
INDENTURE OF TRUST

between

CITY OF RAMSEY, MINNESOTA

as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

Dated as of _____ 1, 2013

Relating To

\$_____
City Of Ramsey, Minnesota
Lease Revenue Refunding Bonds
(PACT Charter School Project), Series 2013A

\$_____
City Of Ramsey, Minnesota
Taxable Lease Revenue Refunding Bonds
(PACT Charter School Project), Series 2013B

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of _____ 1, 2013 (this “Indenture”), is made by and between the City of Ramsey, Minnesota, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “Issuer”), and Wells Fargo Bank, National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, with its designated trust office located in Minneapolis, Minnesota, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to and in accordance with the provisions of the Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 to 469.1655, as amended (the “Act”), PCS Building Company, a Minnesota nonprofit corporation (the “Company”), has asked the Issuer to issue its Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013A, in the aggregate principal amount of \$_____ (the “Series A Bonds”) and its Taxable Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013B, in the aggregate principal amount of \$_____ (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”) which will be used to: (i) advance refund the Issuer’s Lease Revenue Bonds (PACT Charter School Project) Series 2004A (the “Prior Bonds”), the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 72,000 square foot public elementary and secondary schoolhouse located at 7250 Ramsey Parkway East Northwest in the City of Ramsey, Minnesota (the “City”) (the “Project”), owned by the Company and leased to PACT Charter School (the “School”); (ii) fund a debt service reserve fund; and (iii) pay the costs of issuing the Bonds; and

WHEREAS, pursuant to and in accordance with the Act, the Issuer is authorized to issue revenue bonds or other debt obligations repayable solely from revenues derived from the sale, operation or leasing of projects or other payments received under financing agreements with respect thereto; and

WHEREAS, the Company has received the approval by resolution of the City Council of the Issuer (the “City Council”) for the issuance of the Bonds; and

WHEREAS, the Issuer has undertaken to refinance the Project by loaning the proceeds from the sale of the Bonds to the Company pursuant to the provisions of a Loan Agreement, of even date herewith, between the Issuer and the Company (the “Loan Agreement”); and

WHEREAS, all things necessary to make the Bonds when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding, and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds, and to constitute this Indenture a valid assignment of the rights of the Issuer under the Loan Agreement, have been done and performed, and the creation, execution, and delivery of this Indenture, and the creation, execution, and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That the Issuer in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds issued hereunder by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of

all the covenants expressed or implied herein and in the Bonds, does hereby assign and grant a security interest in the following to the Trustee and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth (collectively, the "Trust Estate"):

GRANTING CLAUSE FIRST

The Loan Agreement, including all extensions and renewals of the term thereof, if any, together with all right, title, and interest of the Issuer in and to the Loan Agreement, including, but not limited to, the present and continuing right to make claim for, collect, receive, and receipt for any of the sums, amounts, income, revenues, issues, and profits and any other sums of money payable or receivable under the Loan Agreement or the Pledge Agreement (except for amounts payable to the Issuer under Sections 4.2(b), 7.3 and 8.4 of the Loan Agreement), to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer under the Loan Agreement is or may become entitled to.

GRANTING CLAUSE SECOND

All money, assets, and securities from time to time held by the Trustee under the terms of this Indenture, except for moneys deposited with or paid to the Trustee for the redemption of specific Bonds, which moneys shall be held in trust for the registered owners of such specific Bonds only and except for moneys in the Rebate Fund.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said Trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future registered owners of the Bonds, from time to time, 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 of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner set forth in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required under Article VIII hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

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 and interests, including, without limitation, the amounts payable under the Loan Agreement and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective registered owners of the Bonds as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 *Definitions.* The following words and phrases shall have the following meanings:

“Account Control Agreement” means the Account Control Agreement, dated as of _____ 1, 2013 between the Trustee, the School, and _____.

“Act” means the Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.1655, as amended.

“Additional Bonds” means any additional bonds issued and secured in accordance with Section 2.12 of this Indenture.

“Adjusted Pledged Revenues” shall mean the Adjusted Pledged Revenues of the School as defined in the Pledge Agreement.

“Bond Counsel” means Briggs and Morgan, Professional Association, or any other firm of nationally recognized bond counsel acceptable to the Issuer and the Company.

“Bond Fund” means the fund created pursuant to Section 5.06 of this Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated as of _____, 2013 by and among the Original Purchaser, the Issuer, the Company, and the School.

“Bond Registrar” means the Trustee in its capacity as registrar of the Bonds.

“Bond Year” means the one-year period beginning on each _____ 1 and ending on the last day of each subsequent _____, except that the first Bond Year shall begin on the date of issuance of the Bonds and end on _____, 2014.

“Bonds” means the Series A Bonds and the Series B Bonds and any Additional Bonds.

["Bus Loan" means the loan evidenced by the \$9,000 Business Note, dated June 9, 2003, by the Company to the Bus Loan Lender and secured by a lien on certain vehicles.]

["Bus Loan Lender" means M&I Marshall Ilsley Bank, a national banking association.]

“Business Day” means a day on which banking business is transacted in the city in which the Trustee has its designated corporate trust office.

“City” means the City of Ramsey, Minnesota.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations proposed or in effect thereunder and applicable to the Bonds or the use of proceeds thereof, unless the context clearly requires otherwise.

“Company” means PCS Building Company, a Minnesota nonprofit corporation, and any successor owner of the Schoolhouse.

“Company Certificate” means a certificate signed by the Company Representative.

“Company Representative” means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Company by its President. Such certificate may designate an alternate or alternates.

“Costs of Issuance Fund” means the fund created pursuant to Section 5.14 of this Indenture.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the Issuer or the Company.

“Date of Issuance” means the date the Bonds are issued.

“Default” and “Event of Default” mean with respect to any Default or Event of Default under the Loan Agreement or the Indenture, any occurrence or event specified and defined by Section 8.1 of the Loan Agreement or by Section 9.01 hereof.

“Depository” shall mean The Depository Trust Company, New York, New York, or its successors and assigns, or such substitute depository institution as shall be designated by the Issuer in accordance with Section 2.11.

“Depository Bonds” shall mean Bonds in the form of one certificate for each maturity and governed by Section 2.11 hereof.

“Determination of Taxability” means receipt by the Issuer of a written notification of the issuance, prior to the maturity date or redemption of all Outstanding Series A Bonds, of a statutory notice of deficiency by the United States Department of the Treasury, Internal Revenue Service, or a decision by a court of competent jurisdiction, holding in effect that interest on any Series A Bond is included for federal income tax purposes in the gross income of the registered owner thereof, which statutory notice or court decision is either (a) not contested by the Company in accordance with Section 6.8 of the Loan Agreement or (b) contested by the Company in accordance with Section 6.8 of the Loan Agreement and resolved adversely to the interests of, or abandoned by, the Company.

“EMMA” means the Electronic Municipal Market Access system established by the Municipal Securities Rulemaking Board with the support of the Securities and Exchange Commission, or any successor system, which can be accessed on the date hereof at www.emma.msrb.org.

“Escrow Agent” means Wells Fargo Bank, National Association, a national banking association, and its successors or assigns.

“Escrow Agreement” means the Escrow Agreement of even date herewith, between the Company, the Issuer, and the Escrow Agent.

“Escrow Fund” means the fund created by the Escrow Agreement.

“Fiscal Year” means any period of 12 consecutive months adopted by the Company or the School, as applicable, as its fiscal year for financial reporting purposes and initially means the period beginning July 1 of each year and ending on June 30 of the next year.

“Generally Accepted Accounting Principles” means those accounting principles applicable in the preparation of financial statements of the Company or the School, as applicable, as promulgated by the Financial Accounting Standards City Council or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

“Governmental Obligations” means direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury) of the United States of America.

“Improvement” means any addition, enlargement, improvement, extension or alteration of or to the Schoolhouse as it then exists (other than the expansion to be financed from the proceeds of the Bonds as contemplated hereunder), and any fixtures, structures or other facilities acquired or constructed by the Company and located on the Project Site.

“Income Available for Debt Service” means, for any period, the excess of revenues over operating and non-operating expenses of the School, as determined in accordance with generally accepted accounting principles (but excluding extraordinary items and excluding unrealized gains or losses on the valuation of investments) plus amounts that have been deducted for (a) payments under the Lease with respect to interest on the Bonds [**and the Subordinate Loans**], (b) interest on other Indebtedness with a stated maturity of more than one year, (c) amortization and (d) depreciation.

“Indebtedness” means (i) all the indebtedness of the obligor for borrowed money which has been incurred in connection with the acquisition of assets; and (ii) the capitalized value of the liability under any lease or real or personal property which is properly capitalized on the statement of assets, liabilities, and fund balances of the obligor in accordance with generally accepted accounting principles consistently applied.

“Indenture” means this Indenture of Trust between the Issuer and the Trustee, pursuant to which the Bonds are authorized to be issued, including any indenture supplemental hereto and any amendments hereof.

“Independent Counsel” means an attorney duly admitted to practice law before the highest court of any state and who is not a full-time employee, director or shareholder of the Issuer, the Company or the School.

“Interest Payment Date” means _____ 1 and _____ 1 of each year, commencing _____ 1, 201_.

“Issuer” means the City of Ramsey, Minnesota, a municipal corporation organized and existing under the laws of the State of Minnesota, and any successor.

“Issuer Fee” means the Issuer’s fee for issuing the Bonds in the aggregate amount set forth in Section 4.2(b) of the Loan Agreement.

“Issuer Representative” means the Mayor of the Issuer, and any other person or persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Company and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Issuer by its duly authorized agent. Such certificate may designate an alternate or alternates.

“Lease” means the Amended and Restated Lease Agreement, dated as of _____ 1, 2013, with respect to the Schoolhouse by and between the Company, as lessor, and the School, as lessee, and any amendment thereto.

“Lease Aid” means amounts received by the School from the State pursuant to Minnesota Statutes, Section 124D.11, subdivision 4, to fund payments due under the Lease, or any replacement therefor pursuant to a successor statute.

“Lease Revenues” means the revenues to be received by the Company from the School pursuant to the Lease.

[“Line of Credit” means the revolving line of credit in the amount of up to \$600,000 between the School and the Line of Credit Lender.

“Line of Credit Lender” means Wells Fargo Bank, National Association, a national banking association.]

“Loan Agreement” means the Loan Agreement, dated as of _____ 1, 2013, between the Issuer and the Company, and any amendments and supplements thereto.

“Loan Repayments” shall mean the payments required to be made by the Company pursuant to Section 4.2(a) of the Loan Agreement.

“Majority Bondholder” shall mean any beneficial owner of or owners who together own greater than 50% of the aggregate Outstanding principal amount of the Bonds.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of New York, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company by notice to the Trustee.

“Mortgage” means the Amended and Restated Mortgage, Security Agreement and Assignment of Rents, dated as of _____ 1, 2013, from the Company in favor of the Trustee, and all amendments thereof and supplements thereto.

“Original Purchaser” means Dougherty & Company LLC, as the underwriter of the Bonds.

“Outstanding” means Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled 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 noncallable Governmental Obligations shall have been theretofore deposited with the Trustee in accordance with Article VIII of the Indenture; and

(c) Bonds in lieu of which others have been authenticated under Sections 2.07, 2.08, or 3.05 of this Indenture.

“Payment Date” means _____ 1 of each year, commencing _____ 1, 2014.

“Permitted Encumbrances” means, as of any particular time, “permitted encumbrances” as defined in the Mortgage.

