof. The Corporation may dispose of portions of the Facilities that the Corporation determines to be obsolete or not useful to operations of the Facilities; provided, however, there is not currently an Event of Default and such disposition will not materially impact the ability of the Corporation to make payments under this Loan Agreement, and further provided that such disposition will require prior written consent of the Charter School so long as the Lease is in effect. The Corporation may, also at its own expense, make from time to time any additions, modifications or improvements to the Facilities it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Corporation which are affixed to the Facilities shall become a part of the Facilities. The Corporation shall not permit any Liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facilities for labor or materials furnished in connection with the Project or any additions, modifications, improvements, repairs, renewals or replacements made by it to the Facilities; provided that if the Corporation first notifies the Trustee of its intention to do so, and, if the Corporation posts a bond with the Trustee equal to at least the amount so contested, the Corporation may in good faith contest any mechanics' or other liens filed or established against the Facilities and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Facilities or any part thereof will be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Authority will, at the expense of the Corporation, cooperate fully with the Corporation in any such contest. In the event that the Corporation shall fail to pay any of the foregoing items required by this Section to be paid by the Corporation, the Authority or the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Authority or the Trustee shall become an additional obligation of the Corporation under this Loan Agreement to the one making the advance, which amount the Corporation agrees to pay on demand together with interest thereon at the Default Rate, but solely from the Pledged Revenues; provided, however, that any expenses resulting from cooperation by the Authority in any such contest as required by the preceding sentence shall be immediately paid or reimbursed directly by the Corporation, and any failure by the Corporation to pay or reimburse such expenses shall not constitute an advance by or an obligation of the Authority to pay such expenses.

**Section 6.02. Taxes, Other Governmental Charges and Utility Charges**. The Corporation shall pay or cause to be paid promptly, as the same become due, (a) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facilities or any interest therein, or



any machinery, equipment, or other property installed or brought by the Corporation therein or thereon which, if not paid, will become a lien on the Facilities or a charge on the Pledged Revenues prior to or on a parity with the charge thereon under this Loan Agreement, (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation shall be obligated to pay only such installments as may have become due during the term of this Loan Agreement.

The Corporation may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless, in the opinion of the Trustee, upon the advice of counsel (which may be counsel for the Corporation), the Facilities shall be subject to loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly or secured by posting a bond with the Trustee equal to at least the amount so contested. The Authority at the expense of the Corporation shall cooperate fully with the Corporation in any such contest. In the event that the Corporation shall fail to pay any of the foregoing items required by this Section to be paid by the Corporation, the Authority or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Authority or the Trustee shall become an additional obligation of the Corporation payable solely from the Pledged Revenues to the one making the advance, which amount the Corporation agrees to pay on demand together with interest thereon at the Default Rate; provided, however, that any expenses resulting from cooperation by the Authority in any such contest as required by the preceding sentence shall be immediately paid or reimbursed directly by the Corporation, and any failure by the Corporation to pay or reimburse such expenses shall not constitute an advance by or an obligation of the Authority to pay such expenses. The Trustee shall not be obligated to monitor any contest of any taxes, assessments and other charges or to determine whether the Facilities will be subject to loss or forfeiture due to nonpayment of such taxes, assessments and other charges.

**Section 6.03. Insurance Required**. Throughout the term of this Loan Agreement, the Corporation shall keep, or cause the lessee under the Lease to keep the Facilities continuously insured (which insurance policies may be provided by the Charter School) against the following risks, paying as the same become due and payable all premiums with respect thereto:

(a) an ALTA mortgagee title insurance policy naming the Trustee as an insured in an amount equal to the lesser of (i) the principal amount of the Loan represented by the Bonds (if available in that amount) plus any other amounts specified to be due hereunder or (ii) the insurable value of the Facilities;

(b) insurance against loss or damage to the Facilities and all improvements therein (including, during any period of time when the Corporation is making alterations, repairs or improvements to the Facilities, improvements and betterment's coverage), naming the Trustee as an additional insured thereunder, all subject to standard form exclusions, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State, in an amount equal to the greater of the full replacement value of the Building or the aggregate principal amount of the Bonds then Outstanding, unless the insurable value is less than the aggregate principal amount of the Bonds Outstanding, in which event in an amount equal to the full replacement value of the Building;

(c) commercial general liability and automobile liability insurance against claims arising in, on or about the Facilities, including in, on or about the sidewalks or premises adjacent to the Facilities, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State and listing the Authority and the Trustee as additional insured thereunder;

(d) fidelity insurance or bonds on those of its officers and employees who handle funds of the Corporation or crime coverage that provides coverage for theft of money and securities, both in such amounts and to such extent as are customarily carried by organizations similar to the Corporation and operating properties similar in size and character to the facilities of the Corporation;

(e) to the extent available for a commercially reasonable cost, rental value insurance or additional expense insurance that may be applied toward rent for alternative facilities, covering all risks as to which insurance is required pursuant to (b) above, in an amount equal to not less than the amounts required to be paid pursuant to Section 5.02(a) hereof for a period of not less than twelve (12) months to the extent commercially reasonable. If any such loss or damage has occurred, the Corporation shall continue to be obligated to pay the amounts required to be paid pursuant to Section 5.02(a) hereof, and any proceeds of such insurance shall be applied against all or part of such payment obligations of the Corporation; and

(f) such other forms of insurance as the Corporation is required by law to provide with respect to the Facilities, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

All the insurance coverage required by this Section may be subject to deductible clauses in such amounts as are customary for facilities of similar size and character within the State. At least every five (5) years from August 1, 2025, the Corporation shall employ (or cause to be employed), at its expense, an Insurance Consultant to review the insurance coverage required by this Section and to render to the Trustee and the Corporation a report as to the adequacy of such coverage and as to its recommendations, if any, for adjustments thereto. The insurance coverage provided by this Section may be reduced or otherwise adjusted by the Corporation without the prior written consent of the Trustee or the Authority, provided that all coverages after such reduction or other adjustment are certified by the Insurance Consultant to be adequate and customary for facilities of like size and type, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance and the effect of such terms and such cost upon the Corporation's fees, rentals and charges for the use of the Facilities. The Trustee shall have no duty to review or evaluate the Insurance Consultant's evaluation and report and may conclusively rely upon such evaluation and report as to the adequacy of the required insurance policies.

The insurance coverage provided by this Section shall be increased or otherwise adjusted by the Corporation if as a result of such review the Insurance Consultant finds that the existing coverage is inadequate, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance, and the effect of such terms and such cost upon the Corporation's costs and charges for its services. The insurance coverage required by this Section, and modification thereof permitted or required by this paragraph, shall at all times be adequate and customary for facilities of like size and type, and the Insurance Consultant shall so certify in the report required by this paragraph. Anything herein to the contrary notwithstanding, the Corporation is permitted to become self-insured for all or any part of the foregoing requirements, or to satisfy any or all of such requirements through the Charter School's self-insurance, if the Trustee has received a written evaluation with respect to such self-insurance programs from a nationally recognized Insurance Consultant stating that such self-insurance is consistent with sound risk management policies. The Trustee may conclusively rely upon the Insurance Consultant's evaluation and report as to the suitability of any self-insurance policy. The Corporation shall pay any fees charged by such nationally recognized Insurance Consultant. If applicable, the Corporation's or the Charter School's self-insurance existing on the date of delivery of this Loan Agreement may continue with evidence of compliance with the above requirements provided to the Trustee annually. If the Corporation is self-insured, the Trustee and the Authority shall be included as insureds under the self-insurance trust agreement.

All policies maintained (or caused to be maintained) by the Corporation pursuant to this Section shall be taken out and maintained in generally recognized, responsible insurance companies, which may include "captive" insurance companies or governmental insurance pools, selected by the Corporation. The insurance policies required by subsections (a), (b), (c) and (e) of this Section shall name the Trustee, the Authority and the Corporation as insureds as their respective interests may appear (provided that with respect to insurance maintained pursuant to subsections (a), (b) and (e) of this Section, the Trustee shall also be named as a mortgagee and loss payee under the terms of a standard Colorado mortgagee loss payable endorsement), and, provided further that all insurance proceeds for losses, and except for worker's compensation, fidelity insurance and liability insurance, shall be paid directly to the Trustee. Such policies or certificates of insurance shall provide that (except as to insurance required pursuant to subsections (a), (d) and (f) of this Section) the insurer will endeavor to mail thirty (30) days' written notice to the Trustee of any cancellation prior to expiration of such policy.

The Corporation shall deliver to the Trustee (a) upon the commencement of the term of this Loan Agreement, the originals or certified copies thereof of all insurance policies (or certificates thereof) which the Corporation is then required to maintain pursuant to this Section together with evidence as to the payment of all premiums then due thereon, (b) at least thirty (30) days prior to the expiration of any such policies evidence as to the renewal thereof, if then required by this Section, and the payment of all premiums then due with respect thereto and (c) promptly upon request by the Authority or the Trustee, but in any case within two hundred ten (210) days after the end of each fiscal year, a certificate of an Authorized Representative of the Corporation setting forth the types and coverage as to all insurance policies maintained by the Corporation or by the Charter School pursuant to the Lease, required pursuant to this Section and certifying that such insurance policies are in full force and effect, that such policies comply with the provisions of this Section and that all premiums then due thereon have been paid. The



Trustee shall be entitled to conclusively rely upon the certificate of an Authorized Representative of the Corporation as to the Corporation's compliance with the insurance requirements of this Section without further inquiry. The Trustee shall have no duty or obligation to effect, maintain or renew any policies of insurance of the Corporation, or to review or approve the form or sufficiency of any such policies or the qualifications of the company issuing same. The Trustee shall have no duty to report or make or file claims or proof of loss for any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any premiums, taxes or assessments or to require any such payment be made.

**Section 6.04. Application of Net Proceeds of Insurance**. The Net Proceeds of the insurance carried pursuant to subsection (a) of Section 6.03 hereof shall be applied as provided in Section 7.02 hereof and the Indenture. The Net Proceeds of the insurance carried pursuant to subsection (b) of Section 6.03 hereof shall be applied as provided in Section 7.01 hereof. The Net Proceeds of insurance carried pursuant to subsections (c) and (f) of Section 6.03 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of the fidelity insurance carried pursuant to subsection (d) of Section 6.03 hereof shall be held by the Corporation to replace the funds lost. The Net Proceeds of the business interruption insurance carried pursuant to subsection (e) of Section 6.03 shall be applied against the payments required to be made by the Corporation pursuant to this Loan Agreement during such period of business interruption.

**Section 6.05. Advances by Authority or Trustee**. In the event the Corporation shall fail to maintain the full insurance coverage required by this Loan Agreement or shall fail to keep the Facilities in as reasonably safe condition as their operating condition will permit, or shall fail to keep the Facilities in good repair and good operating condition (except as otherwise herein permitted), the Authority or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Authority or the Trustee shall become an additional obligation of the Corporation under this Loan Agreement to the one making the advance, which amounts the Corporation agrees to pay on demand together with interest thereon at the Default Rate.

## ARTICLE VII
## DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.01. Damage and Destruction**. Unless the Corporation has exercised its option to prepay the Loan in full pursuant to Article XI hereof, if the Facilities are destroyed or damaged by fire or other casualty to such extent that the claim for loss under any insurance policies resulting from such event of destruction or damage is less than $250,000, the Net Proceeds of insurance resulting from such claims for losses shall be paid to the Corporation and shall be held or used by the Corporation for such purposes as the Corporation, in its discretion, may deem appropriate. The Corporation shall not by reason of the payment of Net Proceeds for such destruction or damage be entitled to any reimbursement from the Authority, the Trustee or the Registered Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Loan Agreement.



Unless the Corporation has exercised its option to prepay the Loan in full pursuant to Article XI hereof, if the Facilities are destroyed or damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under any insurance policies resulting from such event of destruction or damage is $250,000 or more, the Corporation shall promptly give written notice thereof to the Trustee and the Authority. All Net Proceeds of insurance resulting from such claims for losses of $250,000 or more shall, in the event the value of the Building is less than the amount of the Bonds Outstanding, and for a period of ten (10) years following the date of issuance of the Bonds, be held by the Trustee in a separate trust account, whereupon (a) the Corporation will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Corporation and as will not impair the Corporation's ability to operate the Facilities in an efficient manner, and (b) the Trustee, upon receipt of a Consulting Architect's Certificate that such payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration as the work progresses; and for the period after ten (10) years from the date of issuance of the Bonds shall at the option of the Corporation, with the consent of the Charter School so long as the Lease is in effect, either be used to redeem Bonds (but not in the event the value of the Building is less than the amount of Bonds then outstanding) or be used to repair, rebuild or restore the property as described above. The Trustee may rely conclusively on any such Consulting Architect's Certificate and shall not be required to make any independent investigation in connection therewith. Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be transferred to the Debt Service Fund and applied to the payment of principal of the Bonds on the next payment date or dates thereof. In the event such Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Corporation will nonetheless complete the work thereof and will pay any costs thereof in excess of the amount of said Net Proceeds. The Corporation shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee or the Registered Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Loan Agreement.

All Net Proceeds of insurance resulting from claims for losses specified in the first sentences of the two preceding paragraphs may be used to redeem Bonds (except as limited thereby); provided (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in Article XI hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Trustee a Consulting Architect's Certificate stating (A) that the property forming a part of the Facilities damaged or destroyed is not essential to the Corporation's use or occupancy of the Facilities, or (B) that the Facilities have been restored to a condition substantially equivalent to their condition prior to the damage or destruction or (C) that improvements have been acquired which are suitable for operation as a facility (as defined in the Act) on the Land.

**Section 7.02. Condemnation and Title Defects**. Unless the Corporation has exercised its option to prepay the Loan in full pursuant to Article XI hereof, in the event that title to, or the temporary use of, the Facilities or any part thereof shall be taken under the exercise of the power of eminent domain or because of a title defect, the Corporation shall be obligated to continue to



make the Loan Payments and other payments required to be made under this Loan Agreement. In the event that the Net Proceeds from any award made in such eminent domain proceedings or from any insurance policies purchased pursuant to Section 6.03(a) hereof is less than $250,000, all of such Net Proceeds shall be paid to the Corporation and shall be held or used by the Corporation for such purposes as the Corporation, in its discretion, may deem appropriate. In the event that the Net Proceeds from any award made in such eminent domain proceedings or from any insurance policies purchased pursuant to Section 6.03(a) hereof is $250,000 or more, all of such Net Proceeds shall be paid to and held by the Trustee in a separate trust account for the equal benefit of the Registered Owners of the Bonds, to be applied to one or more of the following purposes as shall be directed in writing by the Corporation, with the written consent of the Charter School so long as the Lease is in effect:

(a) the restoration of the Facilities to substantially the same condition as they existed prior to such condemnation or without such title defect;

(b) the acquisition, by construction or otherwise, of other improvements suitable for operation as an educational or cultural facility on the Land; and

(c) the redemption of the Bonds; provided that such condemnation award or title insurance proceeds may be applied for such redemption only if (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in Article XI hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Authority and the Trustee a Consulting Architect's Certificate stating (A) that the property forming a part of the Facilities taken by such condemnation proceedings or lost due to a defect in title is not essential to the Corporation's use or occupancy of the Facilities, or (B) that the Facilities have been restored to a condition substantially equivalent to their condition prior to the taking by such condemnation proceedings or without such title defect, or (C) that improvements have been acquired which are suitable for the Corporation's operations at the Facilities as contemplated by the foregoing subparagraph (b) of the first paragraph of this Section.

In the event the Corporation elects either of the options set forth in subparagraph (a) or (b) of the first paragraph of this Section, the Trustee, upon receipt of a Consulting Architect's Certificate supervising such repair, rebuilding or restoration that payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such condemnation award or title insurance proceeds to payment of the costs of such restoration, acquisition or construction, as the work progresses. The Trustee may rely conclusively on any such Consulting Architect's Certificate and shall not be required to make any independent investigation in connection therewith.

In the event the Corporation elects either of the options set forth in subparagraph (a) or (b) of the first paragraph of this Section, and the Net Proceeds received from eminent domain or title insurance proceeds are insufficient to pay in full the cost of restoring, acquiring or constructing improvements of substantially the same condition as the Facilities prior to the taking or without such title defect, the Corporation will nonetheless complete the work thereof and will pay any costs thereof in excess of such Net Proceeds. The Corporation shall not by

reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee or the Registered Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Loan Agreement.

Unless the Corporation has exercised its option to prepay the Loan in full pursuant to Article XI hereof, within ninety (90) days from the date of a final order in any eminent domain proceeding granting condemnation or from the date of a taking pursuant to a title defect, the Corporation shall direct the Authority and the Trustee in writing which of the ways specified in this Section the Corporation elects to have the Net Proceeds of the condemnation award or insurance proceeds applied. Any balance of the Net Proceeds of the award in such eminent domain proceedings or insurance proceeds remaining after payment of all the costs of such restoration, acquisition or construction shall be applied to pay or redeem Bonds. The balance to be used to pay or redeem Bonds shall be transferred to the Debt Service Fund and applied to the payment of the principal of the Bonds on the next payment date or dates thereof.

The Authority shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facilities or any part thereof. In no event may the Corporation voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Facilities or any part thereof without the written consent of the Trustee and the Authority.

**Section 7.03. Corporation Entitled to Certain Net Proceeds**. The Corporation shall be entitled to the Net Proceeds of any insurance payment or condemnation award or portion thereof attributable to damage or destruction or takings of its Property not included in the Facilities.

**Section 7.04. No Change in Loan Payments; No Liens**. All buildings, improvements and equipment acquired in the repair, rebuilding or restoration of the Facilities shall be deemed a part of the Facilities and shall be available for use and occupancy by the Corporation, subject to the Lease, without the payment of any payments hereunder other than the Loan Payments and other payments required to be made under this Loan Agreement, to the same extent as if they were specifically described herein; provided that no buildings, improvements or equipment shall be acquired subject to any lien or encumbrance other than Permitted Encumbrances.

**Section 7.05. Investment of Net Proceeds**. Any Net Proceeds of insurance payments or condemnation awards held by the Trustee pending restoration, repair or rebuilding shall be invested in Investment Obligations in the same manner as provided in Section 6.01 of the Indenture. Any earnings or profits on such investments shall be considered part of the Net Proceeds.

## ARTICLE VIII
## SPECIAL COVENANTS

**Section 8.01. No Warranty of Condition or Suitability by the Authority**. Neither the Authority nor the Trustee makes any warranty, either express or implied, as to the Facilities or



that the Facilities will be suitable for the Corporation's purposes or needs or that the proceeds of the Bonds will be sufficient to pay the Cost of the Project.

**Section 8.02. Consolidation, Merger, Sale or Conveyance**. The Corporation agrees that during the term of this Loan Agreement it shall maintain its corporate existence, shall continue to be a nonprofit corporation duly qualified to do business in the State, shall not merge or consolidate with any Person, or sell or convey its interest in the Facilities except as otherwise permitted in Sections 8.11 and 8.15 hereof.

**Section 8.03. Further Assurances**. The Authority and the Corporation agree that they shall, 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 Loan Agreement, subject, however, to the terms and conditions of Section 10.05 of the Indenture.

**Section 8.04. Audits**. In the event that the Lease is terminated or not renewed by the Charter School, the Corporation agrees that it shall have its books and records audited annually, commencing with the Fiscal Year in which the termination or non-renewal of the Lease occurs, by an Accountant as soon as practicable after the close of such Fiscal Year, and shall furnish within two hundred ten (210) days after the end of such Fiscal Year to the Authority and the Trustee (provided that neither the Authority nor the Trustee has any obligation to review such audit report) and each rating agency which has rated the Bonds, a copy of the audit report including calculation of Pledged Revenues certified by such Accountant.

Upon receipt by the Corporation of the Accountant's management letter, if any, the Corporation will notify the Authority and the Trustee, that such management letter has been received and is available for inspection by the Authority and the Trustee, at the offices of the Corporation.

**Section 8.05. Financial Statements**. If the Lease is terminated, the Corporation agrees that it shall maintain proper books of records and accounts of the Facilities with full, true and correct entries of all of its dealings substantially in accordance with generally accepted accounting principles and audited annually, and that, if the Corporation receives notice that the Lease will be terminated or not renewed by the Charter School, it will, commencing with the quarter in which such notice is received, furnish to the Authority (upon the Authority's request) and the Trustee, provided the Authority and the Trustee have no obligation to review such material, quarterly financial reports (which need not be audited) within sixty (60) days after the close of each such quarter including a statement of current fund revenues and expenses in comparative form with the Corporation's operating budget, and such other data and information as may reasonably be requested by the Authority and the Trustee from time to time. Upon the request of the Authority, the Corporation shall also provide to the Authority additional information concerning the Project and the operations, financial condition and any pending material transactions of the Corporation.

**Section 8.06. Release and Indemnification Covenants**. The Corporation agrees to protect and defend the Authority, the State, agencies of the State, the Trustee, current, former and



future members, directors, servants, officers, employees, attorneys, and other agents, now or hereafter, of said State, the Authority or the Trustee and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management or policies, now or hereafter, of the State, the Authority or the Trustee (collectively, the "**Indemnified Parties**" and individually, the "**Indemnified Party**") and further agrees to release from, pay and hold the Indemnified Parties harmless from and against any and all liabilities, losses, damages, costs, expenses (including attorneys' fees, expenses and court costs, including those for post-judgment and appellate proceedings), judgments, claims, demands, suits, actions or other proceedings of whatsoever kind or nature by reason of or in connection with:

(a) any breach or alleged breach by the Corporation of any representation, warranty, covenant, term or condition in, or the occurrence of any default or Event of Default under, this Loan Agreement or the other Bond Documents;

(b) the involvement of any of the Indemnified Parties in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Corporation's or Trustee's actions taken pursuant to this Loan Agreement or any other event or transaction contemplated by any of the foregoing;

(c) any untrue statement or alleged untrue statement contained or incorporated by reference in any offering or reoffering materials prepared in respect of the Bonds, or any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements in light of the circumstances under which they are or were made not misleading in the initial and any subsequent offers or sales of the Bonds;

(d) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Facilities or the use thereof, including without limitation administration or management of any activities within or related to the Facilities or any lease thereof or assignment of its interest in this Loan Agreement;

(e) the acceptance or administration of the Bond Documents or the trusts thereunder or the performance of duties under the Bond Documents;

(f) any act or omission of the Corporation or any of its agents, contractors, servants, employees or licensees in connection with the use of the proceeds of the Bonds or the Facilities, the operation of the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Facilities or any part thereof;

(g) any lien or charge upon payments by the Corporation to the Authority hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority in respect of any portion of the Facilities including those arising under any Environmental Requirements;



(h) any violation or alleged violation of any Environmental Requirements with respect to, or the presence or release of any toxic substance from, the Facilities or any part thereof whether or not caused by, or within the control of the Corporation;

(i) the enforcement of, or any action taken by the Authority, the Trustee or the registered owners, related to remedies under, this Loan Agreement and, the other Bond Documents;

(j) any action, suit, claim, proceeding, audit, inquiry, examination, or investigation of a judicial, legislative, administrative or regulatory nature concerning or related to interest payable on the Bonds not being exempt from federal or state income taxation;

(k) any action, suit, claim or demand contesting or affecting the title of the Facilities and any penalties or charges resulting therefrom; and

(l) the investigation of, preparation for or defense of any legal suit, investigation, proceeding, inquiry or action in connection with the Facilities or the transactions to be consummated in connection therewith of any nature whatsoever, commenced or threatened against the Corporation, the Facilities or any Indemnified Party.

