

PRELIMINARY OFFICIAL STATEMENT DATED [_____], 2022**BOOK-ENTRY ONLY
NOT BANK QUALIFIED****RATING: [S&P: “Requested”]
SEE “BOND RATING”**

In the opinion of Taft Stettinius & Hollister LLP, as Bond Counsel, under existing Minnesota and federal laws, regulations, rulings, and decisions, and assuming compliance by the Issuer, the School and the Company with all requirements of the Internal Revenue Code of 1986, as amended, interest on the Series 2022A Bonds is not included in gross income of the owners thereof for federal income tax purposes or in taxable net income of individuals, estates or trusts for Minnesota income tax purposes, and is not an item of tax preference for purposes of the computation of federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates and trusts. Interest on the Series 2022A Bonds is subject to the Minnesota franchise tax measured by income and imposed on corporations and financial institutions. Interest on the Series 2022B Bonds is taxable as ordinary income for federal and Minnesota income tax purposes. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Series 2022A Bonds or arising with respect to the ownership of the Series 2022A Bonds. See “TAX MATTERS” in this Official Statement.

**CITY OF RAMSEY, MINNESOTA
CHARTER SCHOOL LEASE REVENUE REFUNDING BONDS
(PACT CHARTER SCHOOL PROJECT)
\$[PAR-A]* SERIES 2022A
\$[PAR-B]* TAXABLE SERIES 2022B**

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

The above-referenced Series 2022A Bonds (the “Series 2022A Bonds”) and Series 2022B Bonds (the “Series 2022B Bonds” and, together with the Series 2022A Bonds, the “Series 2022 Bonds”) are special, limited obligations of the City of Ramsey, Minnesota (the “Issuer”). The Series 2022 Bonds do not constitute general obligations or a debt, liability, or pledge of the full faith and credit of the Issuer, the State of Minnesota (the “State”), or of any political subdivision or agency thereof. The Series 2022 Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer except for the Issuer’s interest in the revenues derived from the Loan Agreement and amounts held pursuant to the Indenture as described herein. Undefined capitalized terms used herein are defined in the text hereof or APPENDIX F of this Official Statement.

Pursuant to the Loan Agreement, dated as of August 1, 2022, all proceeds of the Series 2022 Bonds will be loaned by the Issuer to PCS Building Company (the “Company”), a Minnesota nonprofit corporation and 501(c)(3) organization. Proceeds of the Series 2022 Bonds, and, along with other available funds of the Company, will be applied by the Company to: (i) refund the Issuer’s outstanding Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013A (the “Series 2013 Bonds”), the proceeds of which were used to refinance the original acquisition, construction and equipping of an approximately 74,000 square foot school facility located at 7250 East Ramsey Parkway (the “Original School Facility”) in the City of Ramsey, Minnesota (the “City”), which is currently leased to and operated by PACT Charter School, a Minnesota nonprofit corporation and 501(c)(3) organization (the “Charter School”) as a public charter school for students in grades K through 12; (ii) refinance that certain Promissory Note dated June 30, 2020 (the “Prior Note”) by the Company to Propel Nonprofits, the proceeds of which were used to finance certain improvements and renovations to the Original School Facility; (iii) finance certain additional improvements to the Original School Facility, which after renovation will be operated as a public charter school for grades K through 5 (the Original School Facility as improved, the “Elementary School Campus”); (iv) finance the acquisition of approximately 18 acres of vacant land and the construction and equipping of an approximately 115,000 square foot facility to be operated by the Charter School as a public charter school for grades 6 through 12 to be located at or about 7633 161st Avenue NW in the City (the “Upper School Campus” and, together with the Elementary School, the “School Facilities”) (collectively, the “Series 2022 Project”); (v) fund a debt service reserve fund for the Series 2022 Bonds; (vi) fund capitalized interest on a portion of the Series 2022 Bonds; and (vii) pay the costs of issuance of the Series 2022 Bonds.