“Permitted Investments” means the following investments, if and to the extent the same are legal for investment, with regard to any money held as part of the Revenue Fund, the Bond Fund, the Reserve Fund, the Costs of Issuance Fund, or any other fund held by the Trustee pursuant to this Indenture:

(a) bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) direct and general obligations of any state of the United States of America or any municipality or political subdivision of such state, or obligations of any corporation, if such obligations are in one of the two highest rating categories by Standard & Poor’s Corporation or Moody’s Investors Service, or, upon the discontinuance of either or both of such rating agencies, any other nationally recognized rating service;

(c) negotiable or non-negotiable certificates of deposit, time deposits, or other similar banking arrangements, issued by any nationally or state-chartered bank (including the Trustee) or trust company or any savings and loan association, domiciled in the State, if either (i) the long-term obligations of such bank or trust company are rated in one of the two highest rating categories by Standard & Poor’s Corporation or Moody’s Investors Service, or, upon the discontinuance of either or both of such rating services, any other nationally recognized rating service or (ii) the deposits are continuously secured as to principal, but only to the extent not insured by the Federal Deposit Insurance Corporation, or similar corporation chartered by the United States of America, (1) by lodging with a bank or trust company, as collateral security, obligations described in paragraph (a) or (b) above or other marketable securities eligible as security for the deposit of trust funds under applicable regulations of the Comptroller of the Currency of the United States of America or applicable state law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (2) if the furnishing of security as provided in clause (1) of this paragraph is not permitted by applicable law, in such manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for the deposit of trust funds;

(d) repurchase agreements with respect to obligations listed in paragraph (a) or paragraph (b) above if entered into with a nationally or state-chartered bank domiciled in the State (including the Trustee), trust company domiciled in the State or a broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation if (i) such obligations that are the subject of such repurchase agreement are delivered to the Trustee or are supported by a safekeeping receipt issued by a depository, provided that such repurchase agreement must provide that the value of the underlying obligations shall be maintained at current market value, calculated no less frequently than monthly, of not less than the repurchase price, (ii) a prior perfected security interest in the obligations which are the subject of such repurchase agreement has been granted to the Trustee, and (iii) such obligations are free and clear of any adverse third-party claims;

(e) commercial paper maturing in 270 days or less and rated in the highest rating category by two nationally recognized rating services;

(f) money market mutual funds invested solely in obligations listed in paragraphs (a), (b), or (c) above including funds offered or managed by the Trustee or its affiliates;

(g) agreements or contracts for guaranteed investment contracts issued or guaranteed by financial institutions, United States commercial banks, domestic branches of foreign banks,

United States insurance companies, or their Canadian subsidiaries. The credit quality of the issuer's or guarantor's long-term unsecured debt must be rated in one of the three highest categories by a nationally recognized rating agency;

(h) certificates or receipts issued by any nationally or state-chartered bank, domiciled in the State, trust company domiciled in the State or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) which is a member of the Securities Investors Protection Corporation, organized and existing under the laws of the United States of America or any state thereof, the outstanding unsecured long-term debt of which is rated in either of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, or, upon the discontinuance of either rating services, in the capacity of custodian, which certificates or receipts evidence ownership of a portion of the principal of or interest on Government Obligations held (which may be in book entry form) by such bank, trust company or broker or dealer (as defined by the Securities Exchange Act of 1934, as amended) as custodian;

(i) tax-exempt obligations (as defined in section 150(a)(6) of the Code and which are not "investment property" as defined in Section 148(b)(2) of the Code) rated in one of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, or, upon the discontinuance of either rating service or both of such rating services, any other nationally recognized rating service; and

(j) U.S. dollar denominated deposit accounts, federal funds with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

Notwithstanding the foregoing, "Permitted Investments" shall not include a financial instrument, commonly known as a "derivative," whose performance is derived, at least in part, from the performance of any underlying asset, including, without limitation, futures, options on securities, options on futures, swap agreements, forward purchase contracts, structured notes, and participations in pools of mortgages or other assets.

"Pledge Agreement" means the Pledge and Covenant Agreement, dated as of _____ 1, 2013, by and between the School and the Trustee.

"Prior Bonds" means the Issuer's Lease Revenue Bonds (PACT Charter School Project) Series 2004A, issued in the original principal amount of \$11,125,000.

"Prior Trustee" means Wells Fargo Bank, National Association.

"Project" means the advance refunding of the Prior Bonds, the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 72,000 square foot public elementary and secondary schoolhouse located at 7250 Ramsey Parkway East Northwest in the City.

"Project Building" means collectively (i) the improvements, machinery, equipment and other tangible property on the Project Site which are described generally in Exhibit B to the Loan Agreement and the improvements, machinery, equipment and other tangible property that will be acquired, constructed, installed and equipped on the Project Site with proceeds of the Bonds, and (ii) any item of machinery, equipment or other tangible property acquired in substitution for, or as a renewal or

replacement of, or a modification or improvement to, any property described in (i) above, pursuant to the provisions of Section 4.4 of the Loan Agreement.

“Project Costs” shall have the meaning ascribed to such term in the Loan Agreement.

“Project Site” means the real estate described in EXHIBIT A of the Loan Agreement, on which the Project Building is situated, which real estate will be owned by the Company, less any interests in real property, easements, licenses, rights of way or similar rights and privileges as may be taken by the exercise of the power of eminent domain.

“Rebate Analyst” means the “Rebate Analyst” as defined in Section 5.22 of this Indenture.

“Rebate Fund” means the fund created pursuant to Section 5.22 of this Indenture.

“Registered Owner” means the person or persons in whose name or names a Bond shall be registered on the books of the Issuer kept for that purpose in accordance with provisions of the Indenture.

“Regular Record Date” means, with respect to the Bonds, the 15th day of the calendar month preceding an Interest Payment Date.

“Reserve Fund” means the fund created pursuant to Section 5.10 of this Indenture.

“Reserve Fund Requirement” means \$_____ with respect to the Series 2013 Bonds and, with respect to any Additional Bonds, the least of: (a) 10% of the original issue price of the Bonds; (b) the maximum annual debt service in any Bond Year on the Bonds (excluding amounts in the final maturity of the Bonds to be paid from the application of the Reserve Fund); or (c) 125% of the average annual debt service on the Bonds.

“Revenue Fund” means the fund created pursuant to Section 5.02 of this Indenture.

“School” means PACT Charter School, a Minnesota nonprofit corporation, formed as a public (charter) school pursuant to Minnesota Statutes, Section 124D.10.

“Schoolhouse” means the approximately 72,000 square foot public elementary and secondary schoolhouse located at 7250 Ramsey Parkway East Northwest in the City.

“School Representative” means the person or persons at the time designated to act on behalf of the School by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the School by its President. Such certificate may designate an alternate or alternates.

“Security Agreements” means, collectively, the Loan Agreement, Lease, Mortgage, Disbursing Agreement, the Account Control Agreement, and Pledge Agreement.

“Series A Bonds” means the Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013A, issued by the Issuer in the principal amount of \$_____ and issued under and secured by this Indenture.

“Series B Bonds” means the Taxable Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013B, issued by the Issuer in the principal amount of \$_____ and issued under and secured by this Indenture.

“Special Record Date” means that date specified by the Trustee for the payment of any defaulted interest.

“State” means the State of Minnesota.

“Subordinate Loans” means [the Line of Credit, the Bus Loan, and] any permitted additional Indebtedness of the Company or the School payment of which is expressly made subordinate to the payment of the Bonds and any Additional Bonds.

“Sweep Account” means the State Aid Revenues Account established and maintained pursuant to the Pledge Agreement by the School at [Wells Fargo Bank, National Association] and of which the Trustee has control pursuant to the Account Control Agreement.

“Tax-Exempt Bonds” means the Series 2013A Bonds and any Additional Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement, dated the Date of Issuance, between the Issuer, the Company, and the School.

“Term Bonds” means the Series A Bonds maturing on _____ 1, 20__, _____ 1, 20__, and _____ 1, 20__ and the Series B Bonds maturing on _____ 1, 20__.

“Title Insurer” means Commercial Partners Title, LLC.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means Wells Fargo Bank, National Association, a national banking association with a designated corporate trust office in Minneapolis, Minnesota, as trustee under the Indenture, and its successors in trust and assigns.

“Value” means that value, which shall be determined between 45 and 60 days prior to each Interest Payment Date, of the cash and any investments in the Reserve Fund, which shall be calculated by the Trustee, which may engage the pricing service of any national pricing firm to assist in such determination, as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; (d) as to cash, the actual amount thereof; and (e) as to any investment not specified above, the value thereof established by prior agreement among the Company and the Trustee.

Section 1.02 **Rules of Construction.** The following rules shall apply to the construction of this Indenture unless the context clearly indicates to the contrary:

- (a) Words importing the singular number shall include the plural number and vice versa.

(b) The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Indenture. The term “heretofore” means before the date of this Indenture and the term “hereafter” means after the date of this Indenture.

(c) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(d) Articles and Sections mentioned by number only are the respective articles and sections of this Indenture so numbered. References to “this Article,” “this Section” or “this subsection” shall refer to the particular article, section or subsection in which such reference appears. All references herein to particular Articles or Sections are references to Articles or Sections of this Indenture.

(e) The headings herein are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

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ARTICLE II

THE BONDS

Section 2.01 *Authorized Amount of the Bonds.* The aggregate principal amount of the Series A Bonds that may be issued under this Indenture is \$_____, and the aggregate principal amount of the Series B Bonds that may be issued under this Indenture is \$_____.

Section 2.02 Issuance of Bonds.

(a) The Bonds shall be designated “Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013A” and “Taxable Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013B,” respectively. The Bonds shall be issuable only in fully registered form in minimum denominations of **[\$25,000]** or any integral multiple of \$5,000 in excess thereof. Unless the Issuer shall otherwise direct, the fully registered Bonds shall be numbered consecutively from R-1 upward.

(b) The Bonds shall be dated as of their date of original issuance, and shall be authenticated initially as of their date of issuance and thereafter as of the Interest Payment Date next preceding the date of issue (pursuant to Section 2.04 hereof), exchange or transfer, unless the date of such issuance, exchange or transfer is an Interest Payment Date, in which case the date of authentication shall be that Interest Payment Date. If interest on the Bonds shall be in Default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be authenticated as of the date to which interest has been paid in full on the Bonds surrendered or, if no interest has been paid on the Bonds, the date of the first authentication and delivery of Bonds hereunder.

(c) The Bonds shall bear interest from their dated date, payable semi-annually on each Interest Payment Date, computed on the basis of a 360-day year composed of twelve 30-day months.

(d) The Bonds mature on the dates and bear interest at the rates set forth below:

Series A Bonds

Maturity Date (____ 1)	Principal Amount	Interest Rate
20__		%
20__		
20__		

Series B Bonds

Maturity Date (____ 1)	Principal Amount	Interest Rate
20__	\$_____	%

(e) The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee in Minneapolis, Minnesota, or of its successor in trust, or at the duly designated office of any paying

agents. Payment of interest on any Bond shall be made to such person as is the Registered Owner thereof on the Regular Record Date, or the Special Record Date, as the case may be, and shall be paid by check or draft mailed to such person as is the Registered Owner on the Regular Record Date or the Special Record Date, as the case may be, at his address as it appears on the registration books of the Issuer. Interest shall also be payable by wire transfer to an account in a domestic financial institution designated in writing to the Trustee on or before the appropriate record date, upon request by, and at the expense of, a Registered Owner of at least \$1,000,000 in initial aggregate principal amount of the Bonds.

(f) The Trustee is hereby designated and agrees to act as Bond Registrar and paying agent for and in respect to the Bonds.

Section 2.03 **Execution; Limited Obligation.** The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signatures of the officers of the Issuer designated to sign the Bonds in a resolution of the Issuer, under the official seal, or a facsimile thereof, of the Issuer. Any facsimile signature shall have the same force and effect as if said officers had manually signed the Bonds. Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds and the seal may be omitted as authorized by law.

In case any officer of the Issuer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the authentication by the Trustee and delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery; and any Bond may be signed on behalf of the Issuer by such persons as, at the time of execution of such Bond, shall be the proper officers of the Issuer, even though at the date of such Bond or of the execution and delivery of this Indenture any such person was not such officer.

The Bonds issued by the Issuer shall not be deemed to constitute a debt, liability, or obligation of the Issuer, the County, or the State or any political subdivision thereof within the meaning of any constitutional or statutory limitation, and the Bonds shall be payable solely from revenues derived from the sale, operation, or leasing of the Schoolhouse and payments received pursuant to the Loan Agreement and the Pledge Agreement, and in the event of default, the Mortgage, pursuant to its terms (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to proceeds from insurance and condemnation awards) and shall be a valid claim of the Registered Owners thereof only against the Revenue Fund, the Bond Fund, the Reserve Fund, and other moneys held by the Trustee (except the Rebate Fund) and the amounts payable under the Loan Agreement and the Pledge Agreement, which amounts are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. Neither the faith and credit nor the taxing power of the Issuer, the City, the State, or any other political subdivision or agency thereof is pledged to the payment of the principal of, premium, if any, or interest on such Bonds.

Section 2.04 **Authentication.** No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form set forth on EXHIBIT A attached hereto, with appropriate variations, omissions, and insertions as permitted or required by this Indenture, shall have been duly executed by the Trustee substantially in the form set forth on EXHIBIT A attached hereto, and attached to such Bond, and such executed certificate of authentication of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Indenture. The Trustee's

certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer execute the certificate of authentication on all of the Bonds.

Section 2.05 **Form of Bonds.** Subject to the provisions of Section 2.04, the Series A Bonds and the Series B Bonds are to be in substantially the forms set forth in the attached EXHIBIT A and EXHIBIT B, respectively.

Section 2.06 **Delivery of Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate and deliver to the Original Purchaser the Series A Bonds in the aggregate principal amount of \$_____ and the Series B Bonds in the aggregate principal amount of \$_____, as hereinafter in this Section provided.