The indemnification shall include the costs and expenses of defending itself or investigating any claim of liability and other expenses and attorneys' fees and expenses incurred by an Indemnified Party. The obligations of the Corporation under this Section shall survive the termination of this Loan Agreement and the resignation or removal of the Trustee. Amounts payable to the Authority or the Trustee hereunder shall be due and payable ten (10) business days after demand and will accrue interest at the Default Rate, commencing with the expiration of the ten (10) business day period. When an Indemnified Party incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

Any Indemnified Party shall give prompt written notice to the Corporation with respect to matters with respect to which indemnification pursuant to this Section is applicable and the Corporation shall assume the defense of any such matter including the retention of counsel as may be required and payment of all expenses. If the Corporation is not provided written notice of any such claim or demand, or if the Corporation is not afforded reasonable opportunity to participate in any such matter by reason of any action or inaction of the Indemnified Party, the Corporation shall have no liability to such Indemnified Party under this Section with respect to such matter to the extent the Corporation has been prejudiced thereby. The Corporation shall not be liable for any settlement of any such lawsuit or other matter effected without the consent of the Corporation. An Indemnified Party shall have the right to employ, at the Corporation's expense, separate counsel in any lawsuit only if the Indemnified Party reasonably concludes that a potential conflict of interest exists between such Indemnified Party and the Corporation or unless the Corporation does not promptly assume the defense of any such action.

All covenants, stipulations, promises, agreements, and obligations of the Authority or the Trustee contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the Authority or the Trustee and not of any current, future or former member, director, officer, employee, attorney, or other agent of the Authority or the Trustee in his or her individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or hereunder against any current, future or former member, director, officer, employee, attorney, or other agent of the Authority or the Trustee or any natural person executing the Bonds.

The foregoing release, protection, defense, hold harmless and indemnification provisions shall not apply to any claim, proceeding or action instituted by the Corporation against an Indemnified Party relating to any warranty, representation, covenant or obligation of such Indemnified Party under this Loan Agreement or the other Bond Documents, if it is ultimately determined by a court or government agency (from which an appeal is not available or with respect to which the time for appeal has expired) that such Indemnified Party breached or violated any such warranty, representation, covenant or obligation. Additionally, the indemnity obligations herein exclude, with respect to the Trustee, any negligent act or willful misconduct of the Trustee, in any manner directly or indirectly.

Notwithstanding the foregoing, the Charter School shall not be considered an "**Indemnified Party**" for purposes of this Section.

**Section 8.07. Authority of Authorized Representative of the Corporation**. Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Corporation is required, or the Authority or the Trustee is required to take some action at the request of the Corporation, such approval or such request shall be made by the Authorized Representative of the Corporation unless otherwise specified in this Loan Agreement or the Indenture. The Authority or the Trustee shall be authorized to act on any such approval or request and the Corporation shall have no complaint against the Authority or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Corporation shall be on behalf of the Corporation and shall not result in any personal liability of such Authorized Representative.

**Section 8.08. Authority of Authorized Representative of the Authority**. Whenever under the provisions of this Loan Agreement or the Indenture the approval of the Authority is required, or the Corporation or the Trustee is required to take some action at the request of the Authority, such approval or such request shall be made by the Authorized Representative of the Authority unless otherwise specified in this Loan Agreement or the Indenture. The Corporation or the Trustee shall be authorized to act on any such approval or request and the Authority shall have no complaint against the Corporation or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Loan Agreement or the Indenture by an Authorized Representative of the Authority shall be on behalf of the Authority and shall not result in any personal liability of such Authorized Representative.



**Section 8.09. Licenses and Qualifications**. The Corporation shall do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facilities as a facility (as defined in the Act) (including, Section 8.12 hereof).

**Section 8.10. Maintenance of Pledged Revenues**. So long as any Bonds are Outstanding, the Corporation covenants and agrees to manage the Facilities on a revenue-producing basis. The Corporation also covenants during such period to use its best efforts to fix, revise (subject to the terms and provisions of the Lease and any other leases and other contractual commitments permitted hereunder), charge and collect such reasonable charges for the use and occupancy of the Facilities, in amounts so that the Corporation shall receive Pledged Revenues in each Fiscal Year that are sufficient to pay (a) currently all of the Corporation's expenses during such Fiscal Year for the operation, maintenance and repair of the Facilities, (b) all payments under this Loan Agreement, and (c) all other obligations imposed by this Loan Agreement upon the Corporation payable during such Fiscal Year; provided, however, in the event that the Lease is no longer in effect, the Corporation shall not be deemed to be in default under this Section if the Pledged Revenues in each Fiscal Year are not sufficient to make such payments so long as the Corporation provides the Authority and the Trustee with a report of a Consultant stating that the charges being fixed and collected by the Corporation for the use and occupancy of the Facilities reflect current market charges for such use and occupancy. Notwithstanding the foregoing, the parties hereto agree that so long as Base Rents and Additional Rents (as defined in the Lease) are being paid and applied as provided in the Lease, this Loan Agreement and the Indenture, the Corporation shall be deemed to be in compliance with the requirements of this Section 8.10.

**Section 8.11. Sale, Lease or other Disposition of the Facilities**. The Corporation shall have the right to lease all or any part of the Facilities pursuant to the Lease or, subject to the written consent of the Authority any future leases or subleases; provided, however, that the Corporation shall provide to the Authority and the Trustee an opinion of a nationally recognized bond counsel acceptable to the Authority that such lease will not adversely affect the tax-exempt status of the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes, and that the terms and provisions of any future leases or subleases or any future amendments or supplements to the Lease will allow the Corporation to comply with the provisions of this Loan Agreement and contain the restrictions upon the use of the Facilities contained in Sections 2.02(d) and 8.12 of this Loan Agreement and will contain substantially similar provisions to Section 10.07 of the Lease; and provided further, in the event that direct payment of Base Rents are not being made to the Trustee in accordance with the requirements of Section 5.05 hereof, such future leases or subleases must provide for rental payments to be made directly to the Trustee to the extent of then current payments required under Section 5.02(a) hereof. Other than leases or subleases permitted by this Section or as provided in Section 8.15 hereof, the Corporation agrees that it will not sell or otherwise dispose of the Facilities.

Notwithstanding anything else contained herein to the contrary, prior to the lease or other disposition of the Facilities or any part thereof for any purpose, the Corporation shall obtain an approving opinion of nationally recognized bond counsel acceptable to the Authority addressed



to the Trustee and the Authority stating that such lease or disposition will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes.

**Section 8.12. Nonsectarian Use**. The Corporation agrees that, in the absence of the receipt by the Authority and the Trustee of a written opinion of nationally recognized municipal bond counsel acceptable to the Authority to the effect that such use will not affect adversely the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes, and that such restriction is no longer required under the provisions of the Act, no proceeds of the Bonds shall be used to acquire, construct, install, or refinance any facilities which are intended to be used primarily for sectarian purposes. The Corporation shall comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of Persons working for the Corporation.

**Section 8.13. Limitations on Incurrence of Additional Indebtedness**. The Corporation shall not after the date hereof, except as provided in this Section, incur any additional Indebtedness that does not exist as of the date hereof, secured in whole or in part by the Facilities or the Pledged Revenues.

(a) *Parity Indebtedness*. So long as the Lease is in effect, the Corporation may, with the written consent of the Charter School and delivery to the Trustee all documents and consents required pursuant the Indenture for the issuance of Additional Bonds, incur additional Indebtedness, which may be evidenced by amending the Loan Agreement, secured in whole or in part by Liens on the Facilities and a security interest in the Pledged Revenues on a parity with amounts secured by the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by the Loan Agreement for the purposes provided in the Act, to pay the costs associated with such Indebtedness and/or for the purpose of refunding any Outstanding Bonds, (a) if the Charter School affirms a standalone credit rating or assessment of at least investment grade by a Rating Agency at the time of issuance of such additional Indebtedness; or (b) if the Corporation delivers a certificate signed by its Authorized Representative and verified by an independent third party, setting forth projections that indicate that the estimated Net Revenue of the Charter School are equal to at least 1.10 times Maximum Annual Debt Service for all Indebtedness then Outstanding, including the proposed additional Indebtedness, in the Fiscal Year immediately following the completion of the Project being financed or refinanced with such additional Indebtedness, but only if, the requirements of subsection (a) above are not required under State statutes.

(b) *Non-Recourse Indebtedness*. The Corporation reserves the right to incur Indebtedness that is not secured by Liens on the Facilities and a security interest in the Pledged Revenues on a parity with amounts secured by the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by the Loan Agreement.



(c) *Senior Indebtedness*. The Corporation is precluded from incurring additional Indebtedness secured by Liens on the Facilities or the Pledged Revenues that are senior to the lien of the Deed of Trust on the Facilities and the security interest in the Pledged Revenues granted by this Loan Agreement and the Deed of Trust.

**Section 8.14. No Default Certificate**. Within ninety (90) days after the end of each Fiscal Year, the Corporation shall furnish to the Authority and the Trustee certificates of an Authorized Representative of the Corporation stating that no Event of Default under Section 10.01 hereof has occurred and is continuing and that he has no knowledge of an event which with the passage of time or the giving of notice, or both, would constitute an Event of Default under Section 10.01 hereof or an Event of Default under the Indenture, or describing any such Event of Default or event known to him.

**Section 8.15. Release of Land**. The Corporation, with the consent of the Charter School so long as the Lease is in effect, shall have the right to release portions of the Land from the lien of this Loan Agreement provided that (a) no portion of the Building is located on such portion of the Land to be released, (b) such portion of the Land to be released is not necessary to the operation of the Building, (c) the Corporation pays to the Trustee for the payment or redemption of Bonds an amount (rounded up to the next $5,000) equal to the fair market value (as determined in a written report of an independent appraiser who is a Member of the Appraisal Institute ("**MAI**") (an "**Appraiser**")) of such Land to be released and provides the Trustee with irrevocable written instructions to hold such funds in trust until the first available optional redemption date and pay or redeem Bonds in a principal amount equal to such payment on the first available redemption date, (d) after such release the fair market value of the Facilities (as determined in a written report by an Appraiser) is equal to or greater than the amount of Bonds Outstanding immediately after such release, (e) the Corporation provides the Authority and the Trustee with a Consultant's certificate that states that such release of the Land will not negatively impact the enrollment numbers at the Charter School and that such release will not impact access to the remaining portion of the Facilities, and (f) the Corporation provides the Authority and the Trustee with a written opinion of nationally recognized municipal bond counsel selected by the Corporation and acceptable to the Authority to the effect that such disposition will not adversely affect the validity of the Bonds or the exclusion from gross income for federal income tax purposes of the interest paid on the Bonds which opinion may rely on the related opinion of independent counsel as to matters set forth therein. Any counsel fees incurred in obtaining any such opinion shall be paid by the Corporation. Upon compliance with the provisions of this Section, Exhibit A hereto shall be amended to reflect the removal of such portion of the Land and .the Authority and the Trustee at the expense of the Corporation shall execute and deliver all necessary amendments hereto and releases necessary to remove such portion of the Land from the lien of this Loan Agreement.

**Section 8.16. Limitations on Liens**. The Corporation covenants that except as specifically provided in this Loan Agreement, it shall not create, assume, incur or suffer to be created, assumed or incurred any Liens on the Facilities or the Pledged Revenues (other than Permitted Encumbrances).

**Section 8.17. Compliance With the Continuing Disclosure Agreement**. The Corporation shall comply with the disclosure requirements set forth in the Continuing Disclosure

Agreement, dated as of August [__], 2025 (the "**Continuing Disclosure Agreement**"), by and between the Corporation and Digital Assurance Certification, LLC, as dissemination agent thereunder; provided, however, failure to comply with such agreement shall not be an Event of Default hereunder.

## ARTICLE IX

## ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS; ACKNOWLEDGEMENT OF LEASE

**Section 9.01. Assignment by Corporation**. This Loan Agreement may not be assigned by the Corporation.

**Section 9.02. Assignment and Pledge by Authority**. The Authority shall assign certain of its rights and interests in and under this Loan Agreement (without recourse or liability and subject to the Unassigned Rights and payments in respect thereof), including the Pledged Revenues, to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. The Corporation hereby consents to such assignment.

**Section 9.03. Redemption of Bonds; Transfer of Facilities**. Upon the agreement of the Corporation to deposit moneys into the Debt Service Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Corporation and subject to Article V of the Indenture, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds on the redemption date. At such time as the Bonds are no longer Outstanding, the Corporation covenants and agrees hereunder to transfer and convey fee simple title and its ownership interest in the Facilities to the Charter School; provided however, if the Lease has been terminated or not renewed, or the Charter School is no longer existing and operating as a public charter school, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Facilities to (a) a governmental unit or (h) an organization described under Section 501(c)(3) of the Code. Prior to the transfer and conveyance of fee simple title and ownership interest in the Facilities to an organization, other than the Charter School, described under Section 501(c)(3) of the Code, the Corporation shall obtain an approving opinion of nationally recognized bond counsel stating that such transfer and conveyance will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excludable from gross income for federal income tax purposes.

**Section 9.04. Acknowledgement of the Lease**. The parties to this Loan Agreement acknowledge the Lease and the terms and provisions thereof and the Corporation's present expectation that some or all of the requirements of this Loan Agreement will be complied with by action of the Charter School pursuant to the Lease and that the Charter School's compliance with the terms and provisions of the Lease will fulfill some or all of the Corporation's requirements under this Loan Agreement, and that the Corporation may also comply with such requirements by contract with future lessees under other leases; provided, however, such



acknowledgements shall not in any way release the Corporation from any of its requirements under this Loan Agreement.

**Section 9.05. Assignment of the Lease**. The Corporation hereby assigns all of its rights and interests in the Lease to the Trustee, on behalf of the Authority, pursuant to the Indenture and the Deed of Trust as security for payment of the principal of, premium, if any, and interest on the Bonds.

## ARTICLE X
## EVENTS OF DEFAULT AND REMEDIES

**Section 10.01. Events of Default Defined**. The following shall be "Events of Default" under this Loan Agreement and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) failure by the Corporation to pay the Loan Payments required to be paid under Section 5.02(a) hereof and continuation thereof for a period of five (5) days;

(b) failure by the Corporation to make payments into the Bond Reserve Fund required to be paid under Section 5.02(b) hereof, when the same shall become due and payable;

(c) the occurrence of an Event of Default under the Deed of Trust;

(d) failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsections (a) through (c) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Corporation by the Authority or the Trustee; provided, with respect to any such failure covered by this subsection (d), no Event of Default shall be deemed to be continuing so long as a course of action to remedy such failure shall have been commenced within such thirty (30) day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; provided, however, that failure to correct such default within ninety (90) days after receipt of such notice shall constitute an Event of Default hereunder;

(e) the dissolution or liquidation of the Corporation, or failure by the Corporation promptly to lift any execution, garnishment, or attachment of such consequence as will materially impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Loan Agreement;

(f) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Corporation in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and



the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(g) the commencement by the Corporation of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Corporation generally to pay its debts as such debts become due, or the taking of corporate action by the Corporation in furtherance of any of the foregoing;

(h) an "event of default" has occurred under the Lease, the Tax Compliance Certificate, or the Indenture; or

(i) material, inaccuracy, misrepresentation, or failure to comply regarding the statements and certifications made pursuant to the Project Fund Requisition Certificate, the form of which is attached to this Loan Agreement.

The foregoing provisions of subsection (d) of this Section are subject to the following limitations: If by reason of force majeure the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Article V and in Sections 4.07, 4.08, 6.02, 6.03, 8.06, 8.12 and 10.04 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials, or any civil or military authority, including, without limitation, insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; any disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation, but specifically excluding loss of the Charter Contract. The Corporation agrees, however, if possible, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation.

**Section 10.02. Remedies on Default**. Whenever any Event of Default referred to in Section 10.01 hereof shall have occurred and is continuing, the Authority, or the Trustee where so provided herein, may (subject to the provisions of Section 10.06 hereof) take any one or more of the following remedial steps:

(a) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent



provided in the Indenture, may declare the Loan Payments payable hereunder for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(b) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(c) The Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture may exercise its rights under the Deed of Trust and any assignment of the Lease, including, without limitation, the right to foreclose on the Facilities under the Deed of Trust, and may realize upon the security interest in the Pledged Revenues and may exercise all the rights and remedies of a secured party under the UCC with respect thereto.

(d) The Trustee or the Authority (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture or the Deed of Trust may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Corporation under this Loan Agreement.

Notwithstanding the foregoing, prior to the exercise by the Authority or the Trustee of any remedy that would prevent the application of this paragraph, the Corporation may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a) of the first paragraph of this Section) and fully cure all defaults, and in such event, the Corporation shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Corporation fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid.

Any proceeds received by the Authority or the Trustee from the exercise of any of the above remedies, after reimbursement of any costs incurred by the Authority or the Trustee in connection therewith shall be applied by the Trustee in accordance with the provisions of the Indenture.

If the Authority or the Trustee shall have proceeded to enforce their rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority or the Trustee, then and in every such case, the Corporation, the Authority and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Corporation, the Authority and the Trustee shall continue as though no such proceedings had been taken.

If the Trustee is not enforcing the Authority's rights in a manner to protect the Authority or is otherwise taking action that brings adverse consequences to the Authority, then the Authority may, without the consent of the Trustee, take whatever action at law or in equity may

appear necessary or appropriate to enforce the Unassigned Rights and to collect all sums then due and thereafter to become due to the Authority under this Loan Agreement.

Any amounts collected pursuant to action taken under Section 10.02 hereof (other than sums collected for the Authority on account of the Unassigned Rights, which sums shall be paid directly to the Authority) shall be applied in accordance with the provisions of the Indenture.

**Section 10.03. No Remedy Exclusive**. Subject to the provisions of Section 10.06 hereof, no remedy herein conferred upon or reserved to the Authority or the 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 Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Authority hereunder shall also extend to the Trustee and the Registered Owners of the Bonds, subject to the Indenture.

**Section 10.04. Agreement to Pay Attorneys' Fees and Expenses**. In the event the Corporation should breach any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Authority or the Trustee, as the case may be, the reasonable fee of such attorneys and such other reasonable expenses incurred by the Authority or the Trustee. The obligations of the Corporation arising under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Loan Agreement for any reason.

**Section 10.05. Waiver**. If any agreement contained in this Loan Agreement should be breached by any party and thereafter waived by any 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 Authority's rights in and under this Loan Agreement to the Trustee under the Indenture, the Authority shall retain its rights under Sections 5.02(f), 8.06, 10.04, 12.10 and 12.11 hereof and its right to receive certain reports and perform certain discretionary acts as described herein, but shall have no power to waive any Event of Default hereunder without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Loan Agreement and a rescission and annulment of its consequences; provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**Section 10.06. Recovery Limited to Pledged Revenues and Facilities**. Notwithstanding anything to the contrary in this Loan Agreement, recovery against the Corporation for any Event of Default under this Loan Agreement, other than amounts to be paid pursuant to Section 5.02(d) and (f) hereof and amounts payable pursuant to the indemnification



provisions of Sections 8.06 and 10.04 hereof, which are general obligations of the Corporation, is limited to the Pledged Revenues and amounts received from the foreclosure on the Deed of Trust against the Facilities and exercised against any personal property granted by this Loan Agreement and secured by any UCC Financing Statement. The obligations of the Corporation hereunder, other than amounts to be paid pursuant to Section 5.02(d) and (f) hereof and amounts payable pursuant to the indemnification provisions of Sections 8.06 and 10.04 hereof, are not general obligations of the Corporation, and none of the Trustee, the Authority or the Registered Owners shall have any recourse to any Property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations.

**Section 10.07. No Duty to Mitigate Damages**. The Authority shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Corporation if any Event of Default shall occur hereunder.

## ARTICLE XI
## PREPAYMENT OF THE LOAN

**Section 11.01. General Option to Prepay the Loan**. The Corporation shall have and is hereby granted the option exercisable at any time to prepay all or any portion of the Loan by depositing with the Trustee an amount of money or securities to the extent permitted by Section 7.01 of the Indenture the principal and interest on which when due, will be equal to (giving effect to the credit, if any, provided by Section 11.03 hereof) an amount sufficient to pay the principal of (in Authorized Denominations), premium, if any, and interest on any portion of the Bonds then Outstanding under the Indenture. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Corporation specifies the date for such redemption. In the event the Corporation prepays all of the Loan pursuant to this Section, pays all reasonable fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds as a result of such prepayment and all of its liabilities accrued and to accrue hereunder to the Authority through final payment of the Bonds as a result of such prepayment, and all other amounts due hereunder have been paid in full, then this Loan Agreement shall terminate except as otherwise provided herein.

**Section 11.02. Reserved**.

**Section 11.03. Prepayment Credits**. In the event of prepayment by the Corporation of the Loan in whole, the amounts then contained in the Debt Service Fund, Issuance Expense Fund and Bond Reserve Fund shall be credited first to the Rebate Fund so that it is fully funded for the final payment to the federal government and then against the Corporation's prepayment obligation.

**Section 11.04. Notice of Prepayment**. In order to exercise the option granted by Section 11.01, the Corporation shall give written notice to the Trustee with a copy to the Authority which shall specify therein the date of making the prepayment, which date shall be not less than forty-five (45) days nor more than ninety (90) days from the date the notice is mailed, unless such notice or time period is waived by the Trustee. In the case of any prepayment pursuant to this Article, the Corporation shall make arrangements with the Trustee for giving the



required notice of redemption, if any, of any Bonds to be redeemed and, if applicable, shall pay to the Trustee an amount of money sufficient to redeem all of the Bonds called for redemption at the appropriate price.