The Series 2022 Bonds will be payable from the money held for the payment thereof by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), including amounts held in the Reserve Fund and Loan Repayments to be made by the Company under the Loan Agreement. The Series 2022 Bonds will be secured by a mortgage lien on and security interest in the School Facilities and an assignment of all rents, revenues and profits thereof in favor of the Trustee, subject to certain Permitted Encumbrances (as defined in the Mortgage). **[[LEASE(S) TO BE DISCUSSED/CONFIRMED BY BORROWER’S COUNSEL]]** The School Facilities will be leased by the Company to the Charter School pursuant to two separate lease agreements, each dated as of August 1, 2022, which the Company will assign to the Trustee and under which the Charter School will be required to make lease payments in amounts sufficient to pay debt service on the Series 2022 Bonds, plus certain other payments. See “THE SERIES 2022 BONDS” and “SECURITY FOR THE SERIES 2022 BONDS” in this Official Statement.

The Series 2022 Bonds will be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple in excess thereof and will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Series 2022 Bonds will be made in book-entry form only. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2022 Bonds. See “THE SERIES 2022 BONDS” in this Official Statement.

The Series 2022 Bonds are subject to redemption as described herein under “THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds.” An investment in the Series 2022 Bonds is subject to certain risks. See “BONDHOLDERS’ RISKS” in this Official Statement. This cover page contains certain information for quick reference only. This cover page is not intended to be a summary of the Series 2022 Bonds or the security therefor. Investors must read the entire Official Statement, including the Appendices hereto, to obtain information essential to the making of an informed decision.

SEE THE INSIDE FRONT COVER PAGE FOR THE MATURITY SCHEDULES FOR THE SERIES 2022 BONDS

The Series 2022 Bonds are offered when, as and if issued and accepted by Robert W. Baird & Co. Incorporated (the “Underwriter”), subject to the opinion as to the validity of the Series 2022 Bonds and tax-exempt status of the Series 2022A Bonds by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr LLP, Minneapolis, Minnesota, and for the Company and the Charter School by Dorsey & Whitney LLP, Minneapolis, Minnesota. It is expected that the Series 2022 Bonds will be delivered on or about [_____], 2022. For information with respect to the Underwriter, see “UNDERWRITING” in this Official Statement.



The date of this Official Statement is [_____], 2022

*Preliminary, subject to change.

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

MATURITY SCHEDULES

**[\$[PAR-A]*
City of Ramsey, Minnesota
Charter School Lease Revenue Refunding Bonds
(PACT Charter School Project)
Series 2022A**

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP⁽²⁾
2026					
2027					
2028					
2029					
2030					
2031					
2032					

\$ _____ * _____% Series 2022A Term Bonds Due June 1, 20__*
Price of _____% to Yield _____%
CUSIP: _____⁽¹⁾

\$ _____ * _____% Series 2022A Term Bonds Due June 1, 20__*
Price of _____% to Yield _____%
CUSIP: _____⁽¹⁾

\$ _____ * _____% Series 2022A Term Bonds Due June 1, 20__*
Price of _____% to Yield _____%
CUSIP: _____⁽¹⁾

**[\$[PAR-B]*
City of Ramsey, Minnesota
Taxable Charter School Lease Revenue Refunding Bonds
(PACT Charter School Project)
Series 2022B**

\$ _____ * _____% Series 2022B Term Bonds Due June 1, 20__*
Price of _____% to Yield _____%
CUSIP: _____⁽¹⁾

**Preliminary, subject to change.*

⁽¹⁾ CUSIP is a registered trademark of American Bankers Association (“ABA”). CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of ABA. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2022 Bonds and neither the Issuer nor the Underwriter nor the Company makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

For a schedule of the mandatory sinking fund payments with respect to each maturity of the Series 2022 Bonds, see “THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds – Mandatory Sinking Fund Redemption” in this Official Statement.