Prior to the delivery by the Trustee of the Bonds there shall be filed with the Trustee:

(a) A copy, duly certified by the Issuer Representative (or other authorized representative of the Issuer), of the resolution adopted by the Issuer on May 13, 2013, authorizing the issuance of the Bonds and the execution and delivery of this Indenture, the Loan Agreement, the Tax Regulatory Agreement, and the Bond Purchase Agreement.

(b) Original executed counterparts of the Loan Agreement, the Lease, the Pledge Agreement, the Tax Regulatory Agreement, the Mortgage, this Indenture, the Escrow Agreement, and the Bond Purchase Agreement.

(c) A request and authorization to the Trustee on behalf of the Issuer and signed by the official(s) specified in the Resolution, to authenticate and deliver the Series A Bonds in the aggregate principal amount of \$_____, and the Series B Bonds in the aggregate principal amount of \$_____, upon payment to the Trustee, for the account of the Issuer, of a sum specified in such request and authorization.

(d) An executed opinion of Briggs and Morgan, Professional Association, to the effect that the Bonds have been authorized, issued and delivered and that the Interest on the Series A Bonds is excludable from the gross income of the Holders for federal income tax purposes, and, to the same extent, is excludable from the net taxable income of individuals, estates, and trusts for State of Minnesota income tax purposes, subject to customary exceptions.

(e) Such other documents as the Trustee may reasonably request.

Section 2.07 **Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like series, date, interest rate, maturity and denomination to the mutilated, lost, stolen or destroyed Bond, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there first shall be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with an indemnity satisfactory to the Trustee. In the event any such Bond (except a mutilated Bond) shall have matured, instead of issuing a duplicate Bond, the Trustee, on behalf of the Issuer, may pay the same without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses for such service.

Every substitute Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, mutilated, stolen, destroyed or improperly canceled shall constitute an additional contractual obligation of the Issuer, whether or not the lost, destroyed or improperly canceled Bond shall be at any time enforceable, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of lost, mutilated, stolen, destroyed or improperly canceled Bonds, notwithstanding any law or statute now existing or hereafter enacted.

Section 2.08 **Registration, Transfer and Exchange of the Bonds; Persons Treated as Registered Owners.** The Trustee is hereby constituted and appointed the Bond Registrar of the Issuer and shall keep for and on behalf of the Issuer books for the registration and for the transfer of the Bonds as provided in this Indenture. The principal of any Bond shall be payable only to or upon the order of the Registered Owner or his legal representative. Upon surrender for transfer of any Bond at the designated corporate trust 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 Issuer shall execute and the Trustee shall authenticate, date and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

Bonds may be exchanged at the designated corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, date, interest rate and maturity. The Issuer 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 then outstanding. The execution by the Issuer of any Bond of any denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

In each case, the Trustee shall require the payment by the Registered Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and of any other expenses necessarily incurred in connection with such transfer.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, 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 so paid.

Section 2.09 **Destruction of Bonds.** Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount or interest represented thereby, or for replacement pursuant to Section 2.07 hereof or for transfer pursuant to Section 2.08 hereof, such Bond shall be promptly canceled and cremated or otherwise destroyed by the Trustee in accordance with its record retention policies then in effect .

Section 2.10 **Temporary Bonds.** Until Bonds in definitive form are ready for delivery, the Issuer may execute, and upon the request of the Issuer, the Trustee shall authenticate and deliver, subject to the provisions, limitations and conditions set forth above, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Trustee, and the

Trustee shall authenticate and deliver, in exchange therefor, a definitive Bond or definitive Bonds. Such exchange shall be made by the Trustee without making any charge therefor to the registered owner of such Bond in temporary form. Such temporary bonds will be numbered consecutively upward from T-1.

Section 2.11 ***Book Entry Provisions.***

(a) Notwithstanding the other provisions of this Indenture regarding registration, ownership, transfer, payment and exchange of the Bonds, unless the Issuer determines to permit the exchange of Depository Bonds for Bonds in the denominations provided in Section 2.02(a), the Bonds shall be issued as Depository Bonds in denominations of the entire principal amount of a particular maturity of each series of Bonds (or if a portion of said principal amount is prepaid, said principal amount less the prepayment amount); such Bonds to be registered in the name of the Depository or its nominee. The Bonds shall be solely in the denomination of the entire principal amount of a particular maturity except as provided in this Section. So long as the Bonds are held by The Depository Trust Company as Depository, the Trustee shall comply with the provisions of the Letter of Representations between the Issuer and The Depository Trust Company.

(b) Upon (i) a determination by the Issuer that the Depository is no longer able to carry out its functions or is otherwise determined unsatisfactory by the Issuer in its sole discretion, or (ii) a determination by the Depository that the Bonds are no longer eligible for its depository services, or (iii) notification that the Depository has resigned or discontinued its services for the Bonds, the Issuer shall either (1) designate a substitute depository in accordance with this Section, or (2) provide for the exchange of Depository Bonds for Bonds in the denominations provided in Section 2.02(a).

(c) If the Issuer determines to provide for the exchange of Depository Bonds for certificated Bonds in the denominations provided in Section 2.02(a), the Issuer shall so notify the Trustee and shall provide the Trustee with a supply of executed unauthenticated Bonds to be so exchanged. The Trustee shall thereupon notify the Owners of the Bonds and provide for such exchange.

(d) Any substitute depository shall be a “clearing corporation” as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and shall be a qualified and registered “clearing agency” as provided in Section 17A of the Securities Exchange Act of 1934, as amended. The substitute depository shall provide for (i) immobilization of the Depository Bonds, (ii) registration and transfer of beneficial ownership of interests in the Depository Bonds by book entries made on records of the Depository and participating entities, and (iii) payment of principal of, premium, if any, and interest to the Depository participating entities.

(e) So long as the Bonds are Depository Bonds, the following provisions shall apply, notwithstanding anything to the contrary in this Indenture. The principal or Redemption Price of the Bonds shall be payable by the Trustee when due by wire transfer in same day funds, and if the payment is of only part of the principal hereof, the Trustee shall mail by first-class mail to the Depository a written statement of the principal amount paid as to the Bonds of each maturity Outstanding following such payment, and the Depository as Holder shall upon such payment make a notation on the Register of Partial Payments attached to the Bond of the principal amount paid, provided that the Holder may at its option surrender the Bond for exchange for a Bond registered with the new principal amount and provided that the Bonds shall be surrendered for payment upon redemption in full or at maturity. Such notation, if made by the Holder, shall be

for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of the Bonds outstanding, unless the Trustee has signed the appropriate column of the Register of Partial Payments. Interest is payable by wire transfer in same day funds from the Trustee to the person in whose name the Bond is registered as of the close of business of the 15th day of the month immediately preceding an Interest Payment Date, whether or not a Business Day, at such person's address as it appears on the bond registration books of the Trustee. The transfer permitted pursuant to Section 2.08 shall occur only with respect to Bonds of a minimum denomination of the remaining principal amount of an entire maturity thereof so long as the Bonds are Depository Bonds. Depository Bonds are not exchangeable for fully registered bonds of smaller denominations except to evidence a partial prepayment or in exchange for replacement Bonds if then available. Upon a partial redemption of a Bond which results in the stated amount thereof being reduced, the Holder may in its discretion make notation on the Register of Partial Payments attached to the Bond of such redemption, stating the amount so redeemed. Such notation, if made by the Holder, shall be for reference only, and may not be relied upon by any other person as being in any way determinative of the principal amount of the Bond Outstanding, unless the Trustee has signed the appropriate column of the panel. Otherwise, the Holder may surrender the Bond to the Trustee (with, if the Issuer or the Trustee so requires, a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by the Owner thereof or his attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond having the same stated maturity and interest rate and of the authorized denomination in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 2.12 ***Additional Bonds.*** The Issuer, at the request of the Company, is authorized to issue Additional Bonds secured and payable on a parity basis with the Bonds provided that, prior to the issuance of any such Additional Bonds, the following terms and conditions have been met:

(a) the Trustee has received a copy, duly certified by the Administrator of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of: (i) a supplemental indenture, supplementing and amending this Indenture, which supplemental indenture shall not require the approval of any Registered Owner of the Bonds, 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; (ii) an amendment supplementing and amending the Loan Agreement; and (iii) an amendment to the Lease pursuant to which the School is obligated to make additional Lease Payments sufficient to pay the principal and interest due with respect to such Additional Bonds and any related costs or expenses;

(b) the Trustee has either (1) received (i) an opinion or report of an independent certified public accountant to the effect that the Income Available for Debt Service for the Fiscal Year immediately preceding the date on which such Additional Bonds are to be issued for which audited financial statements are available totals at least 120% of maximum amount of payments due under the Lease, plus principal and interest payable in any Fiscal Year on the School's Indebtedness (including such requirements for the proposed Additional Bonds but excluding such requirements for any Indebtedness to be refinanced thereby) payable in any Fiscal Year, and (ii) a certificate of the chief financial officer of the School, verified by an independent certified public accountant, to the effect that the School reasonably projects that the Income Available for Debt Service for each of the School's two Fiscal Years beginning with the Fiscal Year in which any

improvements being financed by such proposed Additional Bonds are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Additional Bonds are to be issued, will be at least 130% of the maximum amount of payments due under the Lease, plus principal and interest payable in any Fiscal Year on the School's Indebtedness (including such requirements for the proposed Additional Bonds but excluding such requirements for any Indebtedness to be refinanced thereby); or (2) received the prior written consent of the Majority Bondholder to the issuance of such Additional Bonds;

(c) the Trustee has received a certificate of the Company Representative to the effect that there is no Event of Default then existing under the Loan Agreement or this Indenture;

(d) the Trustee has received an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not cause interest on any Outstanding Tax-Exempt Bonds to become included in gross income for federal income tax purposes;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Loan Agreement and the Lease, and the supplemental indenture supplementing and amending the Indenture;

(f) the Trustee has received a request and authorization to the Trustee on behalf of the Issuer and signed by its Issuer Representatives to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(g) the Trustee has received an executed opinion of 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 Issuer, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is not includable in gross income for federal income tax purposes (unless it is intended that such interest be includable in gross income for federal income tax purposes); and

(h) the Trustee has received written confirmation from any Rating Agency then maintaining a rating on the Bonds that the rating on the Bonds will not be adversely affected by the issuance of the Additional Bonds.

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ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01 *Redemption Dates and Prices.* (a) The Bonds shall be subject to redemption at any time upon the occurrence of any of the following events: (i) the Schoolhouse or any portion thereof is damaged or destroyed or taken in a condemnation proceeding to which Section 5.2(b) of the Loan Agreement is applicable, (ii) any of the events specified in Section 9.2 of the Loan Agreement have occurred and upon the Company's exercising its option to prepay the loan pursuant to Section 9.1 of the Loan Agreement or (iii) upon acceleration because of an Event of Default. If called for redemption at any time pursuant to clause (i), (ii) or (iii) above, the Bonds shall be subject to redemption by the Issuer prior to maturity at any time in whole or (in the case of redemption pursuant to Section 5.2(b) of the Loan Agreement) in part, in such manner as the Company may direct, less than all of such Bonds of a single maturity to be selected randomly in such manner as the Trustee may determine, such redemption to be at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

(b) The Series A Bonds maturing after _____ 1, 202_ are subject to redemption by the Issuer at the option of the Company on any day from and after _____ 1, 202_, in whole or in part on any date, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date of redemption.

Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof (and so long as no Bond is outstanding in an amount less than **[\$25,000]**). If only a portion of the Bonds are redeemed, such Bonds to be redeemed shall be selected from Maturities designated by the Company. If less than all of one maturity are to be redeemed, Bonds of such maturity shall be selected randomly in such manner determined by the Trustee.

Where Bonds shall be called for optional redemption as set forth above, the Bonds shall be called for redemption by the Trustee as herein provided upon receipt by the Trustee at least 30 days prior to the redemption date of a Company Certificate directing such redemption. Such certificate shall specify the redemption date, the principal amount of the Bonds or portions thereof so to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption.

The Series B Bonds are not subject to optional redemption.

(c) The Bonds shall be redeemed upon a Determination of Taxability, in whole but not in part, within 30 days after the date of the Determination of Taxability and at a redemption price equal to 103% of the principal amount of the Series A Bonds, plus accrued interest to the redemption date, and 100% of the Series B Bonds, plus accrued interest to the redemption date.

(d) The Bonds are subject to mandatory sinking fund redemption prior to maturity, and are to be redeemed randomly or such other manner as the Trustee may determine, at 100% of the principal amount thereof plus accrued interest to the date of redemption, on the following dates and in the following principal amounts:

Series A Bonds Maturing _____ 1, 202

<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>
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*Final Maturity

Series A Bonds Maturing _____ 1, 202

<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>
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*Final Maturity

Series A Bonds Maturing _____ 1, 202

<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Payment Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>
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*Final Maturity

Series B Bonds Maturing _____ 1, 202

<u>Redemption Date</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>
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*Final Maturity

As and for a sinking fund for the redemption of the Bonds there shall be deposited into the Bond Fund, a sum sufficient to redeem (after credit as provided below) the applicable principal amount of the Bonds on the applicable dates at the redemption price stated above.