**Section 11.05. Use of Prepayment Moneys**. By virtue of the assignment of the rights of the Authority under this Loan Agreement (without recourse and subject to the Unassigned Rights) to the Trustee, the Corporation agrees to and shall pay any amount required to be paid by it under this Article directly to the Trustee (other than amounts to be paid to the Authority for its own account in respect to the Unassigned Rights). The Trustee shall use the moneys so paid to it by the Corporation (other than amounts to be paid to the Trustee for its own account) as provided in this Loan Agreement.

## ARTICLE XII
## MISCELLANEOUS

**Section 12.01. Notices**. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) provided by electronic means; (b) mailed by certified or registered mail, postage prepaid; (c) deposited with any nationally recognized overnight delivery service that routinely issues receipts; or (d) personally delivered by any courier service that routinely issues receipts: if to the Authority, at 1800 Glenarm Place, Suite 1201, Denver, Colorado 80202, Attention: Executive Director; if to the Corporation, to Addenbrooke Classical Academy Building Corporation, 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; if to the Charter School, to Addenbrooke Classical Academy, Inc., 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; and if to the Trustee, at UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust and Escrow Services. A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the Corporation shall also be given to the Trustee. The Authority, the Corporation or the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Corporation agrees to the provisions of Section 9.01(x) and Section 11.07 of the Indenture relating to the delivery of notices and instructions to the Trustee by Electronic Means and the use of electronic signatures to sign documents delivered to the Trustee, respectively.

**Section 12.02. Binding Effect**. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Corporation, and their respective successors and assigns, subject, however, to the limitations contained in Sections 9.01, 9.02 and 12.10 hereof.

**Section 12.03. Severability**. In the event any provision of this Loan 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 12.04. Amounts Remaining in Funds**. It is agreed by the parties hereto that any amounts remaining in the Funds upon expiration of the term of this Loan Agreement and payment of all amounts owed hereunder shall belong to and be paid to the Corporation by the Trustee.



**Section 12.05. Amendments, Changes and Modifications**. Except as otherwise provided in this Loan Agreement or in the Indenture, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee. Any amendment to this Loan Agreement shall be executed in accordance with Section 10.08 of the Indenture.

**Section 12.06. Execution in Counterparts; Facsimile and PDF Signature**. This Loan 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. The exchange of copies of this Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes. Signature pages of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

**Section 12.07. Governing Law**. This Loan Agreement shall be governed and construed in accordance with the laws of the State.

**Section 12.08. Filing**. The Corporation shall cause the Deed of Trust on the Facilities to be recorded with the county clerk of Jefferson County, Colorado. In addition, the Corporation shall cause the security interest in the rights to receive the Pledged Revenues, the Funds and trust accounts referred to in Section 5.01 hereof granted to the Authority, the assignment of such security interest to the Trustee and the security interests otherwise described in this Loan Agreement granted to the Trustee to be perfected by the filing of financing statements which fully comply with the UCC in the office of the Secretary of State, the office of the Clerk and Recorder of Jefferson County, Colorado, and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that all necessary continuation statements shall be filed by the Trustee, at the expense of and with the cooperation of the Corporation within the time prescribed by the UCC in order to continue such security interests.

**Section 12.09. Cancellation at Expiration of Term of Loan Agreement**. Upon the expiration of the term of this Loan Agreement, the Authority shall deliver to the Corporation any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Loan Agreement and the discharge of the lien hereof under the Deed of Trust.

**Section 12.10. No Pecuniary Liability of Authority**. No provision, covenant, or agreement contained in this Loan Agreement, or any obligations herein imposed upon the Authority, or the breach thereof, shall constitute an indebtedness or liability of the Authority within the meaning of any Colorado constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Authority or any director, official, member, officer, attorney, agent or employee of the Authority from time to time or a charge against the Authority's general credit. In making the agreements, provisions and covenants set forth in this Loan Agreement, the Authority has not obligated itself except with respect to the application of the revenues, as hereinabove provided.

**Section 12.11. No Personal Liability of Officials of the Authority, the Corporation or the Trustee**. None of the covenants, stipulations, promises, agreements and obligations of the Authority or the Corporation contained herein shall be deemed to be covenants, stipulations, promises, agreements or obligations of any director, official, officer, agent, member, attorney or employee of the Authority or the Corporation in his or her individual capacity, and no recourse shall be had for the payment of the principal of or premium, if any, or interest on the Bonds or for any claim based thereon or any claim hereunder against any director, official, officer, agent, member, attorney or employee of the Authority or the Corporation, or any natural Person executing any Bond, including any officer or employee of the Trustee.

**Section 12.12. Prior Agreements Superseded**. This Loan Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and the Corporation relating to the Bonds, the lending of money and the Project.

**Section 12.13. Covenant by the Corporation with Respect to Statements, Representations and Warranties**. It is understood by the Corporation that all such statements, representations and warranties made in this Loan Agreement shall be deemed to have been relied upon by the Authority as an inducement to issue the Bonds, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Loan Agreement which may give rise to an Event of Default hereunder.

**Section 12.14. Captions**. The captions and headings in this Loan Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Loan Agreement.

**Section 12.15. Payments Due on Holidays**. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, is not a Business Day such payments may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein, with the same force and effect as if done on the nominal date provided in this Loan Agreement.

**Section 12.16. Consent**. Any consent or approval of the Authority or the Trustee required pursuant to this Loan Agreement shall be in writing and shall not be unreasonably withheld, conditioned, or delayed.

**Section 12.17. Effective Date**. This Loan Agreement has been dated for convenience purposes only. Notwithstanding the stated date of this Loan Agreement, this Loan Agreement shall be effective on the date of funding of the Loan.

**Section 12.18. No Violations of Law**. Any other term or provision in this Loan Agreement to the contrary notwithstanding, (a) in no event shall this Loan Agreement be construed as (i) depriving the Authority of any right or privilege or (ii) requiring the Authority or any member, official, officer, director, attorney, agent, employee, representative, or advisor of



the Authority to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else, which deprivation or requirement would violate, or result in the Authority's being in violation of the Act or any other applicable state or federal law; and (b) at no time and in no event will the Corporation permit, suffer or allow any of the proceeds of the Bonds to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

**Section 12.19. Maintenance of Records**. The Corporation will maintain records relating to the use and investment of the proceeds of the Bonds and the use and operation of the Facilities for a period of four years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

**Section 12.20. Electronic Storage**. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12.21. Trustee**. Any provision governing the rights, immunities and protections of the Trustee under the Indenture is incorporated by reference into this Loan Agreement and shall be applied to the Trustee as though fully set forth herein. In the event any provision of this Loan Agreement requires the approval, consent, or action by the Trustee, the Trustee must undertake to grant or deny such approval or consent, or perform such action, only subject to and as directed by the terms of the Indenture, and may, in the Trustee's sole discretion, require direction of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding prior to undertaking any such approval, consent, or action.

[Remainder of Page Intentionally Left Blank.]



IN WITNESS WHEREOF, the Authority and the Corporation have caused this Loan Agreement to be executed in their respective corporate names and to be attested by their duly authorized officers, all as of the date first above written.

SEAL

COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY

By _____
Executive Director

ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION

By _____
President

Attest:

By _____
Secretary or Assistant Secretary

[Signature page to Loan and Security Agreement – Addenbrooke Classical Academy, Inc.]

STATE OF COLORADO )
) ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this ___ day of August, 2025, by Mark Heller, as Executive Director of the Colorado Educational and Cultural Facilities Authority, an independent public body politic and corporate constituting a public instrumentality.

Witness my hand and official seal.

[SEAL]

_____
Notary Public for the State of Colorado

[Notary page to Loan and Security Agreement – Addenbrooke Classical Academy, Inc.]

STATE OF COLORADO )
) ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this 10th day of June, 2025, by Patrick Cordova, as President, and Ric Netzer, as Secretary, of Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation.

Witness my hand and official seal.

[SEAL]

Notary Public for the State of Colorado

[Notary page to Loan and Security Agreement – Addenbrooke Classical Academy, Inc.]

B-1

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE LAND**

PARCEL 1:

LOT 2, BLOCK 1, TRAVELERS EXPRESS SUBDIVISION FILING NO. 1 LOT LINE ADJUSTMENT NO. 1, RECORDED FEBRUARY 15, 2019 UNDER RECEPTION NO. 2019012061, COUNTY OF JEFFERSON, STATE OF COLORADO.

PARCEL 2:

LOT 1, JEFFERSON WEST OFFICE BUILDING FILING NO. 1, COUNTY OF JEFFERSON, STATE OF COLORADO.

A-1

**EXHIBIT B**

**DESCRIPTION OF THE PROJECT**

EXHIBIT B to Loan and Security Agreement, dated as of August 1, 2025 (the "**Loan Agreement**"), by and between the Colorado Educational and Cultural Facilities Authority (the "**Authority**") and Addenbrooke Classical Academy Building Corporation. Capitalized terms are defined in this Loan Agreement.

The Project is described as the following: purposes of (a) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project), Series 2020 originally issued in the aggregate principal amount of $25,285,000, which were issued for the purpose of (i) refinancing the Authority's Charter School Revenue Bonds (Addenbrooke Classical Academy Project) Series 2016 in the original aggregate principal amount of $18,045,000, which were issued for the purpose of financing the acquisition of land located at 3940 South Teller Street, Lakewood, Colorado 80235 and 4064 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2016 Facilities**"), and (ii) financing the acquisition of land located at 3605 South Teller Street, Lakewood, Colorado 80235 and constructing improvements thereto and equipping thereof (the "**2020 Facilities**" and together with the 2016 Facilities, the "**Facilities**"); (b) funding capitalized interest, if any; (c) funding a Bond Reserve Fund; and (d) paying costs associated with the issuance of the Bonds, including the premium for the Bond Insurance Policy (collectively, the "**Project**").

B-1

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION CERTIFICATE**

Request No. _____

Date: _____

**PROJECT FUND REQUISITION CERTIFICATE**

TO: UMB BANK, N.A. (THE "**TRUSTEE**") AS TRUSTEE UNDER AND PURSUANT TO THE INDENTURE OF TRUST, DATED AS OF AUGUST 1, 2025, BY AND BETWEEN THE COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY (THE "**AUTHORITY**") AND THE TRUSTEE, AND THE LOAN AND SECURITY AGREEMENT, DATED AS OF AUGUST 1, 2025 (THE "**LOAN AGREEMENT**"), BY AND BETWEEN THE AUTHORITY AND ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION (THE "**CORPORATION**").

The undersigned Authorized Representative of the Corporation hereby requests that the following amounts be paid to the following payees for the following costs of the construction of improvements to the Facilities (as defined in said Loan Agreement) (the "**Costs**"):

| Payee and Address | Amount | Description | W-9 |
|---|---|---|---|

The undersigned Authorized Representative of the Corporation hereby states and certifies that: (i) none of the items for which the payment or reimbursement is proposed to be made has been the subject of any payment or reimbursement theretofore made from the Project Fund; (ii) the item(s) for which payment or reimbursement is sought is or was reasonable and necessary in connection with the costs of the construction of improvements to the Facilities, and in all cases is a proper charge against the Project Fund; (iii) upon payment or reimbursement of the amount requested in this Requisition Certificate, the amount remaining in the Project Fund, together with other legally available moneys of the Corporation, if any, will be sufficient to pay the portion of the costs of the construction of improvements to the Facilities then unpaid; (iv) all previously disbursed amounts from the Project Fund have been spent, or used for reimbursement of amounts spent, in accordance with the related requisition thereto; and (v) no Event of Default under the Loan Agreement has occurred or is continuing or will occur as a result of the payment on this Requisition Certificate.

With respect to this requested disbursement, the Corporation (i) certifies they have reviewed any wire instructions set forth in this written disbursement direction to confirm such

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wire instructions are accurate, (ii) agrees to the extent authorized by law and without waiving any rights under the Colorado Governmental Immunity Act to indemnify and hold harmless the Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested, and (iii) agrees they will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

ADDENBROOKE CLASSICAL ACADEMY
BUILDING CORPORATION

By _____
Authorized Representative

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**DEED OF TRUST,**
**ASSIGNMENT OF RENTS,**
**SECURITY AGREEMENT AND FIXTURE FILING**

**Dated as of August 1, 2025**

**ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION**
**("Grantor")**

**to**

**THE PUBLIC TRUSTEE IN AND FOR THE COUNTY OF JEFFERSON, COLORADO**

**for the benefit of**

**UMB BANK, N.A.**

**("Beneficiary")**

NOTICE: THIS INSTRUMENT COVERS REAL PROPERTY AND PERSONAL PROPERTY AND FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE FILED FOR RECORD IN THE RECORDS WHERE DEEDS OF TRUST ON REAL ESTATE ARE RECORDED. IN ADDITION, THIS INSTRUMENT SHOULD BE APPROPRIATELY INDEXED NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FINANCING STATEMENT COVERING PERSONAL PROPERTY AND GOODS THAT ARE TO BECOME FIXTURES (EXCEPT AS EXPRESSLY EXCLUDED HEREIN) ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESS OF GRANTOR (DEBTOR) AND BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS INSTRUMENT.

Prepared by and after recording, return to:
Casey Parrot LLC
Attn: Hester M Parrot, Esq.
2205 W 136th Avenue, Suite 106-226
Broomfield, Colorado 80023



THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "**Deed of Trust**") is given as of August 1, 2025, by the Grantor named below to the Trustee named below, for the use and benefit of the Beneficiary named below.

## ARTICLE 1
## PARTIES, PROPERTY AND DEFINITIONS

Capitalized terms used in this Deed of Trust shall have the meanings given such terms where parenthetically defined or as set forth in this Article 1 and if not defined herein, shall have the meanings set forth in the Loan and Security Agreement, dated as of August 1, 2025, by and between the Colorado Educational and Cultural Facilities Authority (the "**Authority**") and Grantor named below (the "**Loan Agreement**"). The following terms and references shall have the meanings indicated:

1.1. **Grantor**: Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation, whose notice address is 3940 South Teller Street, Lakewood, Colorado 80235, and whose Colorado organizational identification number is 20161581319, and whose federal tax identification number is 81-3674834 together with any future owner of the Premises or any part thereof or interest therein.

1.2. **Beneficiary**: UMB Bank, n.a., whose notice address is 1670 Broadway, Denver, Colorado 80202, together with any future trustee for the Bonds in accordance with the Indenture.

1.3. **Trustee**: The Public Trustee in and for the County of Jefferson, Colorado.

1.4. **Evidence of Debt**: Grantor's Secured Obligations (defined below) under the Loan Agreement dated as of even date herewith, in the original principal amount of [TOTAL PAR] AND NO/100 DOLLARS ($[_____]). All terms and provisions of the Secured Obligations (defined below) under the Loan Agreement are incorporated by this reference in this Deed of Trust.

1.5. **Premises**: The Premises shall mean all of Grantor's right, title and interest in and to real property located in the County of Jefferson, State of Colorado, more particularly described on Exhibit A attached hereto, subject to the Permitted Encumbrances listed in Exhibit B attached hereto, which are hereby accepted in accordance with subsection (1) of the defined term "Permitted Encumbrance" contained in the Loan Agreement, each of which Exhibits is and incorporated herein by this reference, (the "**Real Property**"), together with the following:

1.5.1 All buildings, structures, and improvements now or hereafter located thereon, as well as all rights-of-way, easements, and other appurtenances thereto;

1.5.2 All plans, permits, contracts and entitlements in or relative to the Real Property;



1.5.3 All machinery, apparatus, equipment, fittings, and fixtures (whether actually or constructively attached, and including all trade, domestic, and ornamental fixtures) now or hereafter located in, upon, or under the Real Property or improvements on the Real Property and used or usable in connection with any present or future operation thereof, including, but not limited to, all heating, air-conditioning, freezing, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, boilers, water heaters, ranges, furnaces and burners, appliances, vacuum cleaning systems, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, refrigerators, attached cabinets, partitions, ducts and compressors, rugs and carpets, draperies, and all additions thereto and replacements therefor and excluding any personal property or fixtures owned by any tenant leasing the Real Property;

1.5.4 All of Grantor's right, title, and interest in any award or payment, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, injury to, or decrease in the value of, any of such property and any proceeds of property insurance;

1.5.5 All other or greater rights and interests of every nature in the Real Property and in the possession or use thereof and income therefrom, whether now owned or subsequently acquired by Grantor;

1.5.6 All other personal property, interests and intangibles pledged to Beneficiary by Grantor under the Loan Agreement; and

1.5.7 All proceeds of any of the foregoing, which term "proceeds" shall have the meaning given to it under the Colorado Uniform Commercial Code and shall additionally include whatever is received upon the use, lease, sale, exchange, transfer, collection or other utilization or any disposition or conversion of any of the foregoing, voluntary or involuntary, whether cash or non-cash, including proceeds of issuance, rental or lease payments, accounts, chattel paper, instruments, documents, contracts, rights, general intangibles, equipment and inventory.

1.6 **Chattels**: All goods, fixtures, building and other materials, supplies, and other tangible personal property of every nature now owned or hereafter acquired by Grantor and used, intended for use, or usable in the construction and development of the Premises, Chattels and Intangible Property, together with all accessions thereto, replacements and substitutions therefor, and proceeds thereof.

1.7 **Intangible Personalty**: All accounts and all plans, specifications, licenses, permits, and other general intangibles (whether now owned or hereafter acquired, and including proceeds thereof) relating to or arising from Grantor's ownership, use, operation, leasing, or sale of all or any part of the Premises, Chattels and Intangible Personalty.

1.8 **Loan Documents**: The Loan Agreement, the Lease, the Indenture, the Bonds issued under and pursuant to the Indenture, this Deed of Trust, any financing statements executed or otherwise authorized in connection herewith, and each other document executed or delivered by Grantor as security for the Secured Obligations under the Loan Agreement or in connection with the transactions under the Loan Agreement when such transactions have been completed and the Bonds to be issued under the Indenture have been executed and delivered. The term "Loan Documents" also includes all supplements, amendments, modifications, extensions, renewals, and replacements of each document referred to above.

1.9 **Secured Obligations**: All present and future obligations of Grantor to Beneficiary evidenced by or contained in the Loan Agreement, whether stated in the form of promises, covenants, representations, warranties, conditions, or prohibitions or in any other form. If this Deed of Trust is foreclosed, either through the Trustee or through the courts, to the extent permitted by law, the Secured Obligations shall include an amount equal to any prepayment fee or premium which would be payable under the terms of the Secured Obligations due and owing under the Loan Agreement as if the Secured Obligations were prepaid in full on the date of the foreclosure sale, and together with all costs of collection and enforcement and any damages resulting from any such default.

## ARTICLE 2
## GRANTING CLAUSE

2.1 **Grant to Trustee**. As security for the Secured Obligations, Grantor hereby grants, bargains, encumbers, assigns and mortgages to Trustee, with power of sale, all of its estate, right, title and interest in, to and under the Premises, Chattels and Intangible Personalty, in trust for the use and benefit of Beneficiary, subject to all provisions of this Deed of Trust and the Loan Agreement, and further subject, to the Permitted Encumbrances.

## ARTICLE 3
## GRANTOR'S TITLE AND AUTHORITY

3.1 **Warranty of Title**. Grantor represents and warrants to Beneficiary that (a) it is the owner of title to the Premises, Chattels and Intangible Personalty; (b) that the Premises, Chattels and Intangible Personalty are subject only to the matters of record and other Permitted Encumbrances; and (c) that no interest in the Premises, Chattels and Intangible Personalty has been leased or conveyed to any third party other than the Permitted Encumbrances. The warranties contained in this section shall survive foreclosure of this Deed of Trust, and shall inure to the benefit of and be enforceable by any person who may acquire title to the Premises, Chattels and Intangible Property pursuant to any such foreclosure.

3.2 **Waiver of Homestead and Other Exemptions; Commercial Obligation**. Grantor hereby waives all rights to any homestead or other exemption regarding the Premises to which Grantor would otherwise be entitled under any present or future constitutional, statutory, or other provision of State of Colorado or other applicable state or federal law. Grantor confirms and agrees that the Secured Obligations represent a commercial lending relationship and not a consumer loan.

3.3 **Due Authorization**. Each individual who executes this Deed of Trust on behalf of Grantor represents and warrants to Beneficiary that such execution has been duly authorized by all necessary corporate action on the part of Grantor.

3.4 **Priority Lien**. This Deed of Trust shall be prior to any and all leases of the Premises. Any and all leases, including the Lease, shall be expressly subordinated to the lien of this Deed of Trust.

**ARTICLE 4**
**GRANTOR'S AFFIRMATIVE COVENANTS**

4.1 **Payment of Secured Obligations under the Loan Agreement; Future Advances**. Grantor will pay all principal, interest, and other Secured Obligations payable under the Loan Agreement, on the date when each such payment is due, without notice or demand. This Deed of Trust also secures all future advances allowed pursuant to Section 38-39-106, C.R.S. For the purpose of this Deed of Trust, the maximum principal amount secured hereby (whether based on obligatory or optional advances), shall be $[_____] (120% of the par amount of Bonds).

4.2 **Maturity Date**. If not earlier paid in full, the Secured Obligations under the Loan Agreement shall be paid in full on or before [_____ __, 20__] (the "**Maturity Date**").

4.3 **Performance of Other Obligations**. Grantor will promptly and strictly perform and comply with all other covenants, conditions, and prohibitions required of Grantor by the terms of the Loan Documents.

4.4 **Other Encumbrances**. Grantor will promptly and strictly perform and comply with all covenants, conditions, and prohibitions required of Grantor in connection with any other encumbrance affecting the Premises, the Chattels, or the Intangible Personalty, or any part thereof, regardless of whether such other encumbrance is superior or subordinate to the lien hereof, if the failure to perform the same shall materially adversely affect the lien of this Deed of Trust or Grantor's ability to perform the Secured Obligations. Grantor covenants and agrees to provide Beneficiary with written notice of any default or breach, whether or not such matters are timely cured, of any covenants, conditions or prohibitions required in any of the foregoing encumbrances including copies of any notices of such defaults or breaches received by Grantor in connection therewith.

4.5 **Payment of Taxes**.

4.5.1 Property Taxes. Grantor will pay or cause to be paid, before delinquency, all taxes and assessments, general or special, which may be levied or imposed at any time against the Premises (if any) as required under the Loan Agreement.

4.5.2 Intangible Taxes. If by reason of any statutory or constitutional amendment or judicial decision adopted or rendered after the date hereof, any tax, assessment, or similar charge is imposed against the Beneficiary as a result of this Deed of Trust, or against any interest of Beneficiary in any real or personal property encumbered hereby, Grantor will pay such tax, assessment, or other charge before delinquency and will indemnify Beneficiary against all loss, expense, or diminution of income in connection therewith. In



the event Grantor is unable to do so, either for economic reasons or because the legal provision or decision creating such tax, assessment, or charge forbids Grantor from doing so, then the Secured Obligations will, at Beneficiary's option, become due and payable in full upon thirty (30) days' notice to Grantor.