Issuer

City of Ramsey, Minnesota

Company

PCS Building Company
Ramsey, Minnesota

Charter School

PACT Charter School
Ramsey, Minnesota

Charter School Officers

Joline Neilson – Chair
Emily Nelson – Vice-Chair
Brad Lawrence - Treasurer
Samantha Peltier – Secretary
Jason Busch – Board Member
Lindsey Ellison – Board Member
Jennifer McDevitt – Board Member
Jennifer Rassett – Board Member
Carl Sandmann – Board Member
Jason Tossey – Board Member
Amy Erendu - Ex-officio, Executive Director of Education
Josh Nyquist – Ex-officio, Executive Director of Building Operations

Company and Charter School’s Counsel

Dorsey & Whitney LLP
Minneapolis, Minnesota

Bond Counsel to the Issuer

Taft Stettinius & Hollister LLP
Minneapolis, Minnesota

Underwriter

Robert W. Baird & Co. Incorporated
St. Paul, Minnesota

Underwriter’s Counsel

Ballard Spahr LLP
Minneapolis, Minnesota

Trustee and Paying Agent

U.S. Bank Trust Company, National Association
Saint Paul, Minnesota

Auditor

Abdo
Minneapolis, Minnesota

Charter School Finance Manager

BerganKDV
Minneapolis, Minnesota

No person has been authorized by the Issuer, the Underwriter, the Company, or the Charter School to give any information regarding the Series 2022 Bonds, the Company, the Charter School, the School Facilities, the Series 2022 Project, the offering contained herein and related matters or to make any representations other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information contained in this Official Statement has been furnished by or on behalf of the Company and the Charter School and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement at any time nor any sale made hereunder creates any implication that the information herein is correct as of any time subsequent to its date.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Neither the Issuer nor any of its members, agents, employees or representatives have reviewed this Official Statement or investigated the statements or representations contained herein, except for those statements relating to the Issuer set forth under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – Issuer." Except with respect to the information contained under such captions, neither the Issuer nor any of its members, agents, employees or representatives makes any representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. Members of the governing body of the Issuer and any other person executing the Series 2022 Bonds are not subject to personal liability by reason of the issuance of the Series 2022 Bonds. The Issuer assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2022 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

References in this Official Statement to Minnesota law, the Series 2022 Bonds, the Indenture, Loan Agreement, the Leases, the Pledge Agreement, the Mortgage, the Assignment of Lease, the Continuing Disclosure Agreement, [the Escrow Agreement], the Account Control Agreement, the Intercreditor Agreement, and other documents do not purport to be complete. Potential investors should refer to such statutes and documents for full and complete details of their provisions. Copies of such documents are on file with the Trustee and the Company.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2022 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2022 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED “FORWARD-LOOKING STATEMENTS,” MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “BUDGET,” OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CHARTER SCHOOL AND THE COMPANY DO NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR. THE BUDGET PROJECTIONS OF THE CHARTER SCHOOL CONTAINED IN APPENDIX C ATTACHED TO THIS OFFICIAL STATEMENT ARE NOT HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE OF THE CHARTER SCHOOL, BUT ARE FORWARD-LOOKING PROJECTIONS OF FUTURE, PROJECTED FINANCIAL PERFORMANCE OF THE CHARTER SCHOOL.

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Official Statement. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Official Statement. Undefined capitalized terms used below are defined in APPENDIX F hereto or elsewhere in this Official Statement.

Issuer..... The City of Ramsey, Minnesota (the “Issuer”) is authorized to issue the Series 2022 Bonds pursuant to (i) Minnesota Statutes, Sections 469.152 through 469.165, as amended (the “Act”); and (ii) a resolution of the governing body of the Issuer adopted on [July 12], 2022 (the “Issuer Resolution”). See “THE ISSUER” in this Official Statement.

The Company and the Charter School..... PCS Building Company, a Minnesota nonprofit corporation (the “Company”), is a 501(c)(3) organization formed for the purpose of owning and leasing the School Facilities (defined below) to PACT Charter School, a Minnesota nonprofit corporation (the “Charter School”). The Charter School is a 501(c)(3) organization and a public charter school organized under Minnesota law and operated pursuant to a Charter Agreement between the Charter School and Bethel University (the “Authorizer”). **[[TO BE CONFIRMED BY BORROWER AND UPON RECEIPT AND REVIEW OF VOA APPROVAL:** Charter School is currently in the process of transferring to a new authorizer as the Authorizer has submitted a withdrawal letter which will be effective June 30, 2023. The new authorizer will be Volunteers of America which will begin oversight of the Charter School in July, 2022. Business will run as usual under the Authorizer until the transfer is completed by June 30, 2023.]] See “THE CHARTER SCHOOL” and “THE COMPANY” in this Official Statement. See also “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL AND THE SERIES 2022 PROJECT” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement.