At the option of the Company, to be exercised by facsimile transmission not less than 45 days next proceeding any sinking fund redemption date of a written certificate to the Trustee, the Company may (i) deliver to the Trustee for cancellation Bonds in an aggregate principal amount desired by the Company or (ii) specify a principal amount of Bonds which, prior to said date, have been redeemed (otherwise than through mandatory redemption) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount against the obligation of the Issuer on such mandatory sinking fund redemption date, and any excess shall be so credited against future sinking fund redemption obligations on such Bonds in chronological order. In the event the Company shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds to be canceled.

Section 3.02 Notice of Redemption. (a) Notice of the call for any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first-class mail at least 30 days and not more than 45 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure has occurred; and provided also that no such notice shall, with respect to a redemption pursuant to Section 3.01(a)(i), 3.01(a)(ii) or 3.01(b) shall be mailed unless the Trustee has sufficient moneys and/or Governmental Obligations on deposit (or has received evidence that an escrow bank has sufficient moneys and/or Governmental Obligations on deposit) to pay the principal of, premium, if any, and interest on the Bonds being so redeemed. The notice of redemption shall set forth the complete title of the issue (including series designation), CUSIP number, the date of the issue, maturity, the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address and phone number of a contact person. In the case of an optional redemption pursuant to Section 3.01(a)(i), 3.01(a)(ii) or 3.01(b), the notice may state (a) that it is conditioned upon the deposit of moneys, in an amount equal to effect the redemption, with the Trustee on or before the redemption date or (b) that the Company retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as hereinafter described. On or before the redemption date, funds sufficient to redeem such Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Trustee. The Bonds thus called shall not, on or after the specified redemption date, bear any interest and, except for the purpose of payment, shall not be entitled to the lien of this Indenture. Any Conditional Redemption may be rescinded in whole or in part at any time on or before the redemption date if the Company delivers a certificate of the Company to the Issuer and the Trustee at least 5 days prior to the redemption date instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Company to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds

called for redemption and not so paid remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Company.

(b) The Trustee also shall provide a copy of such notice in an electronic format as prescribed by the Municipal Securities Rulemaking City Council (the “MSRB”), together with such identifying information as is prescribed by the MSRB at least 30 days and not more than 45 days prior to such redemption date; provided, however, that such notice shall not be a condition precedent to such redemption and failure to provide any such notice shall not affect the validity of any proceedings for the redemption of Bonds.

(c) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Section 3.03 **Redemption Payments.** Prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption, and such Bonds or portions thereof shall no longer be deemed to be Outstanding.

Section 3.04 **Cancellation.** All Bonds which have been redeemed shall not be reissued but shall be canceled and cremated or otherwise destroyed by the Trustee in accordance with Section 2.09 hereof.

Section 3.05 **Partial Redemption of Bonds.** Upon surrender of any Bond for redemption in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, date, interest rate and maturity, of authorized denominations, in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. In the event of any partial redemption, the Trustee shall provide, at the Company’s request and expense, a new debt service schedule for the Bonds to the Company.

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ARTICLE IV

GENERAL COVENANTS

Section 4.01 ***Payment of Principal, Premium, if Any, and Interest.*** The Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof, but solely from the Trust Estate and from amounts paid upon an Event of Default, from the Mortgage. The principal of, premium, if any, and interest on the Bonds (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to proceeds from insurance and condemnation awards) are payable solely from the amounts to be paid under the Loan Agreement and otherwise as provided herein and in the Loan Agreement and, under the Mortgage, pursuant to its terms, and the amounts under the Loan Agreement are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer. Neither the State nor the Issuer nor any political subdivision of the State shall in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by the Issuer except to the extent of moneys pledged herein are sufficient therefor.

THE BONDS AND THE INTEREST THEREON SHALL NEVER CONSTITUTE THE DEBT OR INDEBTEDNESS OF THE ISSUER OR THE CITY WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE STATE CONSTITUTION OR STATUTES, AND SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

Section 4.02 ***Performance of Covenants; Issuer.*** The Issuer covenants that it will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in the Loan Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State to execute this Indenture, to assign the Loan Agreement and to pledge the amounts to be paid under the Loan Agreement and other amounts hereby pledged in the manner and to the extent herein set forth and that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken.

Section 4.03 ***Instruments of Further Assurance.*** The Issuer will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer, except as herein and in the Loan Agreement and the Mortgage provided, will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Schoolhouse, the amounts, revenues and receipts payable under the Loan Agreement or its rights under the Loan Agreement.

Section 4.04 ***Recording and Filing.*** The Company has covenanted in the Loan Agreement that it will cause all financing statements (including continuation statements, but excluding the initial financing statements dated as of the date of issue which will be filed by Bond Counsel) related to this Indenture and all supplements thereto and the Loan Agreement and all supplements thereto, as well as the Mortgage and such other security agreements, financing statements and all supplements thereto and other

instruments as may be required or recommended from time to time by Company's counsel or by Bond Counsel to be kept, to be recorded and filed in such manner and in such places as may from time to time be required by law in order to preserve and protect fully the security of the Registered Owners of the Bonds and the rights of the Trustee hereunder, and, upon advice of counsel, to take or cause to be taken any and all other action necessary to perfect the security interest created by this Indenture, all at the expense of the Company.

Section 4.05 ***Inspection of Books.*** All books and records in the Issuer's possession relating to the Schoolhouse and the amounts derived from the Schoolhouse shall at all reasonable times be open to inspection by such accountants or other agents as the Trustee or Majority Bondholder may from time to time designate in writing.

Section 4.06 ***Rights Under Loan Agreement.*** The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Company, including provisions that subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, and reference is hereby made to the Loan Agreement for a detailed statement of said covenants and obligations of the Company thereunder, and the Issuer agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Loan Agreement for and on behalf of the Registered Owners, whether or not the Issuer is in Default hereunder.

Section 4.07 ***Designation of Trustee as Bond Registrar and Paying Agent; Designation of Any Additional Paying Agents.*** The Trustee is hereby designated and agrees to act as Bond Registrar and paying agent for and in respect to the Bonds. The Issuer hereby agrees to cooperate with the Trustee and the Company, when requested, and at the Company's expense, in designating any additional paying agents and in making available funds hereunder in payment of such of the Bonds as shall be presented when due at the principal office(s) of said additional paying agent(s).

Section 4.08 Determination of Taxability

(a) At such time as the Trustee receives written notification of a Determination of Taxability, the Trustee shall notify the Company, the Issuer, and EMMA thereof by certified mail, return receipt requested, postage prepaid.

(b) In the event the Trustee receives written notice from the Company that it is electing to contest a potential Determination of Taxability pursuant to Section 6.8 of the Loan Agreement, the Trustee shall promptly notify the Majority Bondholder and all Registered Owners of the Series A Bonds of such election.

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ARTICLE V

REVENUES AND FUNDS

Section 5.01 Application of Proceeds; Source of Payment of Bonds.

(a) The Trustee shall apply the proceeds from the initial sale of the Bonds (less original issue discount and net of Underwriter's discount), in the amount of \$_____, as follows:

(i) to the Reserve Fund, an amount equal to \$_____ from the proceeds of the Series A Bonds and \$_____ from the proceeds of the Series B Bonds;

(ii) to the Cost of Issuance Fund, an amount equal to \$_____ from the proceeds of the Series A Bonds and \$_____ from the proceeds of the Series B Bonds; together with \$_____ to be deposited by the Company on the Date of Issuance; and

(iii) to the Escrow Fund, an amount equal to \$_____ from the proceeds of the Series A Bonds.

(b) The Bonds herein authorized and all payments by the Issuer hereunder are not general obligations of the Issuer but are special limited obligations payable solely from amounts derived from the Trust Estate and, upon an Event of Default and to the extent set forth therein, from the Mortgage, pursuant to the terms thereof.

Section 5.02 ***Creation of Revenue Fund.*** There is hereby created and established with the Trustee a trust fund to be designated "City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Revenue Fund."

Section 5.03 ***Payments into the Revenue Fund.*** The Company will cause the School to deposit when due all rent payments due under the Lease directly to the Trustee for deposit in the Revenue Fund. To assure the full and timely deposit of such rent payments, the Trustee is directed to withdraw from the Sweep Account and deposit in the Revenue Fund the amounts payable by the School under the Lease each month, commencing in _____, 2013. Any amounts remaining in the Sweep Account after such withdrawal shall be transferred by the Trustee to or at the direction of the School and any earnings realized from investments in the Revenue Fund shall be credited to the Revenue Fund.

Section 5.04 ***Use of Moneys in the Revenue Fund.*** As and when received each month, the Trustee shall apply any funds from the Revenue Fund in the following priority:

(a) first, to the Bond Fund, an amount sufficient to cause the total amount then deposited in the Bond Fund to equal the monthly payment required under Section 4.2(a) of the Loan Agreement and, on a pro rata basis, to any lender on any parity Indebtedness permitted pursuant to Section 6.12(f) of the Loan Agreement, an amount equal to the monthly payment required on such parity Indebtedness;

(b) second, into the Rebate Fund, rebate deposits described in the Tax Regulatory Agreement;

- (c) third, into the Reserve Fund, an amount equal to that required pursuant to Section 4.2(d) of the Loan Agreement;
- (d) fourth, into the Capital Improvement Fund, the Monthly Deposit;
- (e) fifth, to the Trustee, the amount necessary for payment of the Trustee's fees and expenses for services rendered hereunder; and
- (f) sixth, into the Expense Fund, 1/12 of the annual Rating Agency fee and the monthly cost of any other expenses required to be paid by the Company pursuant to the Lease; and
- (g) seventh, to the Company, any amounts remaining in the Revenue Fund.

Section 5.05 ***Custody of the Revenue Fund.*** The Revenue Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw funds from the Revenue Fund to pay the amounts in accordance with Section 5.04 above, which authorization and direction the Trustee hereby accepts.

Section 5.06 ***Creation of Bond Fund.*** There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "City of Ramsey, Minnesota Charter School Lease Revenue Bonds (PACT Charter School Project) Series 2013 Bond Fund" which shall be used to pay when due the principal of, premium, if any, and interest on the Bonds.

Section 5.07 ***Payments into the Bond Fund.*** There shall be deposited into the Bond Fund, as and when received, (a) all transfers from the Revenue Fund pursuant to Section 5.04(a); (b) amounts transferred from the Reserve Fund pursuant to Section 5.12; (c) amounts transferred from the Capital Improvement Fund pursuant to Section 5.36; and (d) all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement, Indenture or Mortgage which are required to be deposited into the Bond Fund or which are accompanied by written directions that such moneys are to be deposited to the Bond Fund. The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it will deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, sufficient sums, but only from the amounts derived from the Loan Agreement, promptly to pay when due the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Any earnings realized from investments in the Bond Fund shall be credited to the Bond Fund.

Section 5.08 ***Use of Moneys in the Bond Fund.*** Except as provided in Section 5.20 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and the Company has no right, title and interest in amounts on deposit in the Bond Fund.

Section 5.09 ***Custody of the Bond Fund.*** The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 5.10 ***Creation of the Reserve Fund.*** There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated "City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Reserve Fund."

Section 5.11 ***Payments into the Reserve Fund.*** On the Date of Issuance, the Trustee shall deposit to the Reserve Fund an amount equal to the Reserve Fund Requirement as provided in Section 3.1(a) of the Loan Agreement and Section 5.01(a)(i) hereof. Thereafter, the Trustee shall deposit in the Reserve Fund the amounts transferred from the Revenue Fund pursuant to Section 5.04(b) and any other moneys paid to the Trustee under the Loan Agreement or this Indenture and required by either of those documents to be, or accompanied by written directions requesting that such moneys be, credited or transferred to the Reserve Fund.

Section 5.12 ***Use of Moneys in the Reserve Fund.*** Amounts on hand in the Reserve Fund shall be transferred by the Trustee to the Bond Fund, as needed, if, on any Interest Payment Date, the amount then on hand in the Bond Fund is not sufficient to pay the principal and interest then due on the Bonds, whether at maturity or upon redemption or by acceleration. If not used for that purpose, the Trustee shall hold the Reserve Fund in trust to be applied toward payment of the final Loan Repayment or toward redemption of Outstanding Bonds when all Bonds are to be redeemed or, if necessary under Section 5.23 hereof, for transfer to the Rebate Fund. Any earnings realized from investments in the Reserve Fund shall be credited to the Reserve Fund until the amount therein is equal to the Reserve Fund Requirement, and thereafter to the Bond Fund. The Value of the cash and the Permitted Investments in the Reserve Fund shall be determined between 45 and 60 days prior to each Interest Payment Date, by the Trustee, which may engage the pricing service of any national pricing firm to assist in such determination. If the Value of the cash and the Permitted Investments in the Reserve Fund falls below the Reserve Fund Requirement as of such valuation date, or as a result of the transfer of money to the Bond Fund or the Rebate Fund, the Trustee shall transfer available amounts from the Revenue Fund pursuant to Section 5.04(b) until the amount therein is equal to the Reserve Fund Requirement. If such Value is in excess of the Reserve Fund Requirement, the Trustee shall, upon written notice from the Company, deposit an amount equivalent to the excess in the Bond Fund to be used to pay interest on and principal of the Bonds. The Company has no right, title or interest in amounts on deposit in the Reserve Fund.