4.6 **Maintenance of Insurance**.

4.6.1 Coverages Required, Application of Proceeds. Insurance requirements and the application of any proceeds therefrom shall be governed by the terms of the Loan Agreement.

4.6.2 Successor's Rights. Any person who acquires title to the Premises or the Chattels upon foreclosure hereunder will succeed to all of Grantor's rights under all policies of insurance maintained pursuant to this section, to the extent that such policies provide coverage to such successor and are otherwise assignable.

4.7 **Maintenance and Repair of Premises and Chattels**. Grantor will cause the Premises and the Chattels to be maintained in good condition and repair.

4.8 **Mechanics' Liens**. Except for Permitted Encumbrances or as permitted under the Loan Documents, Grantor will keep the Premises free and clear of all liens and claims of liens by contractors, subcontractors, mechanics, laborers, materialmen, and other such persons directed to perform services or provide materials by Grantor.

4.9 **Defense of Actions**. Grantor will defend, at Grantor's expense, any action, proceeding or claim which affects any property encumbered hereby or any interest of Beneficiary in such property or in the Secured Obligations, and will indemnify and hold Beneficiary harmless from all loss, damage, cost, or expense, including reasonable attorneys' fees, which Beneficiary may incur in connection therewith.

4.10 **Expenses of Enforcement**. Grantor will pay all actual and reasonable costs and expenses, including reasonable attorneys' fees, which Beneficiary may incur in connection with any effort or action (whether or not litigation or foreclosure is involved) to enforce or defend Beneficiary's rights and remedies under any of the Loan Documents including, but not limited to, all reasonable attorneys' fees and other expenses incurred by Beneficiary in securing title to or possession of, and realizing upon, any security for the Secured Obligations.

4.11 **Assembly of Chattels**. Upon the occurrence of any Event of Default hereunder, Grantor will, at Beneficiary's request, assemble the Chattels and make them available to Beneficiary at any place designated by Beneficiary which is reasonably convenient to both parties.

4.12 **Further Assurances; Estoppel Certificates**. Grantor will, at its sole cost and expense, do, execute, acknowledge and deliver to Beneficiary upon demand, all and every such further acts, documents and assurances which Beneficiary may reasonably request to confirm or perfect the liens and security interests created or intended to be created hereby, or to confirm or perfect any evidence of the Secured Obligations, including, without limitation, financing statements and other security instruments. Beneficiary is hereby expressly authorized to file any and all financing statements deemed necessary by Beneficiary to perfect the security interests



granted to Beneficiary hereunder. Grantor will also, within fifteen (15) Business Days (as defined in the Indenture) after any request by Beneficiary, deliver to Beneficiary a signed and acknowledged statement certifying to Beneficiary, or to any proposed transferee of the Secured Obligations, (a) the payment of principal, interest, and other sums made by Grantor on the Secured Obligations under the Loan Agreement; and (b) whether Grantor claims to have any defenses with respect to the Secured Obligations and, if so, the nature of such offsets or defenses. Grantor's failure to provide such a statement within such fifteen (15) day period will result in Grantor's being conclusively bound by any representation which Beneficiary may make as to those matters so long as that representation is consistent with Beneficiary's records of this transaction.

4.13 **Correction of Errors**. Grantor, upon request of Beneficiary, shall promptly correct any defect, error or omission that may be discovered in the content of this Deed of Trust or in the execution or acknowledgment hereof. In addition, Grantor shall do such further acts as may be necessary or that Beneficiary may reasonably request to carry out more effectively the purposes of this Deed of Trust, to subject any property intended to be encumbered hereby to the lien and security interest hereof, and to perfect and maintain the lien and security interest hereof.

**ARTICLE 5**
**GRANTOR'S NEGATIVE COVENANTS**

5.1 **Waste and Alterations**. Grantor will not commit or permit any waste with respect to the Premises or the Chattels. Grantor shall conduct only those uses permitted on the Premises as allowed by Applicable Laws (defined below) or Permitted Encumbrances. Grantor shall not cause or permit any improvements that may be constructed upon the Premises including, but not limited to, any building, structure, parking lot, driveway, landscape scheme, or other ground improvement, to be removed or demolished except as provided in the Loan Documents.

5.2 **Zoning and Private Covenants**. Grantor will not initiate, join in, or consent to any change in any zoning ordinance or classification, any change in any approved zoning plan or in any "zone lot" or "zone lots" (or similar zoning unit or units) presently comprising the Real Property, any transfer of development rights, any change in any private restrictive covenant, or any change in any other public or private restriction limiting or defining the uses which may be made of the Real Property or any part thereof except as provided in the Loan Documents. If under applicable zoning provisions the use of all or any part of the Real Property is or becomes a nonconforming use, Grantor will not cause or permit such use to be discontinued or abandoned without the express written consent of Beneficiary.

5.3 **Interference with Lease**. Grantor will not, without the prior written consent of Beneficiary other than the Permitted Encumbrances (a) collect rent from all or any part of the Premises for more than two months in advance; (b) assign the rents from the Premises or any part thereof other than to Beneficiary; (c) consent to the cancellation or surrender of all or any part of the Lease, except that Grantor may in good faith and with the consent of Beneficiary terminate any such Lease for nonpayment of rent or other material breach by the tenant thereunder; or (d) in any other manner impair the value of the Premises or the security of this Deed of Trust.

5.4 **Transfer of Premises**. Grantor will not transfer, either voluntarily or involuntarily, the Premises or any part thereof or interest therein, except as provided in the Loan Documents



5.5 **Further Encumbrance of Premises**. Grantor will neither create nor permit any encumbrance other than the Permitted Encumbrances, either voluntarily or involuntarily, against the Premises or any part thereof or interest therein, except as provided in the Loan Documents.

5.6 **Transfer or Removal of Chattels**. Grantor will not sell, transfer or remove from the Premises all or any part of the Chattels, unless the items sold, transferred, or removed are simultaneously replaced with similar items of equal or greater value.

5.7 **Improper Use of Premises or Chattels**. Grantor will not use the Premises or the Chattels for any purpose or in any manner which violates any applicable law, ordinance, or other governmental requirement (collectively, "**Applicable Laws**"), the requirements or conditions of any insurance policy, or any private covenant that is a Permitted Encumbrance.

**ARTICLE 6**
**EVENTS OF DEFAULT**

6.1 Each of the following events will constitute an Event of Default under this Deed of Trust and under each of the other Loan Documents:

6.1.1 Failure to Pay Secured Obligations under the Loan Agreement. Grantor's failure to make any payment of any of the Secured Obligations when such payment is due under the terms of the Loan Agreement, and such failure is not cured within any grace or cure period provided therein;

6.1.2 Violation of Other Covenants. Grantor's failure to perform or observe any other covenant, condition, restriction or prohibition contained in any of the Loan Documents or in any of the documents evidencing and securing the Permitted Encumbrances for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to Grantor by Beneficiary; provided, with respect to any such failure covered by this Section 6.1.2, no Event of Default shall be deemed to be continuing so long as a course of action adequate in the judgment of Beneficiary to remedy such failure shall have been commenced within such thirty (30) day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; and provided further, however, that if any such Loan Document provides for a grace or cure period for the performance of the defaulted obligation, Beneficiary shall not be required to provide additional notice and opportunity to cure under this Section 6.1.2;

6.1.3 Misrepresentation or Breach of Warranty. Beneficiary's determination that any statement or warranty contained in any of the Loan Documents is untrue or misleading in any material respect;

6.1.4 Unpermitted Transfer or Encumbrance. Grantor's transfer or further encumbrance of the Premises in violation of sections 5.4 and 5.5;

6.1.5 Assertion of Priority. The assertion (except by the owner of a Permitted Encumbrance) of any claim of priority over this Deed of Trust, by title, lien, or otherwise, unless Grantor within thirty (30) days after such assertion either causes the assertion to be

withdrawn or provides Beneficiary with such security as Beneficiary may require to protect Beneficiary against all loss, damage, or expense, including attorneys' fees, which Beneficiary may incur in the event such assertion is upheld;

6.1.6 Dissolution, Insolvency, or Bankruptcy. The dissolution, termination, or liquidation of Grantor or of any other person or entity directly or indirectly liable for the Secured Obligations, or the making by any such person of any assignment for the benefit of creditors, or the appointment of a receiver, liquidator, or trustee of the property of any such person, or the filing of any petition for the bankruptcy, reorganization, or arrangement of any such person pursuant to the federal Bankruptcy Code or any similar state or federal statute, or the adjudication of any such person as bankrupt or insolvent; or

6.1.7 Default Under Any Other Encumbrance or Obligation under the Loan Documents. Grantor's breach or default under any other covenant, condition, restriction, obligation or encumbrance affecting the Property, which breach or default adversely affects the Real Property or the ability of Grantor to pay the Secured Obligations, other than a default specified in Section 6.1.2 above, that is not cured within a reasonable time but in no event longer than 60 days after Grantor learns of such default or breach.

6.2 **Grace Periods for Certain Defaults**. In the event of any default under this Deed of Trust which does not involve failure to pay a sum of money when due, failure to maintain any required insurance, any prohibited transfer or further encumbrance of the Premises, or any waste or alterations of the Premises as limited hereunder, Beneficiary will not accelerate the maturity of the Secured Obligations if such failure is being cured in the manner and under the time frame set forth in the Loan Agreement.

## ARTICLE 7
## BENEFICIARY'S REMEDIES

Subject to the cure rights set forth herein, upon the occurrence of any Event of Default hereunder, Beneficiary may exercise any remedy available at law or in equity including, but not limited to, those listed below and those listed in the other Loan Documents, in such sequence or combination as Beneficiary may determine in Beneficiary's sole discretion:

7.1 **Performance of Defaulted Obligations**. If Grantor fails to perform any of its covenants and agreements herein or in the Secured Obligations under the Loan Agreement or any Loan Documents, and such failure is not remedied prior to the expiration of any grace and cure period provided in the document at issue, Beneficiary may, but shall not be obligated to, make any payment or perform any other obligation required by Grantor in any form and manner deemed expedient. Grantor hereby irrevocably appoints Beneficiary as the true and lawful attorney-in-fact for Grantor to make any such payment and perform any such obligation in the name of Grantor. All payments made and expenses (including reasonable attorneys' fees) incurred by Beneficiary in this connection, together with interest thereon at the "Default Rate," from the date paid or incurred until repaid, will be part of the Secured Obligations and will be immediately due and payable by Grantor to Beneficiary. In lieu of advancing Beneficiary's own funds for such purposes, Beneficiary may use any funds of Grantor which may be in Beneficiary's possession including,



but not limited to, insurance or condemnation proceeds and amounts deposited for taxes, insurance premiums or other purposes.

7.2 **Specific Performance and Injunctive Relief**. Notwithstanding the availability of legal remedies, Beneficiary will be entitled to obtain specific performance, mandatory or prohibitory injunctive relief, or other equitable relief requiring Grantor to cure or refrain from repeating any default.

7.3 **Suit for Monetary Relief**. With or without accelerating the maturity of the Secured Obligations, Beneficiary may sue from time to time for any payment due under any of the Loan Documents, or for money damages resulting from Grantor's default under any of the Loan Documents.

7.4 **Possession of Premises**. Beneficiary may enter and take possession of the Premises, in accordance with State of Colorado law, may employ a managing agent for the Premises, may continue any and all construction of the Premises in accordance with any approved plans and specifications therefor, and may lease or rent all or any part of the Premises, either in Beneficiary's name or in the name of Grantor, and may collect the rents, issues, and profits of the Premises. Any revenues collected by Beneficiary under this Section will be applied first toward payment of all expenses (including reasonable attorneys' fees) incurred by Beneficiary, together with interest thereon at the Default Rate from the date incurred until repaid, and the balance, if any, will be applied against the Secured Obligations.

7.5 **Enforcement of Security Interests**. Beneficiary may exercise all rights of a secured party under the State of Colorado Uniform Commercial Code with respect to the Goods, Chattels and the Intangible Personalty including, but not limited to, taking possession of, holding, and selling the Chattels and enforcing or otherwise realizing upon any accounts and general intangibles. Any requirement for reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made, will be satisfied by Beneficiary's giving of such notice to Grantor at least ten (10) days prior to the time of any public sale or the time after which any private sale or other intended disposition is to be made.

7.6 **Foreclosure Against Premises**. Subject to the cure rights contained in the Loan Agreement and this Deed of Trust or another applicable Loan Document, upon an Event of Default by Grantor, at Beneficiary's option, all of the sums secured by this Deed of Trust shall be immediately due and payable ("**Acceleration**"). To exercise this option, Beneficiary may invoke the power of sale and any other remedies permitted by law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Deed of Trust, including, but not limited to, reasonable attorney's fees and all Trustee's fees. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Trustee of such election in accordance with the laws then in effect in the State of Colorado. Trustee shall give such notice to Grantor of Grantor's cure rights as is then provided by Colorado law. Trustee shall record a copy of such notice as required by Colorado law. Trustee shall advertise the time and place of the sale of the Premises in a newspaper of general circulation in each county in which the Premises is situated, and shall mail copies of such notice of sale to Grantor and other persons, all as may be now or in the future prescribed by Colorado law. After the lapse of such time as may be required by law, Trustee, without demand on Grantor, shall sell the Premises at public auction to the highest



bidder for cash at the time and at the place then authorized by law as may be specified in the notice of sale, in one or more parcels as Beneficiary may think best and in such order as Trustee may determine. Unless otherwise required under Colorado law, under the Indenture or under the Loan Agreement, Trustee shall apply the proceeds of the sale in the following order: (a) to all costs of sale as set forth in the Colorado statutes governing foreclosures in the State of Colorado; (b) reasonable costs for Beneficiary's attorney's fees and costs of title evidence; (c) to reduce or discharge the Secured Obligations in such order as Beneficiary may elect; and (d) the excess, if any, to the person or persons legally entitled thereto. Upon abandonment of the Premises or upon the order of a court of competent jurisdiction, Beneficiary or the holder of the Trustee's certificate of purchase shall be entitled to a receiver for the Premises after Acceleration, and shall also be so entitled during the time covered by foreclosure proceedings and the period of redemption, if any, in accordance with Section 7.7 below. Nothing in this section dealing with foreclosure procedures or specifying particular actions to be taken by Beneficiary or by Trustee or any similar officer shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by State of Colorado law, and any such inconsistency shall be resolved in favor of State of Colorado law applicable at the time of foreclosure.

7.7 **Appointment of Receiver**. Beneficiary shall be entitled, as a matter of absolute right and without regard to the value of any security for the Secured Obligations or the solvency of any person liable therefor, and on an *ex parte* basis, without notice, to the appointment of a receiver for the Premises upon application to any court of competent jurisdiction. Such receiver and his agents shall be empowered (a) to take possession of the Premises and any businesses conducted by Grantor or any other person thereon and any business assets used in connection therewith; (b) to exclude Grantor and Grantor's agents, servants and employees from the Premises, or, at the option of the receiver, in lieu of such exclusion, to collect a fair market rental from any such persons occupying any part of the Premises; (c) to lease or re-lease the Premises and to collect the rents, issues, profits and income therefrom and to enforce the Lease (or terminate the Lease or take any other allowed remedies under the Lease if the Lease is then in default); (d) to complete any construction which may be in progress; (e) to do such maintenance and make such repairs and alterations as the receiver deems necessary; (f) to use all stores of materials, supplies and maintenance equipment on the Premises and replace such items at the expense of the receivership estate; (g) to pay all taxes and assessments against the Real Property and the Chattels, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance; (h) to borrow from Beneficiary, if applicable, funds as may reasonably be necessary to the effective exercise of the receiver's powers, on such terms as may be agreed upon by the receiver and Beneficiary; and (i) generally to do anything which Grantor could legally do if Grantor were in possession of the Premises. All expenses incurred by the receiver or his agents, including obligations to repay funds borrowed by the receiver, shall constitute a part of the Secured Obligations. Such receiver shall be entitled to enter upon, take possession of and manage the Premises and to collect the rents of the Premises, including those past due. Any revenues collected by the receiver shall be applied first to the expenses of the receivership, including reasonable attorneys' fees incurred by the receiver and by Beneficiary, together with interest thereon at the default rate allowed under the Loan Agreement from the date incurred until repaid, next to the payment of the costs of preservation and management of the Premises, and then the balance shall be applied toward the Secured Obligations or in such other manner as the court may direct. Beneficiary and the receiver shall be liable to account only for those rents actually received. Unless sooner terminated with the express consent of Beneficiary, any such receivership will



continue until the Secured Obligations have been discharged in full, or until title to the Premises has passed after foreclosure sale and all applicable periods of redemption have expired, or until a court of competent jurisdiction orders the receiver discharged.

## ARTICLE 8
## MISCELLANEOUS PROVISIONS

8.1 **Assignment of Rents**. This Deed of Trust is intended to constitute a present, absolute and irrevocable assignment of any rents now or hereafter accruing, and Grantor, without limiting the generality of the Granting Clause set forth in Section 2.1 hereof, specifically hereby presently, absolutely and irrevocably assigns all of the rents now or hereafter accruing to Beneficiary. The aforesaid assignment shall be effective immediately upon the execution of this Deed of Trust and is not conditioned upon the occurrence of any Event of Default hereunder or any other contingency or event, provided, however, that Beneficiary hereby grants to Grantor the right and license to collect and receive the rents as they become due, and, except as otherwise provided herein, not in advance, so long as no Event of Default exists hereunder. Immediately upon the occurrence of any such Event of Default, the foregoing right and license shall be automatically terminated and be of no further force or effect. Nothing contained in this section or elsewhere in this Deed of Trust shall be construed to make Beneficiary a mortgagee in possession unless and until Beneficiary actually takes possession of the Premises, nor to obligate Beneficiary to take any action or incur any expense or discharge any duty or liability under or in respect of any leases or other agreements relating to the Premises or any part thereof.

8.2 **Security Agreement**. This Deed of Trust constitutes a security agreement under the applicable provisions of the Colorado Uniform Commercial Code, as the same may be amended from time to time, with respect to the Goods, Chattels, the Intangible Personalty and such other of the Premises which is personal property or otherwise governed by the Colorado Uniform Commercial Code. In addition to the right and remedies granted to Beneficiary by other applicable law or by this Deed of Trust, Beneficiary shall have all of the rights and remedies with respect to the Chattels, the Intangible Personalty, and such other personal property as are granted to a secured party under the Colorado Uniform Commercial Code, including, without limitation, taking possession of, holding and selling the Goods, Chattels, the Intangible Personalty and such other personal property. After an Event of Default and upon Beneficiary's request, Grantor shall promptly and at its expense assemble the Goods, Chattels, the Intangible Personalty and such other personal property and make the same available to Beneficiary at a convenient place acceptable to Beneficiary. Grantor shall pay to Beneficiary on demand, with interest at the Default Rate, any and all expenses, including reasonable attorneys' fees, incurred by Beneficiary in protecting its interest in the Goods, Chattels, the Intangible Personalty and such other personal property and in enforcing its rights with respect thereto. Any notice of sale, disposition or other intended action by Beneficiary with respect to the Goods, Chattels, the Intangible Personalty, and such other personal property sent to Grantor in accordance with the provisions hereof at least ten (10) days prior to such action shall constitute reasonable notice to Grantor. The proceeds of any such sale or disposition, or any part thereof, may be applied by Beneficiary to the Secured Obligations in accordance with the terms of the Loan Agreement.

8.3 **Time of the Essence**. Time is of the essence with respect to all provisions of the Loan Documents.

8.4 **Joint and Several Obligations**. If Grantor is more than one person or entity, then all persons or entities comprising Grantor are jointly and severally liable for all of the Secured Obligations.

8.5 **Rights and Remedies Cumulative**. Beneficiary's rights and remedies under each of the Loan Documents are cumulative of the rights and remedies available to Beneficiary under each of the other Loan Documents and those otherwise available to Beneficiary at law or in equity; provided that there shall be but one full and complete satisfaction of the Evidence of Debt secured hereby. No act of Beneficiary shall be construed as an election to proceed under any particular provision of any Loan Document to the exclusion of any other provision in the same or any other Loan Document, or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Beneficiary.

8.6 **No Implied Waivers**. Beneficiary shall not be deemed to have waived any provision of any Loan Document unless such waiver is in writing and is signed by Beneficiary. Without limiting the generality of the preceding sentence, neither Beneficiary's acceptance of any payment with knowledge of a default by Grantor, nor any failure by Beneficiary to exercise any remedy following a default by Grantor, shall be deemed a waiver of such default, and no waiver by Beneficiary of any particular default on the part of Grantor shall be deemed a waiver of any other default or of any similar default in the future.

8.7 **Dealings with Successor Owners**. If the Premises or any interest in the Premises are transferred to any person other than Grantor, whether voluntarily or involuntarily and whether or not Beneficiary has consented to such transfer, then Beneficiary may deal with such successor owner in all matters relating to the Secured Obligations, and no such dealings, including, but not limited to, any change in the terms of the Secured Obligations, will be deemed to discharge or impair the obligations of Grantor to Beneficiary under the Loan Documents.

8.8 **No Third Party Rights**. No person shall be a third-party beneficiary of any provision of any of the Loan Documents. All provisions of the Loan Documents favoring Beneficiary are intended solely for the benefit of Beneficiary, in its capacity as trustee for the Secured Obligations, or as otherwise provided in the other Loan Documents.

Anything contained herein to the contrary notwithstanding, as of the date hereof, the Authority has conveyed to Beneficiary, in its capacity as trustee for the Bonds, for the benefit of the registered owners of the Bonds, certain of its rights and interests under this Deed of Trust, the Loan Agreement and the other Loan Documents pursuant to the Indenture. The Grantor hereby acknowledges the aforementioned conveyance and shall treat the trustee for the Bonds as the Beneficiary hereunder.

8.9 **Preservation of Liability and Priority**. Without affecting the liability of Grantor or of any other person (except a person expressly released in writing) for payment and performance of all of the Secured Obligations, and without affecting the rights of Beneficiary with respect to any security not expressly released in writing, and without impairing in any way the priority of this Deed of Trust over the interests of any person acquired or first evidenced by recording subsequent to the recording hereof, Beneficiary may, either before or after the maturity of the Secured Obligations under the Loan Agreement, and without notice or consent: (a) release any



person liable for payment or performance of all or any part of the Secured Obligations; (b) make any agreement altering the terms of payment or performance of all or any of the Secured Obligations; (c) exercise or refrain from exercising, or waive, any right or remedy which Beneficiary may have under any of the Loan Documents; (d) accept additional security of any kind for any of the Secured Obligations; or (e) release or otherwise deal with any real or personal property securing the Secured Obligations. Any person acquiring or recording evidence of any interest of any nature in the Premises, the Chattels, or the Intangible Personalty shall be deemed, by acquiring such interest or recording any evidence thereof, to have agreed and consented to any or all such actions by Beneficiary.