The Series 2022 Bonds..... The Issuer will issue its (i) Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022A (the “Series 2022A Bonds”), in the original aggregate principal amount of \$[PAR-A]*, and (ii) Taxable Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022B (the “Series 2022B Bonds,” and together with the Series 2022A Bonds, the “Series 2022 Bonds”), in the original aggregate principal amount of \$[PAR-B]*. The Series 2022 Bonds will be issued in authorized minimum denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, pursuant to (i) the Issuer Resolution, and (ii) an Indenture of Trust, dated as of August 1, 2022 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, Saint Paul, Minnesota (the “Trustee”). See “THE SERIES 2022 BONDS” in this Official Statement.

Use of Proceeds Proceeds of the Series 2022 Bonds will be loaned to the Company pursuant to a Loan Agreement, dated as of August 1, 2022 (the “Loan Agreement”), between the Issuer and the Company, and, along with other available funds of the Company, will be applied by the Company to: (i) refund the Issuer’s outstanding Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013A (the “Series 2013 Bonds”), the proceeds of which were used to refinance the original acquisition, construction and equipping of an approximately 74,000 square foot school facility located at 7250 East Ramsey Parkway (the “Original School Facility”) in the City of Ramsey, Minnesota (the “City”), which is currently leased to and operated by the Charter School as a public charter school for students in grades K through 12; (ii) refinance that certain Promissory Note dated June 30, 2020 (the “Prior Note”) by the Company to Propel Nonprofits, the proceeds of which were used to finance certain improvements and renovations to

the Original School Facility; (iii) finance certain improvements to the Original School Facility, which after renovation will be operated as a public charter school for grades K through 5 (the Original School Facility as improved, the “Elementary School Campus”); (iv) finance the acquisition of approximately 18 acres of vacant land and the construction and equipping of an approximately 115,000 square foot facility to be operated by the Charter School as a public charter school for grades 6 through 12 to be located at or about 7633 161st Avenue NW in the City (the “Upper School Campus” and, together with the Elementary School, the “School Facilities”) (collectively, the “Series 2022 Project”); (v) fund a debt service reserve fund for the Series 2022 Bonds; (vi) fund capitalized interest on a portion of the Series 2022 Bonds; and (vii) pay the costs of issuance of the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS” in this Official Statement.

Payment Interest accrues on the Series 2022 Bonds at the rates set forth on the inside front cover of this Official Statement from the date of issue and is payable on June 1 and December 1 of each year commencing December 1, 2022*, by check or draft of the Trustee to the persons who were the registered owners of the Series 2022 Bonds as of the 15th day of the month preceding each interest payment date provided that any holder of not less than \$1,000,000 principal amount of Series 2022 Bonds may receive payment of interest by wire transfer upon proper instruction to the Trustee. Principal and premium, if any, will be payable at the principal corporate trust office of the Trustee. See “THE SERIES 2022 BONDS” in this Official Statement.

Special, Limited Obligations *The Series 2022 Bonds are special, limited obligations of the Issuer payable solely from the Loan Repayments to be made by the Company, pursuant to the Loan Agreement, and other funds pledged therefor under the Indenture. The Series 2022 Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer, except for the Issuer’s interest in the revenues derived from the Loan Agreement and amounts held pursuant to the Indenture as described herein. The Series 2022 Bonds do not give rise to a general obligation or general liability of the Issuer, the State of Minnesota (the “State”), or of any political subdivision or agency thereof, or a charge against the general credit of the Issuer, the State or any political subdivision or agency thereof, and shall never constitute nor give rise to a pecuniary liability of the Issuer, the State, or any political subdivision or agency thereof. The Series 2022 Bonds do not constitute a debt, moral obligation, liability or loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the State, or of any political subdivision thereof. The obligations of the Company under the Loan Agreement are a general credit pledge of the Company, provided, however, that the Company does not have taxing power and does not have the ability to charge fees to the Charter School’s students in the event that revenues of the Company under the Leases are not sufficient to pay operations and debt service on the Series 2022 Bonds. See “SECURITY FOR THE SERIES 2022 BONDS” in this Official Statement.*