Section 5.13 ***Custody of the Reserve Fund.*** The Reserve Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Reserve Fund to pay the principal of and interest on the Bonds or to make transfers to the Rebate Fund, and to transfer earnings or valuation surplus on the Reserve Fund to the Bond Fund, in accordance with Section 5.12 hereof, which authorization and direction the Trustee hereby accepts.

Section 5.14 ***Creation of the Costs of Issuance Fund.*** There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated “City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Costs of Issuance Fund” which shall be used to pay the costs incurred in connection with the issuance of the Bonds.

Section 5.15 ***Payment into the Costs of Issuance Fund.*** There shall be deposited into the Costs of Issuance Fund from the proceeds of the Series A Bonds, the Series B Bonds and the money provided by the Company the amount set forth in Section 3.1(b) of the Loan Agreement and in Section 5.01(a)(ii) hereof. Interest and other income received on investments of Costs of Issuance Fund moneys shall be transferred to the Bond Fund. Such moneys shall be expended to pay costs of issuance and expenses in accordance with the provisions of Section 4.10 of the Loan Agreement. The Trustee is hereby authorized and directed to issue its checks on the Costs of Issuance Fund for each payment in accordance with Section 4.10 of the Loan Agreement. Any earnings realized from investments in the Costs of Issuance Fund shall be transferred to the Bond Fund.

The Trustee shall keep and maintain adequate records pertaining to the Costs of Issuance Fund and all payments therefrom, which shall be open to inspection by the Issuer, and the Company or their

duly authorized agents, upon reasonable notice, during normal business hours of the Trustee. After the Costs of Issuance Fund has been entirely depleted or on _____, 2013, whichever is earlier, the Trustee shall file a statement of income and disbursements with respect thereto with the Company.

Section 5.16 **Termination of Costs of Issuance Fund.** Except as provided in Section 5.15, on _____, 2013, any moneys remaining in the Costs of Issuance Fund shall be transferred into Bond Fund.

Section 5.17 **Custody of the Costs of Issuance Fund.** The Costs of Issuance Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Costs of Issuance Fund for the purposes set forth in Section 5.15 hereof, which authorization and direction the Trustee hereby accepts.

Section 5.18 **Nonpresentment of the Bonds.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay any such Bond shall have been made available for the benefit of the Registered Owner or Registered Owners thereof, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

Any moneys which the Trustee shall segregate and hold in trust for the payment of the principal of, premium, if any, or interest on any Bond and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company; provided, however, that before the Trustee shall be required to make any such repayment, the Trustee shall, at the written direction and at the expense of the Company, cause notice to be given by registered mail to the Registered Owners of all Bonds not presented for payment when the principal thereof became due to the effect that such moneys remain unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing, any unclaimed balance of such moneys then remaining will be paid to the Company. After the payment of such unclaimed moneys to the Company, the Registered Owner of such Bond shall thereafter look only to the Company for the payment thereof, and all liability of the Issuer and the Trustee with respect to such moneys shall thereupon cease.

Section 5.19 **Moneys to be Held in Trust.** All moneys required to be deposited with or paid to the Trustee for the account of any fund referred to in any provision of this Indenture or the Loan Agreement, except for moneys in the Rebate Fund, shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of specific Bonds, which shall be held in trust for those particular Bonds, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby. The Issuer shall not create any lien upon any funds created pursuant to this Indenture other than the lien hereby created. The Trustee shall provide to the Majority Bondholder, upon request, the account balance of each fund.

Section 5.20 **Repayment to Company From Funds.** Any amounts remaining in the Revenue Fund, the Bond Fund, the Costs of Issuance Fund, the Reserve Fund, or any other fund held in trust hereunder after payment in full of the principal of, premium, if any, and interest on the Bonds, the fees, charges and expenses of the Trustee, and all other amounts required to be paid hereunder and under the Loan Agreement shall be paid promptly to the Company.

Section 5.21 ***Custody of Separate Trust Fund.*** The Trustee is authorized and directed to hold all Net Proceeds from any insurance proceeds or condemnation awards in excess of 2% of the total Project Costs in a separate trust fund and to disburse such proceeds in accordance with Section 5.2 of the Loan Agreement. If the Company directs that any portion of such Net Proceeds be applied to redeem Bonds, the Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem on the next succeeding redemption date the amount of Bonds so specified by the Company.

Section 5.22 ***Creation of the Rebate Fund.*** There is hereby created and established with the Trustee a separate trust fund in the name of the Issuer to be designated the “City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Rebate Fund” which shall be expended in accordance with the provisions hereof and the provisions of the Tax Regulatory Agreement. The Company shall engage or, if the Company fails to so engage, the Trustee shall engage, at the Company’s expense, a Rebate Analyst to make the calculations, with respect to the Rebate Fund, and the Trustee shall make deposits and disbursements at the written direction of the Rebate Analyst and shall invest the Rebate Fund at the Company’s direction and shall deposit income from said investments immediately upon receipt thereof in the Rebate Fund. The Tax Regulatory Agreement may be superseded or amended by an Amended Tax Regulatory Agreement drafted by, and accompanied by an opinion of bond counsel addressed to the Issuer and the Trustee to the effect that the use of said new Amended Tax Regulatory Agreement will not cause the interest on the Bonds to be includable in the gross income of any recipient thereof for purposes of federal income taxation.

Section 5.23 ***Payments into the Rebate Fund.*** The Trustee shall make the rebate deposits (but only from amounts in the funds and accounts held by the Trustee hereunder, beginning with the Reserve Fund, and then only if amounts are not contributed by the Company within 30 days of notice that such deposits are required), as directed in writing by the Rebate Analyst. If a withdrawal from the Rebate Fund is permitted as a result of the computations required by the Tax Regulatory Agreement, the amount withdrawn shall be deposited in the Bond Fund. Records of the determinations required by this Section shall be retained by the Trustee until 6 years after the final retirement of the Bonds.

Section 5.24 ***Use of Moneys in the Rebate Fund.*** Not later than 60 days after the end of the fifth Bond Year for the Series A Bonds and every 5 years thereafter, the Trustee shall pay to the United States of America (but only from funds provided pursuant to the Loan Agreement and this Indenture) the amount directed in writing by the Rebate Analyst. Not later than 60 days after the final retirement of the Series A Bonds, the Trustee shall pay to the United States of America (but only from funds provided pursuant to the Loan Agreement and the Indenture) 100% (or, if less, the amount directed in writing by the Rebate Analyst) of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the appropriate Internal Revenue Service Center. Each payment shall be accompanied by Internal Revenue Form 8038-T (as prepared by the Rebate Analyst), as required by the Code, and, if directed in writing by the Rebate Analyst, a statement (as prepared by the Rebate Analyst) summarizing the determination of the amount to be paid to the United States of America.

Section 5.25 ***Trustee’s and Issuer’s Responsibility with Respect to the Rebate Fund.*** Notwithstanding anything to the contrary contained herein, in the Loan Agreement, or in the Tax Regulatory Agreement the Trustee and the Issuer 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. The Trustee’s sole responsibility with respect to all matters relating to rebate shall be to follow the written instructions of the Rebate Analyst and to make payments pursuant to Sections 5.22, 5.23 and 5.24 above as and when instructed in writing to do so by the Rebate Analyst.

Section 5.26 **[Reserved.]**

Section 5.27 **[Reserved.]**

Section 5.28 **[Reserved.]**

Section 5.29 **[Reserved.]**

Section 5.30 **[Reserved.]**

Section 5.31 **[Reserved.]**

Section 5.32 **[Reserved.]**

Section 5.33 **[Reserved.]**

Section 5.34 ***Creation of the Capital Improvement Fund.*** There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated “City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Capital Improvement Fund.”

Section 5.35 ***Payments in the Capital Improvement Fund.*** All Monthly Deposits received by the Trustee from the Company shall be credited to the Capital Improvement Fund.

Section 5.36 ***Use of Moneys in the Capital Improvement Fund.*** Amounts deposited in the Capital Improvement Fund shall be applied by the Trustee not more often than once each month as requested in a Company request only to the payment of items of repair, improvement, and replacement with respect to the Schoolhouse that constitute capital expenditures under generally accepted accounting principles or which otherwise constitute major periodic repair or maintenance of the Schoolhouse, such as annual painting or re-carpeting of a section of the Schoolhouse (as opposed to incidental repairs such as touch-up painting, replacement of individual carpet tiles, etc.). The Company request shall identify the expenditures to be made by nature and amount, shall identify the contractor or other party making the repairs, improvements, and replacements, and shall certify that the expenditures are proper expenditures to be made or reimbursed from the Capital Improvement Fund. Investment earnings on amounts held in the Capital Improvement Fund shall remain in, and be credited as received to, the Capital Improvement Fund.

Amounts on hand in the Capital Improvement Fund shall be transferred by the Trustee to the Bond Fund, as needed, if, on any Interest Payment Date, the amount then on hand in the Bond Fund, after application of any available amounts in the Reserve Fund, is not sufficient to pay the principal and interest then due on the Bonds, whether at maturity or upon redemption or by acceleration.

Amounts, if any, remaining in the Capital Improvement Fund upon the payment in full of all Bonds, or the provision for payment therefor in accordance with the terms of this Indenture, shall be transferred to the Company.

Section 5.37 ***Custody of the Capital Improvement Fund.*** The Capital Improvement Fund shall be in the custody of the Trustee, but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw funds from the Capital Improvement Fund for the purposes set forth in Section 5.36 hereof, which authorization and direction the Trustee hereby accepts.

Section 5.38 ***Creation of the Expense Fund.*** There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated “City of Ramsey, Minnesota Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013 Expense Fund.”

Section 5.39 ***Payments in the Expense Fund.*** The Trustee shall transfer available amounts from the Revenue Fund pursuant to Section 5.04(f) to the Expense Fund.

Section 5.40 ***Use of Moneys in the Expense Fund.*** Amounts deposited in the Expense Fund shall be applied by the Trustee to pay 1/12 of the annual Rating Agency fee and the monthly cost of any other expenses required to be paid by the Company pursuant to the [**Loan Agreement**]. Investment earnings on amounts held in the Expense Fund shall be credited as received to the Revenue Fund.

Amounts, if any, remaining in the Expense Fund upon the payment in full of all Bonds, or the provision for payment therefor in accordance with the terms of this Indenture, shall be transferred to the Company.

Section 5.41 ***Custody of the Expense Fund.*** The Expense Fund shall be in the custody of the Trustee, but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw funds from the Expense Fund for the purposes set forth in Section 5.40 hereof, which authorization and direction the Trustee hereby accepts.

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ARTICLE VI

REFUNDING OF PRIOR BONDS

Section 6.01 Refunding of Prior Bonds. There shall be deposited into the Escrow Fund held by the Prior Trustee pursuant to the Escrow Agreement \$_____ of the proceeds of the Series A Bonds (the "Escrow Deposit"). Pursuant to the Escrow Agreement, the Prior Trustee shall hold and invest the Escrow Deposit and apply it to pay the principal of, premium on, and interest on the Prior Bonds as they become due or are called for redemption on June 1, 2014.

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ARTICLE VII

INVESTMENT OF MONEY

Any money held as part of the Revenue Fund, the Bond Fund, the Reserve Fund, the Costs of Issuance Fund, the Capital Improvement Fund, the Rebate Fund, or any other fund shall be invested and reinvested by the Trustee at the written direction of the Company Representative in Permitted Investments in accordance with the provisions of Section 3.2 of the Loan Agreement, except that investments in the Rebate Fund shall be made only in accordance with written directions of the Company or the Rebate Analyst. Any such investments shall be held in the name of the Trustee and by or under the control of the Trustee. The Trustee may make any and all such investments through its trust department or related companies. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the trust funds whenever the cash balance in any such Fund is insufficient for a necessary transfer. The Issuer covenants and certifies to the Trustee and to and for the benefit of the Registered Owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, it will not knowingly take any action so that moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will be used in a manner which, to its knowledge, will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to such covenants, the Issuer obligates itself to comply, to the best of its knowledge, throughout the term of the issue of the Bonds with the requirements of Section 148 of the Code and any regulations promulgated thereunder.