8.10 **Waiver of Jury Trial**. GRANTOR AND BENEFICIARY KNOWINGLY, IRREVOCABLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED ON THIS DEED OF TRUST, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS DEED OF TRUST, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR GRANTOR AND BENEFICIARY TO ENTER INTO THE LOAN TRANSACTION EVIDENCED BY THE SECURED OBLIGATIONS UNDER THE LOAN AGREEMENT.

8.11 **Notices and Agency**. Any notice required or permitted to be given by Grantor or Beneficiary under any of the Loan Documents must be in writing and will be deemed given upon personal delivery or on the second Business Day after the mailing thereof, by registered or certified United States mail, postage prepaid, to the appropriate party at its address shown on the first page of this Deed of Trust or on the date of delivery by any courier service. Either party may change such party's address for notices by giving notice to the other party in accordance with this section, but no such change of address will be effective as against any person without actual knowledge thereof.

8.12 **No Merger of Estates**. Unless expressly provided otherwise, in the event that ownership of this Deed of Trust and title to the fee estate in the Premises encumbered hereby shall become vested in the same person or entity, this Deed of Trust shall not merge in said title but shall continue to be and remain a valid and subsisting lien and/or trust deed on said estates in the Premises for the amount secured hereby.

8.13 **Release Upon Payment in Full**. Upon payment and performance in full of all of the Secured Obligations, Beneficiary shall execute and deliver to Grantor such documents as may be required to release this Deed of Trust of record.

8.14 **Partial Release**. Upon release of a portion of the Premises pursuant to Section 8.15 of the Loan Agreement from the lien thereof and the refunding of a portion of the Secured Obligations, Beneficiary shall execute and deliver to Grantor such documents (prepared by and at the expense of Grantor) as may be required to partially release this Deed of Trust of record.

8.15 **Severability**. Wherever possible, each provision of the Loan Documents shall be interpreted so as to be effective and valid under State of Colorado law. If any provision of any Loan Document is, for any reason and to any extent, invalid or unenforceable, then neither the



remainder of the Loan Document in which such provision appears, nor any other Loan Document, nor the application of the provision to other persons or in other circumstances, shall be affected by such invalidity or unenforceability.

8.16 **Entire Agreement**. The Loan Documents set forth all the covenants, promises, agreements, representations, conditions, statements and understandings between Grantor and Beneficiary, and there are no representations, either oral or written between the parties other than those in this Deed of Trust and the Loan Documents, without limiting the foregoing, Grantor, hereby specifically waives any claims, rights, or defenses based on any warranties, representations or guarantees, whatever their form, made at any time, by any party, negligently made or otherwise, except those warranties, representations or guarantees contained in the Loan Documents. This Deed of Trust shall not be amended or modified except in a writing signed by both parties. Failure to exercise any right in one or more instance shall not be construed as a waiver of the right to strict performance or as an amendment to or modification of this Deed of Trust.

8.17 **No Partnership or Joint Venture**. Nothing contained herein nor the acts of the parties hereto, shall be construed to create a partnership or joint venture between Grantor and Beneficiary. The relationship between Grantor and Beneficiary is the relationship of "debtor" and "creditor."

8.18 **Indemnification**. Grantor shall defend, indemnify and hold harmless Beneficiary, any successors to Beneficiary's interest in the Premises, any purchaser of the Premises upon foreclosure, and all shareholders, directors, officers, employees and agents of all of the foregoing and their heirs, personal representatives, successors and assigns from and against all claims, costs, expenses, actions, suits, proceedings, losses, damages and liabilities of any kind whatsoever, including but not limited to all amounts paid in settlement of, and all costs and expenses (including reasonable attorneys' fees) incurred in defending or settling, any actual or threatened claim, action, suit or proceeding, directly or indirectly arising out of or relating to the Secured Obligations, this Deed of Trust, or the Premises, including but not limited to (i) any violation of or claim of violation of the Americans with Disabilities Act with respect to the Premises; (ii) any violation of applicable environmental laws, rules, regulations, and court or administrative orders; or (iii) any breach of any of the warranties, representations and covenants contained herein. This indemnity provision shall continue in full force and effect and shall survive the payment and performance of the Secured Obligations, the release of record of the lien of this Deed of Trust, any foreclosure (or deed in lieu of foreclosure) of this Deed of Trust, the exercise by Beneficiary of any other remedy under this Deed of Trust or any other document or instrument evidencing or securing the Secured Obligations, and any suit, proceeding or judgment against Grantor by Beneficiary hereon.

8.19 **Inspection**. Beneficiary shall have the right to inspect the Premises at all reasonable times, upon reasonable prior notice to Grantor and any tenant: except in an event of emergency, in which case no prior notice shall be required.

8.20 **Beneficiary**. Any provision governing the rights, immunities and protections of the Trustee under the Indenture is incorporated by reference into this Deed of Trust and shall be applied to the Beneficiary as though fully set forth herein. In the event any provision of this Deed of Trust requires the approval, consent, or action by the Beneficiary, the Beneficiary must undertake to grant or deny such approval or consent, or perform such action, only subject to and



as directed by the terms of the Indenture, and may, in the Beneficiary's sole discretion, require direction of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding prior to undertaking any such approval, consent, or action.

[SIGNATURE PAGE TO FOLLOW]

Signed and delivered as of the date first referenced above.

GRANTOR:

ADDENBROOKE CLASSICAL
ACADEMY BUILDING CORPORATION

By _____
President

Attest:

By _____
Secretary or Assistant Secretary

STATE OF COLORADO )
)ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this __ day of _____, 2025, by _____, as President, and _____, as Secretary, of Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation.

Witness my hand and official seal.

(SEAL) _____
Notary Public for the State of Colorado

[Signature page to Deed of Trust – Addenbrooke Classical Academy Building Corporation]

**EXHIBIT A**

**LEGAL DESCRIPTION OF ENCUMBERED PROPERTY**

PARCEL 1:

LOT 2, BLOCK 1, TRAVELERS EXPRESS SUBDIVISION FILING NO. 1 LOT LINE ADJUSTMENT NO. 1, RECORDED FEBRUARY 15, 2019 UNDER RECEPTION NO. 2019012061, COUNTY OF JEFFERSON, STATE OF COLORADO.

PARCEL 2:

LOT 1, JEFFERSON WEST OFFICE BUILDING FILING NO. 1, COUNTY OF JEFFERSON, STATE OF COLORADO.

**EXHIBIT B**

**PERMITTED EXCEPTIONS**

1. liens for taxes and special assessments on the Facilities not then delinquent;
2. the Loan Agreement, the Tax Compliance Certificate and the Indenture;
3. purchase money security interests with respect to any item of equipment related to the Facilities;
4. the Lease, and any other leases of the Facilities permitted pursuant to the terms of Section 8.11 of the Loan Agreement;
5. utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure on the Deed of Trust on the Facilities);
6. mechanics' and materialmen's liens related to the Facilities when payment of the related bill is not overdue and as may be permitted by the Lease;
7. mechanics' and materialmen's liens, security interests or other encumbrances related to the Facilities to the extent permitted in Section 6.01 of the Loan Agreement;
8. Liens arising by reason of good faith deposits with the Corporation in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Corporation to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;
9. Liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency as required by law or governmental regulation as a condition to any transaction or any business or the exercise of any privilege or license, or to enable the Corporation to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;
10. judgment Liens against the Corporation or the Charter School so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;
11. rights reserved to or vested in any municipality, school district or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facilities, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Facilities or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facilities; (i) Liens on the Facilities for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with the Facilities, which are not due and payable or which are not delinquent or which are being contested in good faith or with respect to liens of mechanics, materialmen and laborers, or have been due for less than 60 days; (ii) easements, rights of way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facilities which do not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (iii) rights reserved to or vested in any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not materially impair the use of the Facilities or materially and adversely affect the value thereof;
12. Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds and as disclosed in the title policy provided in accordance with Section 4.09 of the Loan Agreement, provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facilities not subject to such Lien on such date, unless such Lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance under the Loan Agreement;
13. Liens arising by reason of an Irrevocable Deposit;
14. Liens in favor of the Trustee on the proceeds of the Bonds prior to the applications of such proceeds;
15. Liens securing the Bonds or any additional Indebtedness permitted by Section 8.13 of the Loan Agreement;
16. such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Facilities and which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure of the Lien granted by the Deed of Trust);
17. the Lien of the Deed of Trust; and
18. all matters of record as of the date of the Deed of Trust.

After Recording Please Return to:
Casey Parrot LLC
2205 W 136th Avenue, Suite 106-226
Broomfield, Colorado 80023
Attention: Hester M. Parrot, Esq.

**LEASE AGREEMENT**

**by and between**

**ADDENBROOKE CLASSICAL ACADEMY, INC.,**
**as Lessee**

**and**
**ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION,**
**as Lessor**

**Dated as of August 1, 2025**

**The interest of Addenbrooke Classical Academy Building Corporation in this Lease Agreement has been assigned to UMB Bank, n.a., solely in its capacity as trustee (the "*Trustee*") under the Indenture of Trust, dated as of August 1, 2025, by and between the Colorado Educational and Cultural Facilities Authority and the Trustee, and is subject to the security interest of the Trustee.**

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EXHIBIT A DESCRIPTION OF THE REAL PROPERTY
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**LEASE AGREEMENT**

**THIS LEASE AGREEMENT** (as amended or supplemented from time to time, this "**Lease**") is dated as of August 1, 2025 and is entered into by and between **ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION** (the "**Corporation**"), a Colorado nonprofit corporation duly organized and validly existing under the laws of the State of Colorado (the "**State**"), as lessor, and **ADDENBROOKE CLASSICAL ACADEMY, INC.** (the "**Charter School**"), a duly organized and validly existing Colorado nonprofit corporation and charter public school authorized by Jefferson County School District R-1, under the Charter Schools Act (defined below), as lessee.

WITNESSETH;

WHEREAS, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Lease, and if not defined below, shall have the definition or the same meaning set forth in the Loan and Security Agreement, dated as of August 1, 2025 (the "**Loan Agreement**"), by and between the Colorado Educational and Cultural Facilities Authority (the "**Authority**") and the Corporation; and

WHEREAS, the Charter School is a Colorado nonprofit corporation and a public charter school duly organized and validly existing pursuant to the Charter Schools Act, Article 30.5 of Title 22, Colorado Revised Statutes, as amended (the "**Charter Schools Act**") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986; and

WHEREAS, the Charter School is authorized by Section 22-30.5-104(7)(b) of the Charter Schools Act to contract with any third party for the use of a school building and grounds; and

WHEREAS, the Corporation (a) is a nonprofit corporation organized, existing and in good standing under the laws of the State, and (b) is authorized under its articles of incorporation, bylaws, action of its governing body and applicable law, to own and manage its properties, to conduct its affairs in the State, to lease the Leased Property (defined below) pursuant to this Lease to the Charter School and to otherwise act in the manner contemplated herein; and

WHEREAS, the Charter School has determined that it is in the best interest of the Charter School to lease from the Corporation the Leased Property pursuant to this Lease; and

WHEREAS, in order to refinance the Leased Property, the Corporation has entered into the Loan Agreement with the Authority, under which the Authority will make the Loan to Corporation and which Loan is secured by the Deed of Trust encumbering the Leased Property and this Lease; and

WHEREAS, in order to fund the Loan made to the Corporation pursuant to the Loan Agreement, the Authority has entered in to an Indenture, pursuant to which the Authority has issued its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Series 2025A in the original aggregate principal amount of $[A-PAR] and its Charter School Refunding Revenue Bonds (Addenbrooke Classical Academy Project), Federally Taxable



Series 2025B in the original aggregate principal amount of $[B-PAR], all as more particularly set forth in the Indenture, the proceeds of which will be used to fund the Loan; and

WHEREAS, pursuant to the Loan Agreement, the Corporation has (a) assigned to the Trustee, on behalf of the Authority, all of the Corporation's right, title and interest as landlord in, to and under this Lease; and (b) granted a security interest to the Authority in the rents and income from the Leased Property to secure repayment of amounts due under the Loan Agreement for the benefit of the Authority and its successors and assigns; and

WHEREAS, pursuant to the Deed of Trust the Corporation has granted a lien on the Leased Property to the Trustee to secure repayment of amounts due under the Loan Agreement; and

WHEREAS, the Base Rents and Additional Rents (both as hereinafter defined) payable by the Charter School hereunder shall constitute currently appropriated expenditures of the Charter School and shall not constitute a debt or multiple fiscal year direct or indirect obligation whatsoever of the Charter School or a mandatory charge or requirement against the Charter School in any Fiscal Year (as hereinafter defined) beyond the Fiscal Year for which such payments have been appropriated; and

WHEREAS, the execution, delivery and performance of this Lease by the Charter School are in the best interest of the Charter School, serve a public purpose, and have been duly authorized by the governing board of the Charter School; and

WHEREAS, the execution, delivery and performance of this Lease, the assignment by the Corporation to the Authority and the Trustee, pursuant to the Loan Agreement and the Deed of Trust, of all right, title and interest of the Corporation in, to and under this Lease and the grant by the Corporation of a security interest to the Authority, pursuant to the Loan Agreement, and a lien against the Leased Property pursuant to the Deed of Trust, are in the best interest of the Corporation and have been duly authorized by the governing body of the Corporation; and

WHEREAS, the Corporation desires to lease the Leased Property to the Charter School, and the Charter School desires to lease the Leased Property from the Corporation, pursuant to the terms and conditions and for the purposes set forth in this Lease, subject in all respects to the liens evidenced by the Loan Agreement and the Deed of Trust.

NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS**

All words and phrases capitalized but not defined herein, shall have the meaning defined in Article I of the Indenture and Article I of the Loan Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the meanings in this Lease set forth below:



"**Additional Rents**" means the cost of all taxes; insurance premiums; reasonable expenses and fees of the Authority, the Trustee and the Corporation (including, but not limited to, filing fees, licenses, permits, any legal expenses incurred by the Corporation, or its officers or directors in their official or personal capacity, as provided in Section 13.01 hereof, and other expenses of the Corporation incurred in the performance of its obligations under the Loan); any fees of a Consultant; the administrative fee charged by the State Treasurer pursuant to the Colorado Charter School Intercept Program Application; utility charges; the ten basis points of the principal amount of the Bonds Outstanding payable to the State Treasurer pursuant to the Colorado Charter School Debt Reserve Program and such greater amounts as may be charged from time to time; costs of maintenance, upkeep, repair, restoration, modification, improvement and replacement; Bond Reserve Fund payments; Rebate Fund payments; costs and expenses incurred by the Corporation or by its directors or officers in connection with any investigation, claim, demand, suit, action or proceeding relating to the activities of the Corporation, or such directors or officers in their capacity as such, in respect of the Leased Property, the Bonds, this Lease, the Loan Agreement, the Indenture or any matter related thereto; the fees of any Rating Agency then maintaining a rating on the Bonds; and all other charges and costs, including reasonable attorneys' fees, which the Charter School assumes or agrees to pay hereunder with respect to the Leased Property, the Bonds, this Lease, the Loan Agreement, the Indenture or any matter related thereto. Additional Rents do not include the Base Rents.

"**Authority**" means the Colorado Educational and Cultural Facilities Authority, an independent public body politic and corporate constituting a public instrumentality, duly organized and validly existing under the laws of the State, or any public corporation succeeding to its rights and obligations under the Loan Agreement.

"**Base Rents Payment Date**" means one of the dates in the "Base Rents Payment Date" column in Exhibit B hereto, as from time to time amended or supplemented.

"**Base Rents**" means the base rent payments payable by the Charter School pursuant to Section 6.02(a) hereof and as further set forth in Exhibit B hereto, as they may be amended hereunder, during the Lease Term, which constitute the base rent payments due and payable by the Charter School for and in consideration of the right to use the Leased Property during the Lease Term.

"**Board**" means the Board of Directors of the Charter School and any successor thereto.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in the State are authorized to close.

"**Capital Improvements**" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions which, under Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

"**Charter Authorizer**" means Jefferson County School District R-1, or any successor Person pursuant to which the Charter School is granted a charter under the Charter Schools Act.



"**Charter Contract**" means the Charter School's charter agreement with the Charter Authorizer at any time.

"**Colorado Charter School Intercept Program Application**" means the application required under the Colorado Charter School Intercept Program.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement, dated as of August [__], 2025, 2025, by and between the Charter School and Digital Assurance Certification, LLC, as dissemination agent.

"**Coverage Ratio**" means, as of any date of determination, the ratio obtained by dividing (i) Net Revenue for the Fiscal Year ending on the date of determination by (ii) aggregate Base Rents plus any similar rental payments made for the lease purchase of additional facilities by the Charter School for the Fiscal Year ending on the date of determination due in connection with the Bonds.

"**Days Cash on Hand**" means as of any date of determination, the product of 365 times a fraction, (i) the numerator of which is the aggregate amount of the Charter School's unrestricted cash, cash equivalents, liquid investments, and marketable securities (valued at the lower of cost or market); and (ii) the denominator of which is the total Operating Expenses, in each case, determined in accordance with Generally Accepted Accounting Principles.

"**Deed of Trust**" means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of August 1, 2025, from the Corporation to the Public Trustee in and for the County of Jefferson, Colorado for the benefit of the Trustee, and any amendments and supplements thereto made in conformity with the requirements thereof and of the Indenture.

"**EMMA**" means the Electronic Municipal Market Access facility for municipal securities disclosure of the Municipal Securities Rule Making Board.

"**Event of Default**" means one or more events as defined in Section 12.01 hereof.

"**Event of Nonappropriation**" means a decision by the Charter School to not renew this Lease, determined by the Charter School's failure, for any reason, (a) to appropriate by June 30 of each Fiscal Year: (i) sufficient amounts authorized and directed to be used to pay all Base Rents due in the next ensuing Fiscal Year in accordance with Section 6.02(a) hereof, and (ii) sufficient amounts authorized and directed to be used to pay such Additional Rents as are estimated to become due in the next ensuing Fiscal Year in accordance with Section 6.02(b) hereof; (b) to appropriate sufficient amounts authorized and directed to be used to pay Additional Rents in accordance with Section 6.05(b) hereof; or (c) to appropriate sufficient amounts to proceed under Section 9.03(a) or (b) hereof following the occurrence of an event described in Section 9.01 hereof.

"**Fiscal Year**" means the Charter School's fiscal year, which begins on July 1 of any year and ends on June 30 of the following year.

"**Force Majeure**" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the

government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; pandemics; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other causes not within the control of the Charter School, but specifically excluding loss or termination of the Charter Contract by the Charter School through action of the Charter Authorizer.

"**Gross Revenue**" means all income and revenues directly or indirectly derived by the Charter School from its operations, including without limitation per pupil revenues and other funding received from the Charter Authorizer, or by virtue of the Charter Contract, and all gifts, grants, bequests and contributions (including income and profits therefrom) made to the Charter School to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for the payments required hereunder.

"**Indenture**" means the Indenture of Trust, dated as of August 1, 2025, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

"**Independent Consultant**" means a management consultant, bookkeeper, or other certified public accountant experienced in the management operation, and/or financing of charter schools in the State selected by the Charter School.

"**Initial Term**" means the period commencing on the date the Series 2025 Bonds are issued and ending on June 30, 2026.

"**Lease**" means this Lease Agreement, dated as of August 1, 2025, by and between the Corporation and the Charter School and any amendments or supplements hereto, including all exhibits hereto and thereto.

"**Leased Property**" means the real property described in Exhibit A hereto and all improvements now or in the future located thereon, as from time to time amended or supplemented, together with all other property that may be designated as part of the Leased Property in any amendment or supplement hereto, less any property damaged, destroyed or condemned as provided in Section 9.01 hereof.

"**Lease Term**" means the Initial Term and each Renewal Term during which the Charter School is the lessee of the Leased Property under this Lease as provided in Section 4.01 hereof. Certain provisions of this Lease survive the expiration or end of the Lease Term as provided in Section 4.01(c) hereof.

"**Loan Agreement**" means the Loan and Security Agreement, dated as of August 1, 2025, by and between the Authority and the Corporation, and any amendments and supplements thereto made in conformity with the requirements thereof and of the Indenture.

"**Net Proceeds**" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.



"**Net Revenue**" means Gross Revenue of the Charter School, plus the amount of unrestricted working capital of the Charter School held in the Charter School's operating fund in excess of the balance required pursuant to Section 10.08 of this Lease to the extent not already calculated in Operating Expenses, less Operating Expenses of the Charter School.

"**Operating Expenses**" means all reasonable and necessary current expenses of the Charter School, paid or accrued, to operate the Charter School and provide educational services, including without limitation (a) salaries, employee retirement, health benefits and administrative expenses, (b) the cost of equipment, personal property, instructional supplies and materials, (c) insurance premiums, (d) professional services, (e) any payments made under this Lease which constitute Additional Rents and any similar rental payments made in connection with other lease-purchase agreements of the Charter School, and (f) any other costs incurred in the operation of the Charter School, consistent with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board; provided however, there shall be excluded from Operating Expenses (i) any allowance for depreciation; (ii) expenses incurred in connection with Capital Improvements; (iii) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenue; and (v) Base Rents payments and any similar rental payments made for the lease-purchase of Capital Improvements.

"**Option Rights**" means the purchase option rights of the Charter School under Section 6.08 hereof.

"**Renewal Term**" means each twelve-month period, commencing on July 1 of each year and ending on June 30 of following calendar year, for which the Charter School renews the Lease Term.

"**Requirement of Law**" means any applicable material federal, state or local statute, ordinance, rule or regulation, judicial or administrative order (whether or not on consent), request or judgment, common law doctrine or theory, provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including but not limited to any of the foregoing relating to environmental, health or safety matters.

"**State**" means the State of Colorado.

"**Trustee**" means UMB Bank, n.a., Denver, Colorado, solely in its capacity as trustee under the Indenture, being the paying agent, the registrar and the trustee under the Indenture, or any successor corporate trustee.