Security for the Series 2022 Bonds The Series 2022 Bonds will be secured by and payable from an assignment and pledge of (i) all money held under the Indenture, including Series 2022 Bond proceeds initially deposited in the Reserve Fund, (ii) the interest of the Issuer in the revenues derived from the Loan Agreement (except for certain rights to indemnification and payments of fees and expenses), and (iii) amounts realized pursuant to a mortgage on the School Facilities or an assignment of leases, (iv) insurance benefits and condemnation awards payable with respect thereto, (v) Lease Payments due from the Charter School, which will be automatically withdrawn by the Trustee from the Sweep Account pursuant to a Pledge and Covenant Agreement, dated as of August 1, 2022 (the “Pledge Agreement”),

*Preliminary, subject to change.

between the Charter School and the Trustee, and (vi) investment earnings on the foregoing. The Series 2022 Bonds will also be secured under the terms of a Mortgage, Security Agreement and Assignment of Rents, dated as of August 1, 2022 (the “Mortgage”), between the Company and the Trustee. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Covenants of the School” and “– THE MORTGAGE” in this Official Statement. The Series 2022 Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer, except for the Issuer’s interest in the revenues derived from the Loan Agreement and amounts held pursuant to the Indenture as described herein. See “SECURITY FOR THE SERIES 2022 BONDS” in this Official Statement.

Risk Factors Purchase of the Series 2022 Bonds involves a degree of risk. A prospective purchaser of the Series 2022 Bonds is advised to read this entire Official Statement, including the Appendices attached hereto, in its entirety, particularly the section entitled “BONDHOLDERS’ RISKS” in this Official Statement, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2022 Bonds.

Optional Redemption The Series 2022A Bonds are subject to optional redemption, in whole or in part, by the Company on June 1, 2032* or any Business Day thereafter, at a redemption price equal to the principal amount of the Series 2022A Bonds to be redeemed plus accrued interest to the redemption date, without a premium. The Series 2022B Bonds are not subject to optional redemption. See “THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds” in this Official Statement.

Mandatory and Extraordinary Redemption The Series 2022 Bonds are subject to special mandatory redemption (i) in the event of a Determination of Taxability with respect to the Series 2022A Bonds, in whole, at a redemption price equal to the sum of the principal amount of the Series 2022 Bonds, plus accrued interest on the Series 2022 Bonds plus, for the Series 2022A Bonds, a premium, (ii) upon certain events of damage, destruction, or condemnation of the School Facilities, (iii) as a result of or upon changes in the Constitution of the State or of the United States or of legislative or administrative action that render the Loan Agreement unenforceable, at a redemption price equal to the principal amount of the Series 2022 Bonds plus accrued interest to the date of redemption. The Series 2022 Bonds are also subject to mandatory sinking fund redemption as set forth herein. See “THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds” in this Official Statement.

Trustee and Paying Agent U.S. Bank Trust Company, National Association in Saint Paul, Minnesota. See “THE TRUSTEE” in this Official Statement.

Form The Series 2022 Bonds will be registered under a book-entry system in the name of The Depository Trust Company (“DTC”) or its nominees. The Series 2022 Bonds will be issued in denominations of \$5,000 or any integral multiples of \$5,000 in excess thereof. See “THE SERIES 2022 BONDS” in this Official Statement.