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ARTICLE VIII

DISCHARGE OF LIEN

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the Registered Owners of the Bonds, the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the Issuer shall not then be in Default in any of the other covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Issuer such instruments in writing as shall be reasonably required by the Issuer to release the lien hereof, and reconvey, release, assign and deliver unto the Issuer any and all of the estate, right, title and interest in and to any and all rights or property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except amounts in the Revenue Fund, the Bond Fund, the Reserve Fund, or the Costs of Issuance Fund required to be paid to the Company under Section 5.20 hereof and except cash or Permitted Investments held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon earlier redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with a commercial bank with trust powers (the "Escrow Agent"), in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) noncallable Governmental Obligations, maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. In addition, the Company shall provide to the Trustee copies of (a) a report by an independent certified public accountant that the money and securities held in the escrow account, together with investment earnings (but without considering any reinvestment of such earnings), will be sufficient to pay, as the same become due upon maturity or earlier redemption, all principal of, premium, if any, and interest on the Bonds which have not then previously been paid, and (b) an opinion of Bond Counsel to the effect that establishment of the escrow account and the scheduled investments of moneys therein will not adversely affect the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes and that the Bonds have been defeased in accordance with this Indenture. Such report and opinion shall include the Trustee as addressees or the Trustee shall be provided letters stating that the Trustee can rely on such report and opinion as if they were addressed to the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 45 days or are not to be redeemed within the next succeeding 45 days, until the Company shall have given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds, in accordance with Article III hereof, that the deposit required by

(a)(ii) above has been made with the Escrow Agent and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or such noncallable Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and such noncallable Governmental Obligations have been so set aside in trust.

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ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND REGISTERED OWNERS

Section 9.01 *Defaults; Events of Default.* If any of the following events occur, it is hereby declared to constitute an “Event of Default”:

- (a) Default in the due and punctual payment of interest on any Bond;
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to Section 9.12 hereof; or
- (d) The occurrence of an “Event of Default” under Section 8.1 of the Loan Agreement, [Section 8.01 of the Tax Regulatory Agreement,] the Mortgage, the Lease, the Pledge Agreement, or any other Security Agreement.

Section 9.02 *Acceleration.* Subject to the provisions of Section 9.11 hereof, during the continuation of an Event of Default, the Trustee may, and shall, at the direction of the Registered Owners of a majority in aggregate principal amount of Outstanding Bonds, and upon indemnification as provided in Section 10.01(l) hereof, by notice in writing delivered to the Issuer, the Registered Owners and the Company, declare the principal of all Outstanding Bonds and the interest accrued thereon to be immediately due and payable, and thereupon that portion of the principal of the Bonds thereby coming due and the interest accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. Upon any declaration of acceleration hereunder, the Issuer and the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable as Loan Repayments under Section 4.2(a) of the Loan Agreement.

Section 9.03 *Other Remedies; Rights of Registered Owners.* Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and the provisions hereof and of the Loan Agreement

If an Event of Default shall have occurred and be continuing and if requested to do so by the Registered Owners of a majority in aggregate principal amount of Outstanding Bonds, and if indemnified as provided in Section 10.01(l) hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section and by Section 9.02 hereof or by the Mortgage or the Loan Agreement, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners.

No remedy or rights by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Registered Owners) are intended to be exclusive of any other remedy or right, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 9.04 ***Right of Registered Owners to Direct Proceedings.*** Anything in this Indenture to the contrary notwithstanding, the Registered Owners of a majority in aggregate principal amount of the Outstanding Bonds, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, and the provision of indemnity in accordance with Section 10.01(l) hereof, to direct the 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 hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, including, without limitation, (i) the right to accelerate the principal of the Bonds as described in this Indenture and (ii) the right to annul any declaration of acceleration.

Section 9.05 ***Appointment of Receivers.*** Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee, or of the Registered Owners under this Indenture or the Mortgage, the Trustee shall be entitled to apply for (and the Company may resist) the appointment of a receiver or receivers of the Trust Estate and the property covered by the Mortgage, as the case may be, and of the revenues, earnings, rents, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.06 ***Waiver By Issuer.*** Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

Section 9.07 ***Application of Moneys.*** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund 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 matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (with interest on overdue installments of interest, to the extent permitted by law) 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; and

Third, to be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made 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 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, with interest on overdue installments of interest or principal, to the extent permitted by law.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of Section 9.07(b) hereof, 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 Section 9.07(a) hereof.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, 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 with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Company as provided in Section 5.20 hereof.

Section 9.08 ***Remedies Vested in the Trustee.*** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as the

Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Registered Owners of the Outstanding Bonds.

Section 9.09 ***Rights and Remedies of Registered Owners.*** Except as provided in Section 9.04 above, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity 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 10.01(h) hereof, or of which by said subsection it is deemed to have notice, or unless there has been an Event of Default, and in any case the Registered Owners of a majority in aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in Section 10.01(l) hereof, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and 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 any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, 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 and ratable benefit of the Registered Owners of all Outstanding Bonds. However, nothing contained in this Indenture shall affect or impair the right of any Registered Owner to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective Registered Owners thereof at the time, place, from the source and in the manner in the Bonds expressed.

Section 9.10 ***Termination of Proceedings.*** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Company and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 9.11 ***Waivers of Events of Default.*** The Trustee may at its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal, and, notwithstanding anything to the contrary in Section 9.03 hereof, shall do so upon the written request of the Registered Owners of more than 66-2/3% in aggregate principal amount of all Outstanding Bonds; provided, however, that there shall not be waived any Event of Default in the payment of the principal of or interest on any Outstanding Bonds unless prior to such waiver or rescission, all arrears of principal and interest (other than principal of or interest on the Bonds which became due and payable by declaration of acceleration), both, to the extent permitted by law, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding 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 Issuer, the Trustee, the Company, and the Registered Owners shall be restored to their former positions and rights hereunder,

respectively, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

Section 9.12 *Notice of Defaults under Section 9.01(c); Opportunity of the Issuer and the Company to Cure Such Defaults.* Anything herein to the contrary notwithstanding, no Default under Section 9.01(c) hereof shall constitute an Event of Default until actual notice of such Default by registered or certified mail shall be given to the Issuer, the Trustee and the Company by the Trustee or by the Registered Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds and the Issuer and the Company shall have had 30 days after receipt of such notice to correct said Default or cause said Default to be corrected, and shall not have corrected said Default or caused said Default to be corrected within the applicable period; provided, however, if said Default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Company within the applicable period and diligently pursued until the Default is corrected; provided that such Default must be corrected within 60 days of notice.

With regard to any Default concerning which notice is given to the Issuer and the Company under the provisions of this Section, the Issuer hereby grants the Company full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a Default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

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ARTICLE X

TRUSTEE

Section 10.01 *Acceptance of Trusts*. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(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 case an Event of Default has occurred of which the Trustee has notice or is deemed to have notice pursuant to Section 10.01(h) hereof (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 an ordinary, prudent person would exercise or use in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be answerable for the conduct of the same appointed by the Trustee in the exercise of reasonable care, and shall be entitled to advice of counsel concerning 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 opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Company). The Trustee shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except with respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Schoolhouse, or for collecting any insurance moneys (except in accordance with Article V of the Loan Agreement), or for the validity of the execution by the Issuer of this Indenture 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 value or title of the Schoolhouse or any lien waivers with respect to the Project. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Company under the Loan Agreement in connection with the matters referred to in Sections 4.4 and 4.5 thereof, except as hereinafter set forth; but the Trustee may require of the Issuer or the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the Trust Estate. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Loan Agreement.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not the Trustee.

(e) The Trustee shall be protected in 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. 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 owner of any Bond

shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or 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, the Trustee shall be entitled to rely upon a certificate signed by the Issuer Representative or the Company Representative 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 Section 10.01(h) hereof, or of which by Section 10.01(h) 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 by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of such officials of the Issuer who executed the Bonds (or their successors in office) under the seal of the Issuer to the effect that a resolution or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted and is in full force and effect.

(g) The permissive right 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 default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Section 4.01 hereof, or payments to the Trustee under the Loan Agreement or failure by the Issuer or the Company to file with the Trustee any document required by this Indenture or the Loan Agreement to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such Default by the Issuer, the Company, the School or by the Registered Owners of at least 25% in aggregate principal amount of Outstanding Bonds, 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 Trustee's address specified in or pursuant to Section 13.04 below, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Default except as aforesaid.

(i) At any and all reasonable times the Trustee and Majority Bondholder and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right to inspect fully any and all of the Trust Estate, including all books and records of the Issuer pertaining to the Schoolhouse and the Bonds, and to make such copies and memoranda from and with regard thereto as may be desired.

(j) 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.

(k) Notwithstanding anything elsewhere in this Indenture with respect to 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, the Trustee shall have the right, but shall not be required, to demand 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 Issuer to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Sections 9.03, 9.04 or 9.09 hereof, the Trustee may require that a satisfactory indemnity be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct in connection with any such action.

(m) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity against such risk or liability is not reasonably assured to it.

(n) All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

(o) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Bonds or the use of proceeds of the Bonds under Section 148 of the Code, (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code; or (iv) compliance by the Issuer, the Company, or the School with the Tax Regulatory Agreement.

Section 10.02 *Fees, Charges and Expenses of the Trustee.* The Trustee and any paying agents shall be entitled to payment and reimbursement for reasonable fees for their services rendered hereunder, except for expenses incurred because of the Trustee's negligence, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, as provided in Section 4.2(c) of the Loan Agreement. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of, premium, if any, and interest on any Bond upon the Trust Estate for the foregoing fees, charges and expenses incurred by the Trustee.

Section 10.03 *Notice to Registered Owners if Default Occurs.* If a Default occurs of which the Trustee is by Section 10.01(h) hereof required to take notice or if notice of Default be given as therein provided, then the Trustee shall promptly give written notice thereof to the Majority Bondholder and the Registered Owners.

Section 10.04 *Intervention by the Trustee.* In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Registered Owners of the Bonds, the Trustee may intervene on behalf of Registered Owners and shall do so if requested in writing by the Registered Owners of at least a majority of the aggregate principal amount of Outstanding Bonds, and if indemnified as provided in Section 10.01(l) hereof.

Section 10.05 *Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the

execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.06 ***Resignation by the Trustee.*** The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice by first class mail, at the Company's expense, to the Issuer, the Company, the Majority Bondholder and the Registered Owner of each Bond as shown by the list of Registered Owners required by Section 2.08 hereof to be kept by the Trustee, and such resignation shall not take effect until the appointment of a successor Trustee by the Registered Owners or by the Issuer.

Section 10.07 ***Removal of the Trustee.*** The Trustee may be removed at any time upon 30 days' written notice by the Issuer or, with the consent of the Issuer, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer and signed by the Registered Owners of a majority in aggregate principal amount of Outstanding Bonds; provided, however, such removal by the Registered Owners or the Issuer shall not take effect until the appointment of a successor Trustee by the Registered Owners or the Issuer.

Section 10.08 ***Appointment of Successor Trustee by Registered Owners.*** In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may (and shall, in the event of a resignation or removal) be appointed by the Registered Owners of a majority in aggregate principal amount of Outstanding Bonds, after consultation with the Company, by an instrument or concurrent instruments in writing signed by such Registered Owners, or by their attorneys in fact duly authorized, a copy of which shall be delivered personally or sent by registered mail to the Issuer. In case of any such vacancy, the Issuer, by an instrument executed, attested and sealed by those of its officials who executed and attested the Bonds or their successors in office, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee appointed by the Registered Owners. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing, duly incorporated or organized; be duly authorized to exercise trust powers, be subject to examination by a federal or state authority, having a reported capital and surplus of not less than \$75,000,000 if there be such an institution willing, qualified and able to accept the trust upon customary terms.

Section 10.09 ***Acceptance by Any Successor Trustee.*** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Issuer and the Company an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

Section 10.10 ***Right of the Trustee to Pay Assessments and Other Charges.*** In case any assessment, governmental or other charge upon, with respect to, any part of the Schoolhouse is not paid as required herein or in the Loan Agreement or the Mortgage, the Trustee may, but shall not be required to, pay such assessment, governmental or other charge, without prejudice, however, to any rights of the Trustee or the Registered Owners arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment, shall become so much additional indebtedness (to the Trustee) secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Schoolhouse, if not otherwise caused to be paid; but the Trustee shall not be under any obligation to make any such payment unless it shall have been requested to do so by the Registered Owners of at least a majority of the aggregate principal amount of Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 10.11 ***Appointment of Co-Trustee.*** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Loan Agreement or the Mortgage, and in particular in case of the enforcement of any of them on Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section are adapted to these ends.