## ARTICLE II

## REPRESENTATIONS, COVENANTS AND WARRANTIES

**Section 2.01. Representations, Covenants and Warranties of the Charter School**.

The Charter School represents, covenants and warrants, for the benefit of the Corporation, and its successors and assigns, including without limitation, the Trustee, the Authority and the Registered Owners, as follows:



(a) The Charter School is and will remain, a Colorado nonprofit corporation and a public charter school duly organized and validly existing under the Charter Schools Act. The Charter School is authorized by Section 22-30.5-104(7)(b) of the Charter Schools Act, (i) to lease the Leased Property from the Corporation pursuant to this Lease; and (ii) to execute, deliver and perform its obligations under this Lease. The execution, delivery and performance of this Lease have been duly authorized by the Charter School and the Lease is enforceable against the Charter School in accordance with its terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(b) The Charter School is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "**Code**"), is not a "private foundation" within the meaning of Section 509(a) of the Code and is exempt from federal income tax under Section 501(a) of the Code. The Charter School covenants that it will maintain its status as a 501(c)(3) organization under the Code and will take whatever actions are necessary to continue to be organized and operated in a manner that will preserve and maintain its status as an organization which is described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (except as to unrelated business income).

(c) Nothing in this Lease shall be construed as diminishing, unlawfully delegating or otherwise restricting any of the sovereign powers of the Charter School. Nothing in this Lease shall be construed to require the Charter School to operate the Leased Property other than as lessee under the requirements of this Lease.

(d) The execution, delivery and performance of this Lease are in the best interests of the Charter School, serve a public purpose, and have been duly authorized by the Charter School.

(e) None of the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions of this Lease, or the consummation of the transactions contemplated by this Lease, conflicts with or results in a breach of the terms, conditions or provisions of the Charter Contract, or of any material restriction or any agreement or instrument to which the Charter School is now a party or by which the Charter School is bound, or constitutes a default under any of the foregoing or, except as specifically provided in this Lease and the Loan Agreement, or results in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Charter School.

(f) There is no litigation or proceeding pending or, to the knowledge of the Charter School, threatened against the Charter School or any other Person affecting the right of the Charter School to execute and deliver this Lease, the ability of the Charter School to make the payments required hereunder or the ability of the Charter School otherwise to comply with its obligations under this Lease.



(g) Except as disclosed in writing to the Corporation, the Trustee and the Authority: (i) the Leased Property has, since inception of the Charter School's possession of the same, at all times been operated in compliance with all Requirements of Law; (ii) all permits required by Requirements of Law in respect of the Leased Property have been or will be obtained and are or will be upon receipt, in full force and effect and the Charter School is or will be in compliance with the material terms and conditions of such permits; (iii) there is no pending litigation, investigation, administrative or other proceeding of any kind before or by any governmental authority or other Person relating to, or alleging, any violation of any Requirements of Law in connection with the Leased Property and to the knowledge of the Charter School, there are no grounds on which any such litigation, investigation or proceedings might be commenced against the Charter School; (iv) the Leased Property is not subject to any judgment, injunction, writ, order or agreement respecting any Requirements of Law; (v) to the knowledge of the Charter School, there is no Hazardous Substance located on, in or under the Leased Property in violation of any Requirements of Law; (vi) to the knowledge of the Charter School, there has been no disposal of any Hazardous Substance on, from, into or out of the Leased Property in violation of any Requirements of Law; and (vii) to the knowledge of the Charter School, there has been no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any Hazardous Substance into the indoor or outdoor environment from, into or out of the Leased Property including, but not limited to, the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

(h) The Leased Property complies in all respects with applicable zoning, environmental and safety ordinances.

(i) The Leased Property will be operated in accordance with all Requirements of Law.

(j) The Board has determined that the Leased Property is necessary and essential to the Charter School's operations and any Leased Property substituted for any of the Leased Property pursuant to the terms hereof will be for a value which is not less than the property for which it is substituted and that is necessary and essential to the Charter School's operations.

(k) The Charter School will recognize economic and other benefits by leasing the Leased Property.

(l) The Charter School hereby agrees to cooperate in relation to (i) all actions necessary pursuant to and in accordance with the Colorado Charter School Debt Reserve Fund Program in order to receive money from the Colorado Charter School Debt Reserve Fund for the payment of the Bonds participating in the Colorado Charter School Debt Reserve Fund Program; the Series 2025 Bonds are participating in such program; (ii) all action necessary pursuant to and in accordance with the Colorado Charter School Moral

Obligation Program in order to request replenishment of the Bond Reserve Fund from the Governor of the State, if applicable; the Series 2025 Bonds are participants in such program; and (iii) all actions necessary pursuant to and in accordance with the Colorado Charter School Intercept Program in order to have the State Treasurer or, if the State Treasurer does not so agree, the Charter Authorizer make debt service payments thereunder.

(m) The Charter School will provide written notice to the Trustee, the Authority and the Corporation immediately (but not later than five (5) days after such event) in the event the Charter School receives notice that the Charter Contract is being recommended for revocation, revoked, not renewed or proceedings are commenced with respect to a revocation and of any Event of Default hereunder.

**Section 2.02. Representations, Covenants and Warranties of the Corporation**. The Corporation represents, covenants and warrants, for the benefit of the Charter School, the Trustee, the Authority and the Registered Owners, as follows:

(a) The Corporation is a nonprofit corporation duly organized, existing and in good standing under the laws of the State, is possessed of full power to purchase, own, hold and lease (as owner, lessee and lessor) real and personal property, has all necessary power to borrow money from the Authority pursuant to the Loan Agreement, to lease the Leased Property to the Charter School pursuant to this Lease, to execute, deliver and perform its obligations under the Loan Agreement and this Lease, and has duly authorized the execution, delivery and performance of its obligations under the Loan Agreement and this Lease.

(b) The Corporation shall at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all the rights and powers provided to it under its articles of incorporation, bylaws, action of its governing body and applicable law.

(c) The Loan Agreement and this Lease are enforceable against the Corporation in accordance with their respective terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(d) The Leased Property will be leased by the Corporation in accordance with all Requirements of Law.

(e) The execution and delivery of the Loan Agreement, this Lease and the fulfillment of or compliance with the terms and conditions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby, does not conflict with or result in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound or constitute a default under any of the foregoing.

(f) Except as specifically provided in the Loan Agreement and this Lease, the Corporation will not assign the Loan Agreement or this Lease, its rights to payments



from the Charter School or its duties and obligations hereunder or thereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained herein.

(g) There is no litigation or proceeding pending or, to the knowledge of the Corporation, threatened against the Corporation or any other Person affecting the right of the Corporation to execute and deliver this Lease, the ability of the Corporation to make the payments required hereunder or the ability of the Corporation otherwise to comply with its obligations under this Lease.

(h) The Corporation acknowledges and recognizes that this Lease will not be renewed upon the occurrence of an Event of Nonappropriation that is not otherwise cured in accordance with Section 6.05 hereof, and that a failure by the Charter School to appropriate funds in a manner that results in an Event of Nonappropriation is a legislative act and, as such, is solely within the discretion of the Charter School.

(i) As provided in Section 9.03 of the Loan Agreement, at such times as the Bonds are no longer outstanding, the Corporation covenants and agrees hereunder to transfer and convey fee simple title and its ownership interest in the Leased Property to the Charter School; provided however, if the Lease has been terminated or not renewed, or the Charter School is no longer existing and operating as a public charter school, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Leased Property to: (1) a successor in interest to the Charter School that is either (a) a governmental unit, or (b) an organization described under section 501(c)(3) of the Code; or (2) such other entity as approved by Bond Counsel. Prior to the transfer and conveyance of fee simple title and ownership interest of the Leased Property to an organization other than the Charter School, the Corporation shall obtain an approving opinion of nationally recognized bond counsel stating that such transfer and conveyance will not adversely affect the exclusion from gross income of interest for federal income tax purposes on the outstanding Bonds.

(j) The Corporation hereby agrees to cooperate in relation to (i) all actions necessary pursuant to and in accordance with the Colorado Charter School Debt Reserve Fund Program in order to receive money from the Colorado Charter School Debt Reserve Fund for the payment of the Bonds participating in the Colorado Charter School Debt Reserve Fund Program; the Series 2025 Bonds are participating in such program; (ii) all action necessary pursuant to and in accordance with the Colorado Charter School Moral Obligation Program in order to request replenishment of the Bond Reserve Fund from the Governor of the State, if applicable; the Series 2025 Bonds are participants in such program; and (iii) all actions necessary pursuant to and in accordance with the Colorado Charter School Intercept Program in order to have the State Treasurer make debt service payments thereunder.



## ARTICLE III

## DEMISING CLAUSE

The Corporation demises and leases the Leased Property to the Charter School for the Charter School's use as an educational facility, as defined in the Charter Schools Act in performing one or more governmental purposes, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

## ARTICLE IV

## LEASE TERM

**Section 4.01. Lease Term**.

(a) The Lease Term shall be comprised of the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) The Lease Term shall expire or end upon the earliest of any of the following events:

(i) June 30 of any Fiscal Year during which there has occurred an Event of Nonappropriation pursuant to Section 4.02 and Article VI hereof (provided that the Lease Term shall be deemed to have been renewed in the event that the Event of Nonappropriation is cured as provided in Section 6.05 hereof);

(ii) an Event of Default and termination of this Lease by the Corporation or its assigns, including, without limitation, the Trustee as provided in Article XII hereof; or

(iii) discharge of the Indenture, as provided in Article VII thereof.

(c) The expiration or end of the Lease Term shall terminate all unaccrued obligations of the Charter School under this Lease and shall terminate the Charter School's rights of possession under this Lease (except to the extent of the holdover provisions of Section 12.02(e)(i) hereof); provided however, all obligations of the Charter School that have accrued hereunder prior to such termination or expiration shall continue until they are paid, performed and discharged in full from appropriated and legally available funds.

(d) Notwithstanding the foregoing as such times as the Bonds are no longer outstanding the Corporation covenants and agrees hereunder to transfer and convey fee simple title and its ownership interest in the Leased Property to the Charter School subject to Section 2.02(i) of this Lease and section 9.03 of the Loan Agreement.

**Section 4.02. Charter School's Annual Right to Not Renew the Lease**. In the event that the Charter School shall determine, for any reason, to not exercise its annual right to renew this Lease through an Event of Nonappropriation, effective on June 30 of any Fiscal Year, the



Charter School shall give written notice to such effect to the Authority, the Trustee, the Charter Authorizer and the Corporation within five (5) Business Days of such determination and in no case later than July 1 of the next Fiscal Year; provided, however, that a failure to give such notice shall not constitute an Event of Default, nor prevent the Charter School from choosing not to renew this Lease, nor result in any liability on the part of the Charter School. The exercise of the Charter School's annual option to not renew this Lease shall be conclusively determined by the Charter School's failure, for any reason (subject, however, to the cure rights set forth in Section 6.05(a)(iii) and (iv) hereof), (a) to appropriate by June 30 of each Fiscal Year (i) sufficient amounts authorized and directed to be used to pay all Base Rents due in the next ensuing Fiscal Year in accordance with Section 6.02(a) hereof and (ii) sufficient amounts authorized and directed to be used to pay such Additional Rents as are estimated to become due in the next ensuing Fiscal Year; or (b) upon the occurrence of any of the other events described in the definition of Event of Nonappropriation herein. The chief financial officer of the Charter School (or any other officer at any time charged with the responsibility of formulating budget proposals with respect to payments under this Lease) is hereby directed to include, in the annual budget proposals submitted to the governing body of the Charter School, items for all payments required under this Lease during the next ensuing Fiscal Year, until such time, if any, as the Charter School may determine not to renew this Lease; it being the intention of the Charter School that any decision not to renew this Lease shall be made solely by the governing body of the Charter School and not by any other department, agency or official of the Charter School. The Charter School shall in any event furnish the Trustee and the Corporation proof of appropriation relating to Base Rents and Additional Rents under this Lease promptly upon the adoption thereof by the Charter School as evidenced by a resolution of the Charter School made and delivered to the Trustee no later than June 30 of each Fiscal Year. Such resolution shall be signed by an Authorized Representative of the Charter School.

## ARTICLE V

## ENJOYMENT OF LEASED PROPERTY

The Corporation hereby covenants that during the Lease Term and so long as the Charter School complies with the provisions hereof, the Charter School shall peaceably and quietly have and hold and enjoy the Leased Property without suit, trouble or hindrance from the Corporation, except as expressly required or permitted by this Lease, and subject to the Permitted Encumbrances. The Corporation shall not interfere with the quiet use and enjoyment of the Leased Property by the Charter School during the Lease Term so long as no Event of Default or Event of Nonappropriation shall have occurred. The Corporation shall, at the request of the Charter School and at the cost of the Charter School, but only to the extent amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such costs, join and cooperate fully in any legal action in which the Charter School asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the Charter School may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

**ARTICLE VI**

**PAYMENTS BY THE CHARTER SCHOOL**

**Section 6.01. Payments to Constitute Currently Appropriated Expenditures of the Charter School; No Lien on Gross Revenues**.

(a) The Charter School and the Corporation acknowledge and agree that the Base Rents and Additional Rents hereunder shall constitute currently appropriated expenditures of the Charter School and may be paid from any legally available funds. The Charter School's obligations under this Lease shall be subject to the Charter School's annual right to choose not to renew this Lease (as further provided in Sections 4.01, 4.02, 6.02, 6.05 and 9.03(b) hereof), and shall not constitute a mandatory charge or requirement for payment of any amounts in excess of amounts appropriated for any Fiscal Year beyond the Fiscal Year for which such appropriation has been made. No provision of this Lease shall be construed or interpreted as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Charter School within the meaning of any constitutional or statutory limitation or requirement. No provision of this Lease shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the Charter School, within the meaning of Sections 1 or 2 of Article XI of the Constitution of the State.

(b) None of the Loan Agreement, this Lease, the Indenture or the Bonds directly or indirectly obligate the Charter School to make any payments beyond those appropriated for any Fiscal Year for which such payments have been appropriated. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of moneys of the Charter School, nor shall any provision of this Lease restrict the future issuance of any obligations of the Charter School, payable from any class or source of moneys of the Charter School; provided, however, the Charter School shall, if such moneys are appropriated, use its best efforts to make such payments out of the Gross Revenues of the Charter School.

(c) The Corporation acknowledges that the Charter School is not an agent of the Charter Authorizer, and accordingly the Corporation expressly releases the Charter Authorizer from any and all liability under this Lease. The Corporation further acknowledges, any financial obligations of the Charter School arising out of this Lease are subject to annual appropriation by the Board unless current reserves have been irrevocably pledged by the Board to pay future year's obligations hereunder.

**Section 6.02. Base Rents and Additional Rents; Triple Net Lease**.

***(a) Base Rents***.

(i) The Charter School shall pay or cause to be paid Base Rents directly to the Trustee during the Lease Term, on the Base Rents Payment Dates.



The Base Rents during the Lease Term shall be in the amounts set forth in Exhibit B hereto, as from time to time amended or supplemented.

(ii) The Charter School and the Corporation shall take or cause to be taken such actions as may be necessary to cause direct payment of Base Rents to be made to the Trustee from any Gross Revenues held by the State Treasurer or, if the State Treasurer does not so agree, from any Gross Revenue held by the Charter Authorizer, pursuant to and in accordance with the Colorado Charter School Intercept Program; provided however, upon the failure of State Treasurer or Charter Authorizer to transfer such amounts to the Trustee, for whatever reason, the Trustee shall so notify the Charter School and the Charter School shall promptly make such payments. The Trustee shall timely notify the Charter School when it has received any payments from the State Treasurer or the Charter Authorizer.

(iii) So long as the Lease Term has not expired or ended, the Charter School shall be entitled to a rebate of Base Rents payments made by or on behalf of the Charter School for the immediately preceding Initial Term or Renewal Term in accordance with Section 3.04 of the Indenture. Rebates are to be made to the Charter School by the Trustee within five (5) Business Days following the date of maturity or sinking fund redemption of any of the Bonds pursuant to the Indenture; provided however, such rebates, if any, are subject to the terms and conditions set forth in Section 3.04 of the Indenture.

(b) ***Additional Rents***. The Charter School shall pay Additional Rents during the Lease Term as herein provided. The Additional Rents during the Lease Term shall be estimated annually by the President of the Corporation (or any other officer at any time charged with the responsibility of formulating budget proposals with respect to payments under this Lease) and the President of the Charter School (or any other officer at any time charged with the responsibility of formulating budget proposals with respect to payments under this Lease) and such estimate shall be in an amount sufficient to pay the following costs during the next ensuing Fiscal Year: (i) the reasonable fees and expenses of the Trustee and the Corporation and the Annual Fee of the Authority; (ii) the cost of insurance premiums; (iii) the cost of taxes, utility charges, maintenance, upkeep and repair costs; (iv) payments into the Bond Reserve Fund required by Section 3.06 of the Indenture; (v) payments into the Rebate Fund required by Section 3.18 of the Indenture; (vi) fees of the Independent Consultant, if any; (vii) the administrative fee charged by the State Treasurer pursuant to the Colorado Charter School Intercept Program Application; (viii) the fees of any Rating Agency then maintaining a rating on the Bonds; (ix) the ten basis points of the principal amount of the Bonds Outstanding payable to the State Treasurer pursuant to the Colorado Charter School Debt Reserve Program and such greater amounts as may be charged from time to time; (x) interest at the Default Rate, if applicable; and (xi) all other costs included in the definition of, or expressly required to be paid by the Charter School as, Additional Rents hereunder. In the event the Additional Rents in any Fiscal Year exceed the amount for which appropriation has been made, the President of the Corporation (or any other officer at any time charged with the responsibility of formulating budget proposals with respect to payments under this Lease)



and the President of the Charter School (or any other officer at any time charged with the responsibility of formulating budget proposals with respect to payments under this Lease) shall submit a budget proposal evidencing the funding for the amount of such excess Additional Rents for such Fiscal Year. In the event the Lease Term is continued for the next ensuing Fiscal Year, the Charter School's obligation under this Lease to pay Additional Rents during such Fiscal Year shall be limited to the amount so appropriated for Additional Rents in accordance with the procedures described above and any amounts subsequently appropriated by supplemental appropriation for payment of Additional Rents during such Fiscal Year. Additional Rents obligations in excess of the amounts so appropriated shall in no event be due or owing from the Charter School from funds of the Charter School other than legally available funds. The Charter School hereby agrees that, to the extent that the Bond Reserve Fund moneys are applied pursuant to Section 3.07 of the Indenture or, to the extent that, for any other reason, the amounts in any account within the Bond Reserve Fund are less than the Bond Reserve Fund Requirement, the Charter School will (unless this Lease has theretofore not been renewed or has theretofore been terminated by the Charter School) promptly pay to the Trustee in accordance with Section 5.02 of the Loan Agreement, for deposit in the Bond Reserve Fund, from the amounts appropriated as described above for the payment of Additional Rents, such amounts as are required to restore the amount on deposit in the Bond Reserve Fund to the Bond Reserve Fund Requirement. The Charter School hereby expressly agrees to pay to the Corporation and its directors and officers, as appropriate, as Additional Rents, all costs and expenses incurred by the Corporation or by its directors or officers in connection with any investigation, claim, demand, suit, action or proceeding relating to the activities of the Corporation, or such directors or officers in their capacity as such, in respect of the Leased Property, the Loan Agreement, this Lease, the Bonds or any matter related thereto. Following its receipt of notice of or an invoice for any Additional Rents, the Charter School shall have thirty (30) days to pay such Additional Rents.

(c) ***Net Lease***. This Lease shall be deemed and construed to be a "net lease," and the Charter School shall pay absolutely all operating and other costs of the Leased Property during the Lease Term, including the Base Rents, Additional Rents and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rents expressly provided for in this Lease). To the fullest extent allowed by law, this Lease shall be a "triple net" lease and all costs incurred in connection with the Leased Property, the operation thereof, taxes, insurance and all other costs and expenses, shall be borne by the Charter School.

**Section 6.03. Manner of Payment**. The Base Rents and any Additional Rents payable to the Trustee shall be paid by lawful money of the United States of America to the Trustee for deposit in accordance with the Indenture. All Additional Rents shall be paid by the Charter School on a timely basis directly to the Person to which such Additional Rents are owed (except that the Bond Reserve Fund and the Rebate Fund payments shall be made to the Trustee as provided in Sections 3.06 or 3.18 of the Indenture). The obligation of the Charter School to pay the Base Rents and Additional Rents required under this Article and other provisions hereof, during the Lease Term, shall, subject to the provisions of Section 6.05 hereof, be absolute and unconditional, and payment of the Base Rents and Additional Rents shall not be abated through



accident or unforeseen circumstances. Notwithstanding any dispute between the Charter School and the Authority, the Corporation, the Trustee, any Registered Owner, any contractor or subcontractor retained with respect to the Leased Property, or any other Person, the Charter School shall, during the Lease Term, make all payments of Base Rents and Additional Rents when due and shall not withhold any Base Rents or Additional Rents pending final resolution of such dispute (except to the extent permitted by Sections 7.02 and 8.03 hereof with respect to certain Additional Rents), nor shall the Charter School assert any right of set-off or counter-claim against its obligation to make such payments required hereunder; provided, however, that the making of such payments shall not constitute a waiver by the Charter School of any rights, claims or defenses which the Charter School may assert. No action or inaction on the part of the Corporation or the Trustee shall affect the Charter School's obligation to pay Base Rents and Additional Rents (except to the extent provided by Sections 7.02 and 8.03 hereof with respect to certain Additional Rents) during the Lease Term.

**Section 6.04. Necessity of the Leased Property; Determinations as to Fair Market Value**. The Charter School hereby declares its current need for the Leased Property and further determines and declares its expectation that the Leased Property will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being leased throughout the stated Lease term. It is hereby declared to be the present intention and expectation of the Charter School that this Lease will be continued through the end of the Lease Term, but this declaration shall not be construed as contractually obligating or otherwise binding the Charter School. The Charter School hereby agrees and determines that the Base Rents during each year of the Lease Term represent not more than the fair value of the use of the Leased Property during such year. The Charter School hereby determines that the Base Rents do not exceed a reasonable amount so as to place the Charter School under an economic compulsion to renew this Lease. In making such declarations and determinations, the Charter School has given consideration to the uses and purposes for which the Leased Property will be employed by the Charter School, the benefit to the Charter School by reason of the Leased Property, and the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease.