Exchange and Transfer While the Series 2022 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners may be made as described in “THE SERIES 2022 BONDS” and “APPENDIX I – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

Tax Status In the opinion of Taft Stettinius & Hollister LLP Minneapolis, Minnesota, as Bond Counsel to the Issuer, under existing laws, regulations, rulings, and decisions, and assuming compliance by the Issuer, the Charter School, and the Company with all requirements of the Internal Revenue Code of 1986, as amended, interest on the Series 2022A Bonds is not included in gross income of

the owners thereof for federal income tax purposes or, to the same extent, in taxable net income of individuals, estates or trusts for State income tax purposes, and is not an item of tax preference for purposes of the computation of federal alternative minimum tax imposed on individuals and the State alternative minimum tax applicable to individuals, estates, and trusts. Interest on the Series 2022A Bonds is subject to the State franchise tax measured by income and imposed on corporations and financial institutions. Interest on the Series 2022B Bonds is taxable as ordinary income for federal and State income tax purposes. No opinion will be expressed by Bond Counsel regarding other State or federal tax consequences caused by the receipt or accrual of interest on the Series 2022A Bonds or arising with respect to the ownership of the Series 2022A Bonds. See “TAX MATTERS” and “APPENDIX G – FORM OF BOND COUNSEL OPINION” in this Official Statement.

Continuing Disclosure

Agreement Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12), the Company and the Charter School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2022 Bonds to provide certain financial information, other operating data and notices of material events. See “CONTINUING DISCLOSURE,” and “APPENDIX H – FORM OF CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

Bond Rating The Series 2022 Bonds will be rated by S&P Global Ratings. See “BONDHOLDERS’ RISKS – Maintenance of Credit Rating” and “BOND RATING” in this Official Statement.

Delivery Information The Series 2022 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that delivery of the Series 2022 Bonds will be made on or about [_____], 2022 through the facilities of DTC in New York, New York, against payment therefor.

Financial

Statements The Charter School’s audited financial statements for the fiscal year ended June 30, 2021 are included in this Official Statement as APPENDIX D. These are the most recent audited financial statements available for the Charter School. The financial statements in APPENDIX D have been audited by Abdo, Minneapolis, Minnesota. See “AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL” and “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021” in this Official Statement.

The unaudited interim financial statements for the eleven-month period ended May 31, 2022 are included in this Official Statement as APPENDIX E. The unaudited interim financial statements contained in APPENDIX E have been prepared by the Charter School’s finance manager, BerganKDV (the “Finance Manager”) and have not been audited, reviewed or examined by any independent accounting firm. See “APPENDIX E – UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE CHARTER SCHOOL FOR THE ELEVEN-MONTH PERIOD ENDED MAY 31, 2022” in this Official Statement.

Budget Projection The Budget Projection (the “Budget Projection”) attached hereto in APPENDIX C is a projection of the future financial performance of the Charter School based upon certain assumptions made by the Charter School and contained therein. No assurances can be given that the operations of the Charter School will equal or exceed the projected future financial performance set forth in the Budget Projection. The Budget Projection has not been updated to reflect pricing of the

Series 2022 Bonds. The Budget Projection is for the fiscal years of the Charter School ending June 30, 2022 through June 30, 20[___].

Additional

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

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OFFICIAL STATEMENT

CITY OF RAMSEY, MINNESOTA
CHARTER SCHOOL LEASE REVENUE REFUNDING BONDS
(PACT CHARTER SCHOOL PROJECT)
[\$[PAR-A]* SERIES 2022A
[\$[PAR-B]* TAXABLE SERIES 2022B

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Any capitalized term not required to be capitalized is used with the meaning assigned in APPENDIX F or in the Indenture or other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only and are qualified in their entirety by the definitions in APPENDIX F or the documents with respect to which such terms relate. The Appendices hereto are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

General

This Official Statement provides information regarding the Issuer's (i) Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022A (the "Series 2022A Bonds"), in the original aggregate principal amount of \$[PAR-A]* and (ii) Taxable Charter School Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2022B (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Series 2022 Bonds"), in the original aggregate principal amount of \$[PAR-B]*. The Series 2022 Bonds will be issued by the City of Ramsey, Minnesota (the "Issuer") pursuant to (i) a resolution of the governing body of the Issuer adopted on [July 12], 2022, and (ii) an Indenture of Trust, dated as of August 1, 2022 (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, Saint Paul, Minnesota (the "Trustee"). The Issuer will loan the proceeds of the Series 2022 Bonds (the "Loan") to the Company pursuant to a Loan Agreement, dated as of August 1, 2022 (the "Loan Agreement"), between the Issuer and PCS Building Company (the "Company"), a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). See "APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS" in this Official Statement.