The Trustee, after consultation with the Company and with the prior written consent of the Issuer, which consent shall not be unreasonably withheld, may appoint an additional individual or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall also be exercisable by and vest in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them. The qualifications of the Co-Trustee shall be the same as those required of a Trustee under Section 10.08 hereof.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

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ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.01 *Supplemental Indentures Not Requiring Consent of Registered Owners.* The Issuer and the Trustee may, without consent of, or notice to, any of the Registered Owners, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee and to make any change which is not to the material prejudice of the Registered Owners of the Bonds;
- (c) To subject to this Indenture additional revenues, properties, or collateral;
- (d) To modify, amend, or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (e) To evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee or paying agent hereunder;
- (f) To amend or modify any provisions of this Indenture so long as such amendment or modification does not materially adversely affect the interests of the registered owners of the Bonds; or
- (g) To provide for the issuance of Additional Bonds in accordance with the provisions of Section 2.12 hereof.

An executed copy of any supplement to this Indenture shall be provided to the Majority Bondholder.

Section 11.02 *Supplemental Indentures Requiring Consent of Registered Owners.* Exclusive of supplemental indentures permitted by Section 11.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of not less than 2/3 in aggregate principal amount of the Outstanding Bonds shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section or in Section 11.01 hereof shall permit, or be construed as permitting, without the consent of the Registered Owners of each Outstanding Bond affected thereby, (a) an extension of the maturity of the principal of, or the interest on, any Bond issued hereunder, or (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (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 required for consent to such supplemental indentures or any modifications or waiver of the provisions of the Loan Agreement, or (e) the creation of any lien ranking

prior to or on a parity with the lien of this Indenture on the Trust Estate or any part thereof, or (f) the deprivation of the Registered Owner of any Outstanding Bond of the lien hereby created on the Trust Estate.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given to the Registered Owner of each Bond shown by the list of Registered Owners required by the terms of Section 2.08 hereof to be kept at the designated corporate trust office of the Trustee. Such notices shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by the all Registered Owners. If, within 60 days or such longer period as shall be prescribed by the Issuer following such notices, the Registered Owners of not less than 2/3 in aggregate principal amount of or of all of the Outstanding Bonds, as the case may be, at the time of the execution of any such supplemental indenture 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 Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Company shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Company at least 15 Business Days prior to the proposed date of execution and delivery of any such supplemental indenture. The Company shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Company on or before 15 Business Days after the mailing of said notice.

An executed copy of any such supplement to this Indenture shall be provided to the Majority Bondholder.

Section 11.03 ***Opinion of Bond Counsel Required.*** Notwithstanding anything in this Article XI to the contrary, no supplemental indenture may be entered into unless the Issuer and the Trustee have first received an opinion of Bond Counsel to the effect that the proposed supplement does not impair the tax-exempt status of the Series A Bonds.

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ARTICLE XII

AMENDMENT OF SECURITY AGREEMENTS

Section 12.01 *Amendments to Security Agreements Not Requiring Consent of Registered Owners.* The Issuer and the Trustee shall without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Security Agreements as may be required (a) by the provisions of the Security Agreements and this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission in the Security Agreements, (c) so as to more precisely identify the Project or the Schoolhouse or to substitute or add additional improvements, equipment or furnishings to the Schoolhouse or additional rights or interests in property acquired in accordance with the provisions of the Security Agreements, (d) to enter into an indenture or indentures supplemental hereto as provided in Section 11.01 hereof, or (e) in connection with any other change therein which is not to the material prejudice of the Trustee or the Registered Owners.

Section 12.02 *Amendments to Security Agreements Requiring Consent of Registered Owners.* Except for the amendments, changes or modifications as provided in Section 12.01 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Security Agreements without mailing of notice and the written approval or consent of the Registered Owners of not less than 2/3 in aggregate principal amount of the Bonds at the time Outstanding, provided that the consent of the Registered Owners of all Outstanding Bonds is required for any amendment, change or modification of the Security Agreements that would permit the termination or cancellation of the Security Agreements or a reduction in or postponement of the payments under the Security Agreements or any change in the provisions relating to the payment thereunder. If at any time the Issuer and the Company shall request the consent of the Trustee to any such proposed amendment, change or modification of the Security Agreements pursuant to this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Registered Owners.

An executed copy of any amendments to the Security Agreements shall be provided to the Majority Bondholder.

Section 12.03 *Opinion of Bond Counsel Required.* Notwithstanding anything in this Article XII to the contrary, the Security Agreements may not be amended unless the Issuer and the Trustee have first received an opinion of Bond Counsel to the effect that the proposed amendment does not impair the tax-exempt status of the Series A Bonds.

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ARTICLE XIII

MISCELLANEOUS

Section 13.01 *Consents of Registered Owners.* Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Registered Owners may be in any number of concurrent documents and may be executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of the Issuer maintained by the Trustee pursuant to Section 2.08 hereof.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the Registered Owner of such Bond until the Trustee shall have received notice in writing to the contrary. For purposes of consents, Bonds owned by the Issuer, the Company or the School are not deemed "Outstanding".

Section 13.02 *Limitation of Rights.* With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, and the Registered Owners of the Bonds, any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Registered Owners of the Bond, as herein provided.

Section 13.03 *Severability.* If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 13.04 *Notices.* Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail unless otherwise indicated, postage prepaid, or by confirmed telecopy, addressed as follows:

If to the Issuer:

City of Ramsey, Minnesota
7550 Sunwood Drive NW
Ramsey, Minnesota 55303-5137
Attn: Administrator

If to the Trustee: Wells Fargo Bank, National Association
MAC: N9311-115
625 Marquette Avenue, 11th Floor
Minneapolis, MN 55479
Attn: Corporate Trust Services

If to the Company: PCS Building Company
c/o PACT Charter School
7250 E. Ramsey Parkway
Ramsey, Minnesota 55303
Attn: _____

With a copy to: John Cairns Law, P.A.
2751 Hennepin Avenue
Box 280
Minneapolis, Minnesota 55408
Attn: John Cairns

If to the Original Purchaser: Dougherty & Company LLC
90 South 7th Street, Suite 4400
Minneapolis, Minnesota 55402-4115
Attn: _____

Copies of all notices sent hereunder shall be sent to the Majority Bondholder. The Issuer, the Company, the Trustee, and the Original Purchaser, the Majority Bondholder may designate, by writing delivered to the addresses stated in or pursuant to this Section 13.04, any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.05 **Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 13.06 **Counterparts.** This Indenture 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 13.07 **Applicable Provisions of Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 13.08 **Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Trustee, the paying agent, if any, 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 covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer and the Company shall be for the sole and exclusive benefit of the Trustee, the paying agent, if any, and the Registered Owners of the Bonds.

Section 13.09 *Survival of Certain Provisions*. Notwithstanding anything in this Indenture to the contrary, any provisions of this Indenture which relate to the majority of the Bonds, interest payments and dates therefor, optional and mandatory redemption provisions, credit against sinking fund payments, exchange, transfer and cancellation of the Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of the Bonds, non-presentation of the Bonds, the holding of moneys in trust, and repayments to the Company and the Issuer from Indenture funds and accounts, the rebate of amounts to the United States of America, and the rights, remedies and duties of the Trustee and the Registrar in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee, the Registrar, the Paying Agent and the Owners notwithstanding the release and discharge of this Indenture. The provisions of this Section 13.09 shall survive the release, discharge and satisfaction of this Indenture.

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IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its corporate name and with its official seal being intentionally omitted as permitted by law and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name, both as of the date first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its Administrator

Execution page of the Trustee to the Indenture of Trust, dated as of _____ 1, 2013.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION,**
as Trustee

By _____

Its _____

EXHIBIT A

(FORM OF SERIES A BOND)

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA**

**CITY OF RAMSEY, MINNESOTA
LEASE REVENUE REFUNDING BONDS
(PACT CHARTER SCHOOL PROJECT)
SERIES 2013A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Nominal Original Issue Date</u>	<u>CUSIP</u>
%	_____ 1, 20__	June __, 2013	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____

KNOW ALL PERSONS BY THESE PRESENTS that the City of Ramsey, Minnesota (the "Issuer"), a municipal corporation organized and existing under the laws of the State of Minnesota, for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner (Named Above), or registered assigns, on the Maturity Date (Stated Above), upon surrender hereof, the Principal Sum (Stated Above), and in like manner to pay interest on said Principal Sum from the Original Issue Date hereof at the Interest Rate per annum (Stated Above), semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 201_ (or, if any such day is not a business day, then on the next business day thereafter with the same effect as if paid on such date), until said Principal Sum is paid, except as the provisions hereinafter set forth with respect to redemption of this bond prior to maturity may become applicable hereto. Both principal of and premium, if any, on this bond are payable in lawful money of the United States of America at the designated corporate trust office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as trustee ("Trustee"), or at the duly designated office of any successor Trustee or paying agents appointed under the Indenture (as defined hereinafter). Payment of interest on this bond shall be made to the Registered Owner hereof on the "Regular Record Date" or "Special Record Date," as the case may be, and shall be paid by check or draft mailed to the person who shall be the Registered Owner hereof on the Regular Record Date or Special Record Date, as the case may be, at his address as it then appears on the registration books of the Trustee. The Regular Record Date shall be the fifteenth day of the calendar month preceding an Interest Payment Date. The Special Record Date shall be a date for payment of interest, specified by the Trustee in the event of a default on the payment of interest. Interest shall also be payable by wire transfer to an account in a domestic financial institution designated in writing to the Trustee, on or before the appropriate record date, upon request by, and at the expense of, a Registered Owner of at least \$1,000,000 in initial aggregate principal amount of the hereinafter defined Bonds.

So long as this Bond is registered in the name of a nominee of the Depository Trust Company ("DTC"), payment of principal, premium, if any, and interest on this Bond shall be made as provided in the Letter of Representations and surrender of this Bond shall not be required for payment of the

redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Indenture, Bonds may only be registered in the name of DTC or its nominee.

This bond is one of an authorized issue of the “Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013A” (the “Bonds”), limited in aggregate principal amount to \$_____. The Bonds are being issued simultaneously with the Issuer’s Taxable Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013B, limited in aggregate principal amount to \$_____ (the “Series B Bonds”). The Bonds and the Series B Bonds are being issued to (i) advance refund the Issuer’s Lease Revenue Bonds (PACT Charter School Project) Series 2004A (the “Prior Bonds”), the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 72,000 square foot public elementary and secondary schoolhouse located at 7250 Ramsey Parkway East Northwest in the City of Ramsey, Minnesota (the “City”) (the “Project”), all to be owned by the Company and leased to PACT Charter School (the “School”); (ii) fund a debt service reserve fund; and (iii) pay the costs of issuing the Bonds. The proceeds from the sale of the Bonds have been loaned by the Issuer to the Company, under the terms of a Loan Agreement, dated as of _____ 1, 2013 (as from time to time amended and supplemented, the “Loan Agreement”), under which the Company is obligated to pay amounts which are sufficient to (a) pay the principal of, premium, if any, and interest on the Bonds as the same shall become due in accordance with their terms and provisions and the terms and provisions of the Indenture (as hereinafter defined), (b) pay the fees and expenses of the Trustee and any paying agents properly payable under the Indenture (as defined hereinafter), and (c) pay certain expenses of the Issuer related to the Project and the issuance of the Bonds. The Company has granted a lien on the Schoolhouse (as defined in the Indenture) to the Trustee, pursuant to the Amended and Restated Mortgage, Security Agreement and Assignment of Rents, dated as of _____ 1, 2013 (the “Mortgage”), to secure the obligations under the Loan Agreement and the Indenture. Copies of the Loan Agreement and the Mortgage are on file at the designated corporate trust office of the Trustee, and reference is hereby made to the Loan Agreement and the Mortgage for the provisions thereof.

THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE ISSUER, THE CITY OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM REVENUES DERIVED FROM THE SALE, OPERATION, OR LEASING OF THE SCHOOLHOUSE AND THE PAYMENTS RECEIVED UNDER THE LOAN AGREEMENT AND, UPON AN EVENT OF DEFAULT, THE MORTGAGE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

The Bonds and the Series B Bonds are all issued under and are equally and ratably secured by and entitled to the protection of an Indenture of Trust, dated as of _____ 1, 2013, between the Issuer and the Trustee (as from time to time amended and supplemented, the “Indenture”), duly executed and delivered by the Issuer to the Trustee and pursuant to which all payments due from the Company to the Issuer under the Loan Agreement are assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds. Reference is hereby made to the Indenture for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the Registered Owners of the Bonds and the terms upon which the Bonds are issued and secured.