**Section 6.05. Nonappropriation by the Charter School**.

(a) In the event that the Charter School fails, for any reason, to appropriate by the first Business Day of each Fiscal Year (A) sufficient amounts authorized and directed to be used to pay all Base Rents due in the next ensuing Fiscal Year in accordance with Section 6.02(a) hereof and (B) sufficient amounts authorized and directed to be used to pay such Additional Rents as are estimated to become due in the next ensuing Fiscal Year in accordance with Section 6.02(b) hereof, upon the occurrence of an event described in subsection (b) of this Section, or upon the occurrence of any other event described in the definition of Event of Nonappropriation herein, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(i) The Charter School shall give written notice to the Trustee, the Authority and the Corporation if the Charter School's preliminary budget fails, in any year, to include an appropriation for sufficient amounts authorized and directed to be used to pay all Base Rents due in the next ensuing Fiscal Year; but

any failure of the Charter School to give such notice shall not constitute an Event of Nonappropriation or an Event of Default.

(ii) The Trustee shall give written notice to the Charter School, the Authority and the Corporation of any Event of Nonappropriation on or before the first ten days of any Fiscal Year; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee.

(iii) The Trustee shall waive any Event of Nonappropriation, other than an Event of Nonappropriation as described in subsection (b) of this Section, which is cured by the Charter School on or before the first forty-five days of any Fiscal Year, by appropriating (A) by one or more specific line item references sufficient amounts authorized and directed to be used to pay all Base Rents due in such Fiscal Year in accordance with Section 6.02(a) hereof and (B) sufficient amounts to pay such Additional Rents as are estimated to become due in such Fiscal Year in accordance with Section 6.02(b) hereof.

(iv) Subject to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Charter School within a reasonable time if in the Trustee's judgment, upon advice of legal counsel, such waiver is in the best interests of the Registered Owners.

(b) In the event that during any Fiscal Year, any Additional Rents shall accrue in excess of amounts included in a duly enacted appropriation for the payment of Additional Rents, then, in the event that moneys are not specifically authorized and directed by the Charter School to be used to pay such Additional Rents by the earlier of the last Business Day of the Fiscal Year in which such Additional Rents accrue or ninety (90) days subsequent to the date upon which such Additional Rents accrue, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Charter School, the Authority and the Corporation to such effect (subject to waiver by the Trustee as provided in clause (iv) of subsection (a) of this Section).

(c) If an Event of Nonappropriation occurs, the Charter School shall not be obligated to pay the Base Rents or Additional Rents or any other payments provided for herein beyond the amounts specifically appropriated by the Charter School for the Fiscal Year during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.02 and 12.03 hereof, the Charter School shall continue to be liable for Base Rents and Additional Rents, to the extent payable from appropriated and legally available moneys, allocable to any period during which the Charter School shall continue to occupy or retain possession of the Leased Property.

(d) The Charter School shall in all events vacate the Leased Property and surrender any personal property included in the Leased Property to the Trustee by the thirtieth calendar day following an Event of Nonappropriation.



**Section 6.06. Disposition of Base Rents**. Upon receipt by the Trustee of each payment of Base Rents, the Trustee shall apply the amount of each payment of Base Rents in the following manner and order:

(a) FIRST, the amount of such payment of Base Rents designated and paid as interest under Exhibit B, as from time to time amended or supplemented, plus the amount of any past due interest on the Bonds, shall be deposited in the Debt Service Fund; and

(b) SECOND, the remaining portion of such payment of Base Rents shall be deposited in the Debt Service Fund and used to pay the principal of and premium, if any, on the Bonds.

**Section 6.07. Charter Authorizer Not Liable**. The obligations of the Charter School hereunder are solely the obligations of the Charter School and shall not be deemed obligations of the Charter Authorizer. This Lease shall not constitute or become an obligation, an indebtedness, a debt or a liability of or a charge against the general credit or taxing power of the Charter Authorizer.

**Section 6.08. Purchase Option**. So long as this Lease is in effect and the Bonds are Outstanding, the Charter School shall have the option to purchase the Leased Property free and clear of the lien of the Deed of Trust, by paying to the Corporation an amount that, together with other amounts then on deposit with the Trustee (excluding amounts held in the Rebate Fund) that are available for such purpose, is sufficient: (a) to pay, in immediately available funds, the redemption price of all Outstanding Bonds that are at such time subject to redemption at the option of the Corporation in accordance with the redemption provisions of the Indenture and/or the amount necessary to defease all Outstanding Bonds that are not at such time subject to redemption at the option of the Corporation in accordance with the defeasance provisions of the Indenture; (b) to pay all Additional Rents payable through the date of conveyance of the Leased Property to the Charter School or its designee pursuant to this Section; and (c) to pay all fees and expenses of the Authority, the Trustee and the Corporation required for the conveyance of the Leased Property.

## ARTICLE VII

## TITLE TO THE IMPROVEMENTS TO THE LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES

**Section 7.01. Title to the Leased Property**.

(a) Any improvements to the Leased Property shall become part of the Leased Property.

(b) The Charter School shall have no right, title or interest in the Leased Property or any additions and modifications thereto or replacements thereof, except as expressly set forth in this Lease.

**Section 7.02. No Encumbrance, Mortgage or Pledge of Leased Property**. Other than Permitted Encumbrances, the Charter School shall not permit any mechanic's or other lien to



remain against the Leased Property; provided that, if the Charter School shall first notify the Trustee of the intention of the Charter School to do so, the Charter School may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Corporation or the Trustee shall notify the Charter School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the Charter School, but only to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such costs, by nonpayment of any such items the Corporation's title to the Leased Property or the liens on the Leased Property pursuant to the Loan Agreement or the Deed of Trust will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Charter School shall promptly pay and cause to be satisfied and discharged all such unpaid items; provided, however, that such payment shall not be required to be made and no obligation to pay any fees or charges of independent counsel shall be incurred if such lien is filed or submitted pursuant to the provisions of §38-26-107, Colorado Revised Statutes, as amended, and further provided that such payment shall not constitute a waiver by the Charter School of the right to continue to contest such items. The Corporation will cooperate fully with the Charter School in any such contest, upon the request and at the expense of the Charter School, to the extent that Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such expenses. Neither the Corporation nor, except as provided above, the Charter School shall directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances, without the prior written consent of the Trustee. The Charter School shall promptly, at its own expense, to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such expenses, take such action as may be deemed necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist. The Corporation shall promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created or incurred. The Trustee shall have no duty or obligation to monitor any contest or appeal therefrom or to determine or cause to be determined whether, by nonpayment of any such items, the Corporation's title to the Leased Property or the liens on the Leased Property pursuant to the Loan Agreement or the Deed of Trust will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture.

**Section 7.03. Compliance With Requirements of Law**. The Charter School shall at all times operate the Leased Property, or cause the Leased Property to be used and operated, such that (a) the Leased Property at all times shall be operated in compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Leased Property shall be obtained and maintained in full force and effect and the Charter School shall comply with the material terms and conditions of such permits; (c) the Charter School shall not permit any Hazardous Substance to be located on, in or under the Leased Property in violation of any Requirements of Law; (d) the Charter School shall not dispose of any Hazardous Substance on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) the Charter School shall not permit any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any



Hazardous Substance into the indoor or outdoor environment from, into or out of the Leased Property including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

## ARTICLE VIII

## MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

**Section 8.01. Maintenance of the Leased Property by the Charter School**. The Charter School agrees that at all times during the Lease Term the Charter School will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, subject to normal wear and tear, and that the Charter School will from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 9.03 hereof. None of the Authority, the Corporation, the Trustee or any of the Registered Owners shall have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

**Section 8.02. Modification of the Leased Property; Installation of Equipment and Personal Property of the Charter School**.

(a) The Charter School, upon giving prior notice to the Corporation and the Trustee, may remodel or make substitutions, additions, modifications or improvements to the Leased Property, at its own cost and expense to pay for the cost of Capital Improvements to the Leased Property; and the same shall become part of the Leased Property, subject to, and shall be included under the terms of this Lease; provided, however, that (i) such remodeling, substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause them to be used for purposes other than lawful governmental functions; and (ii) the Leased Property, as remodeled, improved or altered, upon completion thereof shall be of a value not less than the value of the Leased Property immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements and all of such improvements or alterations shall become part of the Leased Property without amendment of this Lease.

(b) The Charter School may also, from time to time in its sole discretion and at its own expense, install equipment and personal property (which are not to be fixtures) in or on the Leased Property. All such equipment and personal property shall remain the sole property of the Charter School in which none of the Authority, the Corporation, the Trustee or the Registered Owners shall have any interest; provided, however, that any such equipment and personal property which becomes permanently affixed to the Leased Property shall become part of the Leased Property, subject to this Lease and shall be included under the terms of this Lease.

**Section 8.03. Taxes, Other Governmental Charges and Utility Charges**. The Charter School shall use its good faith best efforts to maintain the Leased Property as exempt from ad

valorem property or other taxes to the extent allowable by law. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Charter School shall pay the amount of all such taxes, assessments and governmental charges then due, but only to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such costs. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the Charter School shall be obligated to provide only for such installments as are required to be paid during the upcoming Fiscal Year. The Charter School shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any taxes levied thereon which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interest of the Authority, the Corporation, the Trustee or the Registered Owners) or the rentals and revenues derived therefrom or hereunder. The Charter School shall also pay as Additional Rents, to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment thereof, as the same respectively become due, all gas, water, steam, electricity, heat, power, utility and other charges incurred in the maintenance and upkeep of the Leased Property. If the Charter School shall first notify the Trustee of the intention of the Charter School to do so, the Charter School may, at the expense and in the name of the Charter School, in good faith contest any such tax, assessment, utility and other charges and, in the event of any such contest, may permit the tax, assessment, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Charter School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the Charter School, but only to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such costs, by nonpayment of any such items the security afforded pursuant to the Indenture will be materially endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, or the Corporation or the Trustee will be subject to liability, in which event such tax, assessment, utility or other charges shall, to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment thereof, be paid promptly or secured by posting a bond with the Trustee (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, utility or other charges). The Trustee shall have no duty or obligation to monitor any contest or appeal therefrom or to determine or cause to be determined whether, by nonpayment of any such items, the security afforded pursuant to the Indenture will be materially endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture.

**Section 8.04. Provisions Regarding Casualty and Property Damage Insurance**.

(a) The Charter School shall, at its own expense, cause to be carried and maintained casualty and property damage insurance with respect to the Leased Property, upon construction of any Building thereon, in an amount equal to the lesser of the full replacement value of the Leased Property and any subsequent improvements or additions thereto, or the aggregate principal amount of the Bonds then Outstanding. The insurance policy or policies required by this Section shall: (i) have a deductible clause in an amount that does not exceed an amount customary for facilities of like size and type; (ii) be so



written or endorsed as to make losses, if any, payable to the Charter School, the Corporation and the Trustee, as their respective interests may appear; (iii) contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the Charter School, the Corporation or the Trustee without first giving written notice thereof to the Charter School, the Corporation and the Trustee at least thirty (30) days in advance of such cancellation or modification; (iv) explicitly waive any co-insurance penalty; and (v) meet other requirements set forth in Section 6.03 of the Loan Agreement. The Trustee shall have no duty to monitor or review any insurance policies or certificates received or for the sufficiency of such insurance.

(b) The Charter School shall, at its own expense, cause to be maintained commercial general liability and automobile liability insurance against claims arising in, on or about the Leased Property, including in, on or about the sidewalks or premises adjacent to the Leased Property, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State, and listing the Corporation, the Authority and the Trustee as additional insureds thereunder.

(c) The Charter School shall, at its own expense, cause to be maintained Fidelity insurance or bonds on those of its officers and employees who handle funds of the Charter School or crime coverage that provides coverage for theft of money and securities, both in such amounts and to such extent as are customarily carried by organizations similar to the Charter School and operating properties similar in size and character to the facilities of the Charter School.

(d) The Charter School shall, to the extent available for a commercially reasonable cost, at its own expense, cause to be maintained rental value insurance or additional expense insurance that may be applied toward rent for alternative facilities, covering all risks as to which insurance is required pursuant to paragraph (a) above, in an amount equal to not less than the amounts required to be paid pursuant to Section 6.02 hereof for a period of not less than twelve (12) months. If any such loss or damage has occurred, the Charter School shall continue to be obligated to pay the amounts required to be paid pursuant to Section 6.02 hereof, and any proceeds of such insurance shall be applied against all or part of such payment obligations of the Charter School. The Trustee shall be named as an additional insured under this insurance policy.

(e) Such other forms of insurance as the Charter School is required by law to provide with respect to the Leased Property, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

(f) The Charter School may, in its discretion, provide any of the insurance required by this Section under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks.



(g) The Charter School may, in its discretion, provide all or any portion of the insurance required by this Section by self-insurance meeting the requirements of Section 6.03 of the Loan Agreement.

(h) The Charter School agrees to pay the premiums for any insurance required by the Loan Agreement as part of the Additional Rents.

## ARTICLE IX

## DAMAGE, DESTRUCTION OR CONDEMNATION; USE OF NET PROCEEDS

**Section 9.01. Damage, Destruction or Condemnation**. If, during the Lease Term, (a) the Leased Property, or any portion thereof, shall be destroyed (in whole or in part), or damaged by fire or other casualty; (b) title to, or the temporary or permanent use of, the Leased Property, or any portion thereof or the estate of the Charter School, the Authority, the Corporation or the Trustee in the Leased Property or any portion thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; (c) breach of warranty or any material defect with respect to the Leased Property shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of defect in the title thereto, then, the Charter School shall be obligated, subject to the provisions of Section 9.03 hereof, to continue to pay the amounts specified in Section 9.02 hereof and, to the extent of amounts specifically appropriated by the Charter School, to pay the amounts specified in Section 6.02 hereof. Notwithstanding anything to the contrary in this Article IX, the use and distribution of Net Proceeds or any other funds under this Article is in all cases subject to Article VIII of the Indenture and Article X of the Loan Agreement.

**Section 9.02. Obligation of the Charter School to Repair and Replace the Leased Property**. Except as set forth in Section 9.03 hereof, all Net Proceeds of any insurance, performance bonds or condemnation awards shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Charter School upon receipt of requisitions by the Trustee signed by the Authorized Representative of the Charter School and setting forth: (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due or has been made; (c) the amount to be paid or reimbursed; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall have no duty to review or examine the accompanying bill or statement of account, but may rely on the properly executed disbursement request. The Corporation and the Trustee shall cooperate with the Charter School in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of Net Proceeds shall be subject to the Loan Agreement, this Lease and the Indenture, and shall be included as part of the Leased Property under this Lease, the Loan Agreement and the Indenture. Subject to the provisions of Section 9.03 hereof, the Charter School (and, to the extent such Net Proceeds are within their control, the Corporation and the Trustee) shall cause all such Net Proceeds for claims in excess



of $250,000 to be deposited in a separate trust fund held by the Trustee. The balance of any such Net Proceeds remaining in such separate trust fund after such repair, restoration, modification, improvement or replacement has been completed shall be deposited into the Debt Service Fund.

**Section 9.03. Insufficiency of Net Proceeds**. If there occurs an event described in Section 9.01 hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 9.02 hereof, the Charter School shall elect one of the following options:

(a) The Charter School may, in accordance with Section 9.02 hereof, repair, restore, modify or improve the Leased Property or replace the Leased Property (or portion thereof) with property of a value equal to or in excess of the Leased Property, substantially as it previously existed, and pay as Additional Rents any cost in excess of the amount of the Net Proceeds, to the extent the amounts for Additional Rents which have been specifically appropriated by the Charter School are available for the payment of such costs, and the Charter School agrees that, if by reason of any such insufficiency of the Net Proceeds, the Charter School shall make any Additional Rents payments pursuant to the provisions of this paragraph, the Charter School shall not be entitled to any reimbursement therefor from the Corporation, the Authority, the Trustee or the Registered Owners, nor shall the Charter School be entitled to any diminution of the Base Rents and Additional Rents payable under Section 6.02 hereof.

(b) If, by June 30 of the Fiscal Year in which an event described in Section 9.01 hereof occurs (or June 30 of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve or replace the Leased Property become apparent), the Charter School has not appropriated amounts sufficient to proceed under clause (a) of this Section, an Event of Nonappropriation shall be deemed to have occurred. Unless such Event of Nonappropriation is cured as provided in Section 6.05 hereof, the Corporation or the Trustee may then pursue remedies as provided in Sections 6.05 and 12.02 hereof.

**Section 9.04. Cooperation of the Corporation**. The Corporation shall cooperate fully with the Charter School and the Trustee in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 9.01 hereof, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any portion thereof, and in the prosecution of any action relating to defaults or breaches of warranty under any contract relating to the Leased Property, and hereby assigns to the Trustee its interests in such policies solely for such purposes. In no event shall the Corporation voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to defaults or breaches of warranty under any contract relating to the Leased Property or any portion thereof without the written consent of the Charter School. The Charter School shall pay to the Corporation as Additional Rents all reasonable fees and expenses incurred by the Corporation under this Section, to the extent that amounts for Additional Rents which have been specifically appropriated by the Charter School are available

for the payment of such fees and expenses. This Section shall not be construed to obligate the Corporation to advance its own funds in order to take any action hereunder.

## ARTICLE X

## DISCLAIMER OF WARRANTIES; OTHER COVENANTS

**Section 10.01. Disclaimer of Warranties**. NONE OF THE AUTHORITY, THE CORPORATION OR THE TRUSTEE MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY OR ANY PORTION THEREOF. The Charter School hereby acknowledges and declares that the Charter School has fully participated in, and will fully participate in, the design, construction, maintenance and operation of the Leased Property, and that none of the Authority, the Trustee or the Registered Owners has any responsibility therefor. In no event shall the Authority, the Corporation, the Trustee or the Registered Owners be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Charter School of any item, product or service provided for herein.

**Section 10.02. Further Assurances and Corrective Instruments**. The Corporation and the Charter School agree that so long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the Corporation and the Charter School shall have full power to carry out the acts and agreements provided herein and they will, so far as it may be authorized by law, 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 correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention of or facilitating the performance of this Lease. This Section shall not be construed to obligate the Corporation to advance its own funds, other than proceeds of the Bonds, in order to take any action hereunder.

**Section 10.03. The Corporation, Charter School or Trustee Representatives**. Whenever under the provisions hereof the approval of the Corporation, the Charter School or the Trustee is required, or the Charter School, the Corporation or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Corporation by the Authorized Representative of the Corporation, for the Charter School by the Authorized Representative of the Charter School and for the Trustee by an authorized officer of the Trustee, and the Corporation, the Charter School and the Trustee shall be authorized to act on any such approval or request.

**Section 10.04. Granting of Easements**. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Corporation and the Trustee shall at any time, but only upon the request of the Charter School, consent to the grant of easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the real property included in the Leased



Property, free from this Lease, the Loan Agreement and the Indenture and any security interest or other encumbrance created hereunder or thereunder; the Corporation and the Trustee shall release existing easements, licenses, rights-of-way and other rights and privileges with respect to the real property included in the Leased Property, free from this Lease, the Loan Agreement and the Indenture and any security interest or encumbrance created hereunder or thereunder, with or without consideration; and the Corporation and the Trustee agree to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt of: (a) a copy of the instrument of grant or release; (b) a written certificate signed by the Authorized Representative of the Charter School requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of the Leased Property; (c) an updated ALTA Survey indicating the location of such easement, license, right-of-way or other grant or privilege; and (d) an opinion of Bond Counsel to the effect that the grant or release will not cause an adverse impact on the tax-exempt status of the Series 2025A Bonds. Provided however, nothing in this Section shall be deemed to permit the granting of easements which materially, adversely affect the enjoyment and intended use of the Leased Property by the Charter School.

**Section 10.05. Compliance with Requirements of Law**. During the Lease Term, the Charter School and the Corporation shall observe and comply promptly with all current and future Requirements of Law applicable to the Leased Property or any portion thereof and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof.

**Section 10.06. Charter School Acknowledgement of the Bonds; Assignment and Subordination of Lease**. The Charter School acknowledges and consents to the assignment by the Corporation to the Trustee, pursuant to the Deed of Trust, of all rights, title and interest of the Corporation in, to and under this Lease (other than the rights of the Authority and the Corporation with respect to payments for or reimbursement of certain fees and expenses under Section 6.02 hereof and indemnity rights under Section 13.01 hereof). The Charter School acknowledges and consents to the issuance and sale of the Bonds pursuant to the Indenture. The Charter School acknowledges and approves the form of the Bonds contained in the Indenture, and the authentication of the Bonds by the Trustee is hereby approved, authorized and directed.

This Lease is expressly subordinated to the lien of the Deed of Trust given by the Corporation to secure the Loan Agreement and the Bonds issued under the Indenture. This Lease shall be subordinate to the liens granted in the Loan Agreement and the Deed of Trust and any liens or security interests created under the Indenture and any other mortgage or deed of trust (now or hereafter placed upon the Leased Property in replacement of the Deed of Trust or Loan Agreement or otherwise consented to by the Trustee) and to any and all advances made under any such mortgage or deed of trust and to all renewals, modifications, replacements or extensions thereof; provided, however, that in the event of foreclosure on the Deed of Trust caused by the Corporation's default thereunder, the Charter School shall continue to have the right to possess the property or otherwise enjoy its rights under the Lease provided that it fully performs its obligations hereunder. The Charter School agrees, with respect to any of the foregoing documents, that no documentation other than this Lease shall be required to evidence such subordination. Notwithstanding the foregoing, upon the written request of the Corporation, the Authority or the Trustee, the Charter School agrees to deliver a Subordination, Non-Disturbance



and Attornment Agreement reasonably acceptable to the Corporation, the Authority or the Trustee, as the case may be, to the holder of the Deed of Trust or to any other holder of any debt incurred in connection with a refinancing of the debt evidenced by the Loan Agreement and the Indenture.

**Section 10.07. Tax Covenants**.

(a) The Charter School covenants for the benefit of the Authority, the Trustee and the Registered Owners from time to time that the Charter School (i) shall not make any use of the Leased Property; and (ii) shall not take (or omit to take) any other action with respect to the Bonds, the interest on which is excludable from gross income for federal income tax purposes, the proceeds thereof or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2025A Bonds, which is excludable from gross income for federal income tax purposes, to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, including, but not limited to, any actions that would cause the Internal Revenue Service to revoke the Charter School's status as a 501(c)(3) exempt organization under the Code (except, with respect to corporations, as such interest is required to be taken into account in determining "adjusted net book income" or "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on such corporations).

(b) In particular, the Charter School hereby covenants for the benefit of the Authority, the Trustee and Registered Owners from time to time that it shall not take (or omit to take) or permit or suffer any action to be taken if the result of the same would cause the Bonds, the interest on which is excludable from gross income for federal income tax purposes to be (i) "arbitrage bonds" within the meaning of Section 148 of the Code; or (ii) "private activity bonds" within the meaning of Section 141 of the Code.