The Bonds are issuable in fully registered form, in minimum denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof. This bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee in Minneapolis, Minnesota, but only in the manner, subject to the limitations and upon payment of the

charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer a new registered Bond or Bonds of the same series, date, interest rate and maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Issuer and the Trustee and any paying agents may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds shall be callable at any time upon the occurrence of any of the following: (1) the Schoolhouse or any portion thereof is damaged or destroyed or taken in a condemnation proceeding to which Section 5.2(b) of the Loan Agreement is applicable, or (2) the Company shall exercise its option to purchase the Schoolhouse as provided in Section 9.2 of the Loan Agreement or (3) upon acceleration because of an Event of Default. If called for redemption at any time for the reasons stated in clauses (1), (2) or (3) above, the Bonds shall be subject to redemption by the Issuer at any time in whole or (in the case of redemption pursuant to Section 5.2(b) of the Loan Agreement) in such manner as the Company may direct, less than all of such Bonds of a single maturity to be selected randomly in such manner as the Trustee may determine, such redemption to be at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

The Bonds maturing after _____ 1, 202_ are subject to redemption by the Issuer at the option of the Company on any day from and after _____ 1, 202_, in whole or in part on any date, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date of redemption.

The Bonds and the Series B Bonds shall be redeemed upon a Determination of Taxability, in whole but not in part, within 30 days after the date of the Determination of Taxability and at a redemption price equal to 103% of the principal amount of the Bonds and 100% of the principal amount of the Series B Bonds, plus accrued interest to the redemption date.

The Bonds are subject to mandatory sinking fund redemption prior to maturity, and are to be redeemed randomly or such other manner as the Trustee may determine, at 100% of the principal amount thereof plus accrued interest to the date of redemption, on the following dates and in the following principal amounts:

Bonds Maturing June , 20

Payment Date (____ 1)	Principal Amount	Payment Date (____ 1)	Principal Amount
--------------------------	---------------------	--------------------------	---------------------

*Final Maturity

Bonds Maturing 1, 20

Payment Date (____ 1)	Principal Amount	Payment Date (____ 1)	Principal Amount
--------------------------	---------------------	--------------------------	---------------------

*Final Maturity

Bonds Maturing 1, 20

Payment Date (____ 1)	Principal Amount	Payment Date (____ 1)	Principal Amount
--------------------------	---------------------	--------------------------	---------------------

*Final Maturity

At the option of the Company, to be exercised by facsimile transmission not less than 45 days next proceeding any sinking fund redemption date of a written certificate to the Trustee, the Company may (i) deliver to the Trustee for cancellation Bonds in an aggregate principal amount desired by the Company or (ii) specify a principal amount of Bonds which, prior to said date, have been redeemed (otherwise than through mandatory redemption) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount against the obligation of the Issuer on such mandatory sinking fund redemption date, and any excess shall be so credited against future sinking fund redemption obligations on such Bonds in chronological order. In the event the Company shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds to be canceled.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days and not more than 45 days prior to the date fixed for redemption to the Registered Owner of each bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure has occurred. In the case of an optional redemption, the notice may state (a) that it is conditioned upon the deposit of moneys, in an amount equal to effect the redemption, with the Trustee on or before the redemption date or (b) that the Company retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as hereinafter described. On or before the redemption date, funds sufficient to redeem such Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Paying Agent. The Bonds thus called shall not, on or after the specified redemption date, bear any interest and, except for the purpose of payment, shall not be entitled to the lien of this Indenture. Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Company delivers a certificate of the Company to the Issuer and the trustee at least 5 days prior to the redemption date instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Company to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Act"), and pursuant to a resolution adopted by the City Council of the Issuer which authorized the execution and delivery of the Bonds, the Loan Agreement and the Indenture.

The Registered Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, unless an event of default as defined in the Indenture shall have occurred, and then only to the extent provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City of Ramsey, Minnesota, has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its authorized officers, as of the Date of Original Issue first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its Administrator

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**
Trustee

By _____
Responsible Agent

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the transferees indicated below the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises:

Transferee(s)

Principal Amount

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature must be guaranteed by a member of a Medallion Signature Program:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

The Trustee will not effect transfer of this Bond unless the information concerning the transferee(s) requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account)

Insert social security or
other identifying number of
Transferee

EXHIBIT B

(FORM OF SERIES B BOND)

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA**

**CITY OF RAMSEY, MINNESOTA
TAXABLE LEASE REVENUE REFUNDING BONDS
(PACT CHARTER SCHOOL PROJECT)
SERIES 2013B**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Nominal Original Issue Date</u>	<u>CUSIP</u>
%	_____ 1, 20__	June __, 2013	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____

KNOW ALL PERSONS BY THESE PRESENTS that the City of Ramsey, Minnesota (the "Issuer"), a body corporate and politic organized and existing under the laws of the State of Minnesota, for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner (Named Above), or registered assigns, on the Maturity Date (Stated Above), upon surrender hereof, the Principal Sum (Stated Above), and in like manner to pay interest on said Principal Sum from the Original Issue Date hereof at the Interest Rate per annum (Stated Above), semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 201_ (or, if any such day is not a business day, then on the next business day thereafter with the same effect as if paid on such date), until said Principal Sum is paid, except as the provisions hereinafter set forth with respect to redemption of this bond prior to maturity may become applicable hereto. Both principal of and premium, if any, on this bond are payable in lawful money of the United States of America at the designated corporate trust office of Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as trustee ("Trustee"), or at the duly designated office of any successor Trustee or paying agents appointed under the Indenture (as defined hereinafter). Payment of interest on this bond shall be made to the Registered Owner hereof on the "Regular Record Date" or "Special Record Date," as the case may be, and shall be paid by check or draft mailed to the person who shall be the Registered Owner hereof on the Regular Record Date or Special Record Date, as the case may be, at his address as it then appears on the registration books of the Trustee. The Regular Record Date shall be the fifteenth day of the calendar month preceding an Interest Payment Date. The Special Record Date shall be a date for payment of interest, specified by the Trustee in the event of a default on the payment of interest. Interest shall also be payable by wire transfer to an account in a domestic financial institution designated in writing to the Trustee, on or before the appropriate record date, upon request by, and at the expense of, a Registered Owner of at least \$1,000,000 in initial aggregate principal amount of the hereinafter defined Bonds.

So long as this Bond is registered in the name of a nominee of the Depository Trust Company ("DTC"), payment of principal, premium, if any, and interest on this Bond shall be made as provided in the Letter of Representations and surrender of this Bond shall not be required for payment of the

redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Indenture, Bonds may only be registered in the name of DTC or its nominee.

This bond is one of an authorized issue of the “Taxable Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013B” (the “Bonds”), limited in aggregate principal amount to \$_____. The Bonds are being issued simultaneously with the Issuer’s Taxable Lease Revenue Refunding Bonds (PACT Charter School Project) Series 2013A, limited in aggregate principal amount to \$_____ (the “Series A Bonds”). The Bonds and the Series A Bonds are being issued to (i) advance refund the Issuer’s Lease Revenue Bonds (PACT Charter School Project) Series 2004A (the “Prior Bonds”), the proceeds of which were used to finance the acquisition, construction, and equipping of an approximately 72,000 square foot public elementary and secondary schoolhouse located at 7250 Ramsey Parkway East Northwest in the City of Ramsey, Minnesota (the “City”) (the “Project”), all to be owned by the Company and leased to PACT Charter School (the “School”); (ii) fund a debt service reserve fund; and (iii) pay the costs of issuing the Bonds. The proceeds from the sale of the Bonds have been loaned by the Issuer to the Company, under the terms of a Loan Agreement, dated as of _____ 1, 2013 (as from time to time amended and supplemented, the “Loan Agreement”), under which the Company is obligated to pay amounts which are sufficient to (a) pay the principal of, premium, if any, and interest on the Bonds as the same shall become due in accordance with their terms and provisions and the terms and provisions of the Indenture (as hereinafter defined), (b) pay the fees and expenses of the Trustee and any paying agents properly payable under the Indenture (as defined hereinafter), and (c) pay certain expenses of the Issuer related to the Project and the issuance of the Bonds. The Company has granted a lien on the Schoolhouse (as defined in the Indenture) to the Trustee, pursuant to the Amended and Restated Mortgage, Security Agreement and Assignment of Rents, dated as of _____ 1, 2013 (the “Mortgage”), to secure the obligations under the Loan Agreement and the Indenture. Copies of the Loan Agreement and the Mortgage are on file at the designated corporate trust office of the Trustee, and reference is hereby made to the Loan Agreement and the Mortgage for the provisions thereof.

THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF THE ISSUER, THE CITY OR OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND SHALL BE PAYABLE SOLELY FROM REVENUES DERIVED FROM THE SALE, OPERATION, OR LEASING OF THE SCHOOLHOUSE AND THE PAYMENTS RECEIVED UNDER THE LOAN AGREEMENT AND, UPON AN EVENT OF DEFAULT, THE MORTGAGE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

The Bonds and the Series A Bonds are all issued under and are equally and ratably secured by and entitled to the protection of an Indenture of Trust, dated as of _____ 1, 2013, between the Issuer and the Trustee (as from time to time amended and supplemented, the “Indenture”), duly executed and delivered by the Issuer to the Trustee and pursuant to which all payments due from the Company to the Issuer under the Loan Agreement are assigned to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds. Reference is hereby made to the Indenture for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer, the Trustee and the Registered Owners of the Bonds and the terms upon which the Bonds are issued and secured.

The Bonds are issuable in fully registered form, in minimum denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof. This bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee in Minneapolis, Minnesota, but only in the manner, subject to the limitations and upon payment of the

charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer a new registered Bond or Bonds of the same series, date, interest rate and maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Issuer and the Trustee and any paying agents may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds shall be callable at any time upon the occurrence of any of the following: (1) the Schoolhouse or any portion thereof is damaged or destroyed or taken in a condemnation proceeding to which Section 5.2(b) of the Loan Agreement is applicable, or (2) the Company shall exercise its option to purchase the Schoolhouse as provided in Section 9.2 of the Loan Agreement or (3) upon acceleration because of an Event of Default. If called for redemption at any time for the reasons stated in clauses (1), (2) or (3) above, the Bonds shall be subject to redemption by the Issuer at any time in whole or (in the case of redemption pursuant to Section 5.2(b) of the Loan Agreement) in such manner as the Company may direct, less than all of such Bonds of a single maturity to be selected randomly in such manner as the Trustee may determine, such redemption to be at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

The Bonds and the Series A Bonds shall be redeemed upon a Determination of Taxability, in whole but not in part, within 30 days after the date of the Determination of Taxability and at a redemption price equal to 100% of the principal amount of the Bonds and 103% of the principal amount of the Series A Bonds, plus accrued interest to the redemption date.

The Bonds are subject to mandatory sinking fund redemption prior to maturity, and are to be redeemed randomly or such other manner as the Trustee may determine, at 100% of the principal amount thereof plus accrued interest to the date of redemption, on the following dates and in the following principal amounts:

<u>Bonds Maturing</u>	<u>1, 201</u>
Redemption Date (_____ 1)	Principal Amount

*Final Maturity

At the option of the Company, to be exercised by facsimile transmission not less than 45 days next proceeding any sinking fund redemption date of a written certificate to the Trustee, the Company may (i) deliver to the Trustee for cancellation Bonds in an aggregate principal amount desired by the Company or (ii) specify a principal amount of Bonds which, prior to said date, have been redeemed (otherwise than through mandatory redemption) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount against the obligation of the Issuer on such mandatory sinking fund redemption date, and any excess shall be so credited against future sinking fund redemption obligations on such Bonds in chronological order. In the event the Company

shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds to be canceled.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days and not more than 45 days prior to the date fixed for redemption to the Registered Owner of each bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure has occurred. In the case of an optional redemption, the notice may state (a) that it is conditioned upon the deposit of moneys, in an amount equal to effect the redemption, with the Trustee on or before the redemption date or (b) that the Company retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as hereinafter described. On or before the redemption date, funds sufficient to redeem such Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Paying Agent. The Bonds thus called shall not, on or after the specified redemption date, bear any interest and, except for the purpose of payment, shall not be entitled to the lien of this Indenture. Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Company delivers a certificate of the Company to the Issuer and the trustee at least five days prior to the redemption date instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Company to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Minnesota, particularly Minnesota Statutes, Sections 469.152 through 469.1651, as amended (the "Act"), and pursuant to a resolution adopted by the City Council of the Issuer which authorized the execution and delivery of the Bonds, the Loan Agreement and the Indenture.

The Registered Owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, unless an event of default as defined in the Indenture shall have occurred, and then only to the extent provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Ramsey, Minnesota, has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its authorized officers, as of the Date of Original Issue first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its Administrator

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**
Trustee

By _____
Responsible Agent

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the transferees indicated below the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises:

Transferee(s)

Principal Amount

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature must be guaranteed by a member of a Medallion Signature Program:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

The Trustee will not effect transfer of this Bond unless the information concerning the transferee(s) requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account)

Insert social security or
other identifying number of
Transferee