(c) The Charter School hereby covenants that it is in compliance with, and it will in the future remain in compliance with, all applicable nondiscrimination laws, and that if it should hereafter be determined by final action of a court or administrative body having jurisdiction that the Charter School has failed so to comply, the Charter School will proceed diligently to take such actions as may be necessary to restore compliance and to avoid any further failure of compliance.

(d) The covenants set forth in subsections (a) and (b) of this Section shall remain in full force and effect notwithstanding the defeasance of the Series 2025A Bonds pursuant to Article VII of the Indenture or any other provisions thereof.

**Section 10.08. Operating Fund Balance**. The Charter School covenants and agrees to maintain the following balances set forth below:Days Cash on Hand of not less than forty (40) days;

(b) emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution; and



(c) cumulative unrestricted cash reserves sufficient to meet all accrued and unpaid salary obligations of the Charter School; provided, however, such amount may be included in the Days Cash on Hand required pursuant to subparagraph (a) hereof.

Such balances required above shall be tested on June 30 of each year, commencing June 30, 2026. The Charter School shall provide the Trustee with a certificate stating whether the balances required above have been met and setting forth the calculation of such amounts on June 30 of each year within two hundred ten (210) days of each June 30.

If the Charter School's Days Cash on Hand on June 30 of any Fiscal Year is less than forty (40) days, then the Trustee shall give notice to the Registered Owners and, upon the written direction of a majority of the Registered Owners, the Charter School shall employ a Consultant to review and analyze the operations and administration of the Charter School, inspect the Leased Property and submit to the Charter School, the Authority and the Trustee written reports, and make such recommendations as to the operation and administration of the Charter School as such Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School shall consider any recommendations by the Consultant and, apply a best efforts approach to carry out such recommendations, subject to the Charter School's annual appropriation therefor. The Trustee has no duty or obligation to review any reports or recommendations of any Consultant or to monitor the Charter School's compliance with any recommendations of any Consultant.

It shall constitute an Event of Default if the Days Cash on Hand is less than forty (40) days on the June 30 testing date for two consecutive Fiscal Years.

**Section 10.09. Coverage Ratio**. The Charter School shall deliver annually to the Corporation and the Trustee a certificate stating the Coverage Ratio for the Fiscal Year then ended within two hundred ten (210) days of each June 30, commencing with the Fiscal Year ending June 30, 2026. The Coverage Ratio shall be at or above 1.10 for any Fiscal Year. If such Coverage Ratio is below 1.10, the Charter School shall retain, at its expense and subject to annual appropriation therefor, a Consultant to submit a written report and make recommendations within sixty (60) days of being retained (a copy of such report and recommendations shall be filed with the Underwriter, the Authority and the Trustee) with respect to increasing income of the Charter School, decreasing Operating Expenses of the Charter School or other financial matters of the Charter School which are relevant to increasing the Coverage Ratio to at least the required level. The Charter School shall consider any recommendations by the Consultant and, apply a best efforts approach to carry out such recommendations, subject to the Charter School's annual appropriation therefor. The Trustee shall notify Registered Owners of the Outstanding Bonds if the Coverage Ratio is below 1.10. If the Coverage Ratio falls below 1.10, for two consecutive Fiscal Years, it shall constitute an Event of Default hereunder by the Charter School, and if the Coverage Ratio falls below 1.00 for any Fiscal Year, it shall constitute an Event of Default hereunder by the Charter School. The Trustee has no duty or obligation to review any reports or recommendations of any Consultant or to monitor the Charter School's compliance with any recommendations of any Consultant.

**Section 10.10. Provision of Financial and Related Information**. The Charter School agrees to provide the Trustee, the Underwriter, the Authority and Digital Assurance

Certification, LLC, as dissemination agent under the Continuing Disclosure Agreement, the following information during each Renewal Term (provided that the Trustee and the Authority shall be under no obligation to review such information and the information required to be provided to the Trustee and the Authority in (b) and (c) need only be provided to the Trustee and the Authority at their written request): (a) audited financial statements within two hundred ten (210) days of each June 30, including calculations of Days Cash on Hand and Coverage Ratio, which may or may not be included in such audited financial statements; (b) the annual budget within thirty (30) days of adoption thereof; and (c) such other information required pursuant to the Continuing Disclosure Agreement. The information provided to Digital Assurance Certification, LLC shall be posted to EMMA by Digital Assurance Certification, LLC. For avoidance of doubt, the requirements set forth in this Section shall not be considered an undertaking under Rule 15c2-12 pursuant to the Securities Exchange Act of 1934, as amended.

**Section 10.11. Additional Leases**. The Charter School agrees that it will not enter into any capital leases or operating leases for additional facilities longer than one year, unless the Corporation has satisfied the requirements of Section 8.13 of the Loan Agreement relating to additional Indebtedness. The Charter School may enter into capital leases or operating leases for equipment and other non-facility items without meeting the requirements of Section 8.13 of the Loan Agreement.

## ARTICLE XI

## ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

**Section 11.01. Assignment by the Corporation**. The Corporation's rights under this Lease (other than its rights with respect to certain fees and expenses under Section 6.02 hereof), including rights to receive and enforce payments hereunder, have been assigned to the Authority pursuant to the Loan Agreement and subsequently assigned by the Authority to the Trustee (other than rights of the Authority with respect to payments for or reimbursement of certain fees and expenses under Section 6.02 hereof and indemnity rights under Section 13.01 hereof) pursuant to the Indenture. The Corporation shall not assign any rights it may have under this Lease or the Loan Agreement without the prior written consent of the Authority and the Trustee.

**Section 11.02. Assignment and Subleasing by the Charter School**. This Lease may not be assigned by the Charter School for any reason. However, the Leased Property may be subleased, as a whole or in part, by the Charter School, only with the prior written consent of the Authority and the Corporation; and provided, further, that a nationally recognized bond counsel acceptable to the Authority delivers an opinion addressed to the Authority and the Trustee stating that such sublease will not cause an adverse impact on the tax exempt status of the Series 2025A Bonds.

**Section 11.03. Restrictions on Mortgage or Sale of the Leased Property**. The Charter School and the Corporation agree that, subject to the Corporation's rights set forth in Section 8.15 of the Agreement, and except for (a) the Corporation's assignment of this Lease and the encumbrance of the lien against the Leased Property granted to or for the benefit of the Authority and the Trustee pursuant to the Loan Agreement and Deed of Trust, respectively, (b) any exercise by the Corporation or the Trustee of the remedies afforded by Section 12.02 hereof,



(c) the Charter School's right to sublease pursuant to Section 11.02 hereof, (d) any granting of easements pursuant to Section 10.04 hereof, (e) any substitutions or modifications the Leased Property pursuant to Section 8.02 hereof, (f) any replacement of Leased Property pursuant to Section 9.02 or 9.03 hereof, and (g) Permitted Encumbrances, neither the Corporation nor the Charter School will mortgage, sell, assign, transfer or convey the Leased Property or any portion thereof during the Lease Term.

## ARTICLE XII
## EVENTS OF DEFAULT AND REMEDIES

**Section 12.01. Events of Default Defined**. Any one of the following shall constitute an "Event of Default" under this Lease:

(a) (i) failure by the Charter School to pay any specifically appropriated Base Rents during the Lease Term on or before the applicable Base Rents Payment Date or to pay Additional Rents which become due during the Lease Term, up to the amount specifically appropriated for the payment of Additional Rents in accordance with the provisions of Section 6.02 hereof; provided, however, that a failure by the Charter School to pay the Base Rents on the Base Rents Payment Date specified for such payment on Exhibit B hereto shall not constitute an Event of Default if such payment of Base Rents is received by the Trustee within ten (10) Business Days following such Base Rents Payment Date, and (ii) the failure of debt service payments to be made under the Colorado Charter School Intercept Program by the State Treasurer or, if the State Treasurer does not so agree, the Charter Authorizer;

(b) failure by the Charter School to vacate the Leased Property by the thirtieth ($30^{th}$) calendar day following an Event of Nonappropriation, as provided in Section 6.05 hereof;

(c) failure by the Charter School to maintain its charter pursuant to the Charter Schools Act; provided, however, that if the Charter School has filed a timely appeal of the termination of its charter pursuant to the Charter Schools Act, an Event of Default shall not be deemed to occur until the earlier of the following: (i) the appeals process pursuant to the Charter Schools Act has concluded or (ii) a period of sixty (60) days, which period may be extended only with the further written consent of the Registered Owners of all of the Outstanding Bonds;

(d) failure by the Charter School to timely pay any other amounts due to be paid by the Charter School as and when due under this Lease following ten (10) days written demand therefor by the Corporation or any assignee of the Corporation;

(e) failure of the Charter School to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a), (b), (c) or (d) above, or as otherwise set forth in such covenant, condition or agreement hereunder, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied shall be given to the Charter School by the Corporation (any notice sent by the Corporation to the Charter School shall also be sent



to the Trustee), unless the Trustee shall agree in writing, prior to the expiration of the thirty (30) day period, to an extension of no more than an additional sixty (60) days; provided, however, that if the failure stated in the notice cannot be corrected within the original thirty (30)-day period after written notice, the Trustee and the Corporation shall not withhold their consent to an extension of up to an additional sixty (60) days if corrective action shall be instituted by the Charter School within such time period and diligently pursued until the default is corrected;

(f) the commencement by the Charter School of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of all or any substantial part of its property or the consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or a general assignment for the benefit of its creditors, or failure to pay its debts as they become due, or taking any action in furtherance of any of the foregoing;

(g) an involuntary case or other proceeding commenced against the Charter School seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remaining undismissed and unstayed for a period of one hundred twenty (120) days;

(h) a levy or attachment upon the estate or interest of the Charter School in the Leased Property in any proceeding and such proceeding is not vacated or discharged within ninety (90) days after such levy or attachment, unless the Charter School is contesting such levy or attachment in accordance with the requirements of Sections 7.02 or 8.03; or

(i) the Charter School terminates the Colorado Charter School Intercept Program Application or otherwise withdraws from the Colorado Charter School Intercept Program.

The foregoing provisions of this Section are subject to the following limitations: (i) the Charter School shall be obligated to pay the Base Rents and Additional Rents only during the Lease Term, except as otherwise expressly provided in this Lease; and (ii) if, by reason of Force Majeure, the Charter School shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the Charter School contained in Article VI hereof and until the expiration or end of the Lease Term pursuant to Section 4.01 hereof, the Charter School shall not be deemed in default during the continuance of such inability so long as the Charter School has provided written notice to the Corporation and the Trustee. The Charter School agrees to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Charter School from carrying out its obligations under this Lease;



provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Charter School.

**Section 12.02. Remedies on Default**. Whenever any Event of Default referred to in Section 12.01 hereof shall have happened and be continuing, the Trustee, acting for the Corporation, may, or at the request of the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding shall, without any further demand or notice, exercise one or any combination of the following remedies:

(a) terminate the Lease Term and give notice to the Charter School to vacate the Leased Property, in the manner provided in Section 6.05 hereof, within 10 calendar days from the date of such notice;

(b) without further demand or notice, reenter and take possession of the Leased Property in accordance with applicable law, repossess the same, expel the Charter School and those claiming through or under the Charter School, and remove the effects of both or either, using such force for such purposes as may be lawful and necessary, without being liable for prosecution, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Base Rents, Additional Rents or other amounts payable under this Lease or as a result of any preceding breach of covenants or conditions;

(c) to pursue any and all other rights and remedies available under State law, in law or in equity, including, without limitation, taking possession and selling any and all of Charter School's real or personal property upon which the Corporation or its assignees has a Lien hereunder or under the Loan Agreement or Deed of Trust;

(d) acting for the Corporation, lease all or any portion of the real property included in the Leased Property;

(e) acting for the Corporation, recover from the Charter School:

(i) to the extent the recovery thereof is permitted by law, and only for so long as the Charter School remains in possession of the Leased Property, the fair rental value of the use of the Leased Property during any period beyond the 30th calendar day following the occurrence of the Event of Default or termination hereof; and

(ii) Base Rents and Additional Rents, to the extent specifically appropriated therefor in accordance with the provisions of Section 6.02 hereof, which would otherwise have been payable by the Charter School hereunder after the Charter School vacates the Leased Property through the remainder of the Lease Term which occurs during the current Fiscal Year in which such Event of Default occurs; and

(f) acting for the Corporation, take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, the Loan Agreement, the Deed of Trust, and the Indenture, subject, however, to

the limitations contained in this Lease with respect to the Charter School's obligations upon the occurrence of an Event of Nonappropriation; and

(g) in the event that the Corporation or its assignees elect to terminate and/or reenter the Leased Property as provided in Section 12.02(a), or should the Corporation or its assignees take possession of the Leased Property pursuant to legal proceedings or pursuant to any notice provided by State law, the Corporation or its assignees shall automatically and with no further action required, own the improvements located on the Leased Property (and the Charter School agrees to execute any documents so confirming, including, without limitation, a deed, a bill of sale and an assignment of agreements and permits to the extent such agreements and permits relate to the Leased Property generally). The Corporation or its assignees may relet the Leased Property or portions thereof for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Leased Property improvements as the Corporation or its assignees, in their sole discretion, may determine) and the Corporation or its assignees may collect and receive the rent from such reletting of the Leased Property or portions thereof.

**Section 12.03. Limitations on Remedies**. A judgment requiring a payment of money may be entered against the Charter School by reason of an Event of Default only as to the Charter School's liabilities described in Section 12.02(e) hereof. A judgment requiring a payment of money may be entered against the Charter School by reason of an Event of Nonappropriation only to the extent that the Charter School fails to vacate the Leased Property as required by Section 6.05 hereof, and only as to the unpaid liabilities described in Section 12.02(e)(i) hereof. The remedy described in Section 12.02(e)(ii) hereof shall not be available for an Event of Default consisting of failure by the Charter School to vacate the Leased Property by the thirtieth ($30^{th}$) calendar day following an Event of Nonappropriation.

**Section 12.04. No Remedy Exclusive**. Subject to Section 12.03 hereof, no remedy herein conferred upon or reserved to the Trustee on behalf of the Corporation, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, on behalf of the Corporation, to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

**Section 12.05. Waivers**.

(a) Subject to the terms of the Indenture, the Trustee may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.



(b) In view of the assignment of the Corporation's rights under this Lease to the Authority pursuant to the Loan Agreement and the Authority's subsequent assignment to the Trustee pursuant to the Indenture, the Corporation shall have no right to waive any Event of Default hereunder without the prior written consent of the Trustee; and the waiver of any Event of Default hereunder by the Trustee shall constitute a waiver of such Event of Default by the Corporation, without the necessity of any action of or consent by the Corporation.

## ARTICLE XIII

## MISCELLANEOUS

**Section 13.01. Indemnification Covenants**. To the extent permitted by law, and subject to the limits of liabilities and immunities provided under the Colorado Governmental Immunity Act, Article 10, Title 24, Colorado Revised Statutes, as amended, if applicable, the Charter School shall and hereby agrees to indemnify and hold the Authority, the Corporation and the Trustee harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the issuance of the Bonds and the execution of this Lease, the Indenture, or any other documents entered into in connection with the Bonds and the conduct or management of, or from any work or thing done on or with respect to, the Leased Property during the Lease Term from: (a) any conditions of the Leased Property; (b) any action of negligence of the Charter School or any of its agents, contractors, officers, directors or employees or any violation of law by the Charter School or breach of any covenant or warranty by the Charter School hereunder, or any claim or allegation of any of the foregoing; (c) any act or omission of the Charter School or any of its agents, contractors, directors or employees, which act or omission shall include any and all claims or potential claims arising at law or in equity which are or may be asserted against the Authority, the Trustee or the Corporation, their agents, officers, directors or employees, including, but not limited to claims of negligence, breach of contract, breach of fiduciary duty and any alleged violation of any law, ordinance or regulation; and (d) any claims arising from Section 8.06 of the Loan Agreement. To the extent permitted by law, the Charter School shall indemnify and hold the Authority, the Corporation and the Trustee harmless from any such claim arising from clauses (a), (b), (c) or (d) above or in connection with any action or proceeding brought thereon and, upon notice from the Authority, the Corporation or the Trustee, shall defend the Authority, the Corporation or the Trustee in any such action or proceeding. The Charter School shall, to the extent permitted by law, indemnify and hold harmless the Corporation, the Trustee and the Authority and their agents, officers, directors and employees, in their official and personal capacity, for any and all actions related to the Leased Property and the authorization, issuance and delivery of the Bonds.

**Section 13.02. Manner of Giving Notices**. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) mailed by certified or registered mail, postage prepaid; (b) deposited with any nationally recognized overnight delivery service that routinely issues receipts; or (c) personally delivered by any courier service that routinely issues receipts: if to the Charter School, to Addenbrooke Classical Academy, Inc., 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; if to the Corporation, to Addenbrooke Classical Academy Building Corporation, 3940 South Teller Street, Lakewood, Colorado 80235, Attention: President; if to the Authority, to the



Colorado Educational and Cultural Facilities Authority, 1800 Glenarm Place, Suite 1201, Denver, Colorado 80202, Attention: Executive Director; and if to the Trustee, to UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Corporate Trust and Escrow Services. The Charter School, the Corporation, the Authority and the Trustee, may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Charter School agrees to the provisions of Section 9.01(x) and Section 11.07 of the Indenture relating to the delivery of notices and instructions to the Trustee by Electronic Means and the use of electronic signatures to sign documents delivered to the Trustee, respectively.

**Section 13.03. Binding Effect**. This Lease shall inure to the benefit of and shall be binding upon the Corporation and the Charter School and their respective successors and assigns, subject, however, to the limitations contained in Article XI hereof.

**Section 13.04. No Individual Liability**. All covenants, stipulations, promises, agreements and obligations of the Charter School or the Corporation, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Charter School or the Corporation, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Charter School or the Corporation in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation (including, without limitation, any obligations relating to payment of principal of, redemption premium, if any, or interest on the Bonds), or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Charter School or the Corporation or any natural person executing this Lease, the Loan Agreement or any related document or instrument.

**Section 13.05. Amendments, Changes and Modifications**. Except as otherwise provided in this Lease or the Indenture, subsequent to the issuance of the Bonds and prior to the discharge of the Indenture, this Lease may not be effectively amended, changed, modified or altered without the written consent of the Trustee and the Authority as provided in the Indenture and other than by the execution of a subsequent document in the same manner as this Lease is executed which may be evidenced by a recorded document in the real property records of the Clerk and Recorder of the county in which the Leased Property is located.

**Section 13.06. Events Occurring on Days that are not Business Days**. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

**Section 13.07. Severability**. In the event that any provision of this Lease, other than the requirement of the Charter School to pay Base Rents, the requirement of the Corporation to provide quiet enjoyment of the Leased Property and the requirement that the obligations of the Charter School to pay Base Rents and Additional Rents under this Lease are conditioned upon the prior specific appropriation by the Charter School of amounts for such purposes in accordance with the requirements of State law, 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 13.08. Execution in Counterparts**. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 13.09. Applicable Law**. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Lease. Any provision of this Lease whether or not incorporated herein by reference which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules, and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this Lease to the extent that this Lease is capable of performance.

**Section 13.10. Captions**. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

**Section 13.11. Retention of Records**. The Charter School will maintain or cause to be maintained records relating to the use of the proceeds of the Bonds and the use and operation of the Leased Property for a period of four years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

**Section 13.12. Electronic Storage**. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 13.13. Estoppels**. Each party hereto agrees that at any time and from time to time during the Term of this Lease, it shall promptly, but in any event not later than five (5) days after request by the other party hereto, execute, acknowledge and deliver to such other party or to any prospective purchaser, assignee, transferee, or the Authority or the Trustee or to any third party designated by such other party, a certificate stating, if true, that, to the actual knowledge of the signer (a) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements); (b) the date to which Base Rents and Additional Rents have been paid; (c) to the knowledge of the signer after due inquiry and investigation, whether or not there is any existing Event of Default by the Charter School in the payment of any Base Rents, Additional Rents, or other sums payable hereunder beyond any applicable grace period, and to the actual knowledge of the signer, whether or not there is any other existing default by either party hereto with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof; and (d) whether or not there are any setoffs, defenses or counterclaims

against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate.

**Section 13.14. Trustee**. Any provision governing the rights, immunities and protections of the Trustee under the Indenture is incorporated by reference into this Lease and shall be applied to the Trustee as though fully set forth herein. In the event any provision of this Lease requires the approval, consent, or action by the Trustee, the Trustee must undertake to grant or deny such approval or consent, or perform such action, only subject to and as directed by the terms of the Indenture, and may, in the Trustee's sole discretion, require direction of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding prior to undertaking any such approval, consent, or action.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Corporation and the Charter School have executed this Lease as of the date first written above.

ADDENBROOKE CLASSICAL ACADEMY BUILDING CORPORATION, as Lessor

By_____
President

Attest:

By:_____
Secretary or Assistant Secretary

ADDENBROOKE CLASSICAL ACADEMY, INC., as Lessee

By_____
President

Attest:

By:_____
Secretary or Assistant Secretary

[Signature page to Lease Agreement – Addenbrooke Classical Academy, Inc.]



STATE OF COLORADO )
) ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this 10th day of June, 2025, by Patrick Cordova, as President, and Ric Netzer, as Secretary, of Addenbrooke Classical Academy Building Corporation, a Colorado nonprofit corporation.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

_____
Notary Public

[Notary page to Lease Agreement – Addenbrooke Classical Academy, Inc.]

STATE OF COLORADO )
) ss.
COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged before me this 10th day of June, 2025, by Patrick Cordova, as President, and Christi Palmore, as Treasurer, of Addenbrooke Classical Academy, Inc., a Colorado public charter school.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

_____
Notary Public

[Notary page to Lease Agreement – Addenbrooke Classical Academy, Inc.]

**EXHIBIT A**

**DESCRIPTION OF THE REAL PROPERTY**

PARCEL 1:

LOT 2, BLOCK 1, TRAVELERS EXPRESS SUBDIVISION FILING NO. 1 LOT LINE ADJUSTMENT NO. 1, RECORDED FEBRUARY 15, 2019 UNDER RECEPTION NO. 2019012061, COUNTY OF JEFFERSON, STATE OF COLORADO.

PARCEL 2:

LOT 1, JEFFERSON WEST OFFICE BUILDING FILING NO. 1, COUNTY OF JEFFERSON, STATE OF COLORADO.



**EXHIBIT B**

**BASE RENT PAYMENT SCHEDULE**

COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY • CHARTER SCHOOL REFUNDING REVENUE BONDS
(ADDENBROOKE CLASSICAL ACADEMY PROJECT), SERIES 2025A AND FEDERALLY TAXABLE SERIES 2025B

Addenbrooke
CLASSICAL ACADEMY

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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