Proceeds of the Series 2022 Bonds, along with other available funds of the Company, will be applied by the Company to: (i) refund the Issuer's outstanding Lease Revenue Refunding Bonds (PACT Charter School Project), Series 2013A (the "Series 2013 Bonds"), the proceeds of which were used to refinance the original acquisition, construction and equipping of an approximately 74,000 square foot school facility located at 7250 East Ramsey Parkway (the "Original School Facility") in the City of Ramsey, Minnesota (the "City"), which is currently leased to and operated by PACT Charter School, a Minnesota nonprofit corporation and 501(c)(3) organization (the "Charter School") as a public charter school for students in grades K through 12; (ii) refinance that certain Promissory Note dated June 30, 2020 (the "Prior Note") by the Company to Propel Nonprofits, the proceeds of which were used to finance certain improvements and renovations to the Original School Facility; (iii) finance certain improvements to the Original School Facility, which after renovation will be operated as a public charter school for grades K through 5 (the Original School Facility as improved, the "Elementary School Campus"); (iv) finance the acquisition of approximately 18 acres of vacant land and the construction and equipping of an approximately 115,000 square foot facility to be operated by the Charter School as a public charter school for grades 6 through 12

to be located at or about 7633 161st Avenue NW in the City (the “Upper School Campus” and, together with the Elementary School, the “School Facilities”) (collectively, the “Series 2022 Project”); (v) fund a debt service reserve fund for the Series 2022 Bonds; (vi) fund capitalized interest on a portion of the Series 2022 Bonds; and (vii) pay the costs of issuance of the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS” in this Official Statement. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL AND THE SERIES 2022 PROJECT” in this Official Statement.

Loan of Series 2022 Bond Proceeds

The Loan will be made by the Issuer to the Company pursuant to the Loan Agreement under which the Company will agree to make monthly payments (“Loan Repayments”) which, if fully and promptly paid, will be sufficient to pay when due the scheduled principal of and interest on the Series 2022 Bonds. Proceeds of the Loan will be deposited in the funds and accounts established under the Indenture and will be used to finance the Series 2022 Project and related costs. Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Series 2022 Bonds, all of its interest in the Loan Agreement (other than certain unassigned rights) to secure payment of the principal of, premium, if any, and interest on the Series 2022 Bonds. Pursuant to a Tax Certificate, dated the date of issuance of the Series 2022 Bonds (the “Tax Certificate”), by the Company and the Charter School and endorsed by the Issuer and a Tax Regulatory Agreement, dated the date of issuance of the Series 2022 Bonds (the “Tax Regulatory Agreement”), among the Company, the Charter School, and the Trustee, the Company and the Charter School will make certain representations and covenants related to maintaining the exclusion from gross income for federal income tax purposes of interest on the Series 2022A Bonds. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT” in this Official Statement.

Mortgage

Pursuant to a Mortgage, Security Agreement and Assignment of Rents, dated as of August 1, 2022 (the “Mortgage”), between the Company and the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds will be secured by a mortgage lien on and security interest in the School Facilities, subject to certain “Permitted Encumbrances” described in the Mortgage. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE MORTGAGE” in this Official Statement.

Disbursing Agreement

The proceeds of the Series 2022 Bonds deposited in the 2022 Project Fund will be disbursed to pay the cost of the acquisition, renovation and equipping of the 2022 Project pursuant to the terms of the Disbursing Agreement, dated as of August 1, 2022 (the “Disbursing Agreement”), between the Company, the Charter School, the Trustee, and Land Title, Inc. (“Title Insurer”). The obligation of the Trustee to disburse funds to the Title Insurer for Project Costs under the Disbursing Agreement is subject to a number of conditions precedent, including a determination by the Trustee and the Title Insurer that amounts remaining in the 2022 Project Fund are sufficient to acquire and complete the construction of the 2022 Improvements. Pursuant to the Disbursing Agreement, the Title Insurer is obligated to collect lien waivers with respect to each disbursement of funds prior to approving the next disbursement.

Leases

[[LEASE(S) TO BE DISCUSSED/CONFIRMED BY BORROWER’S COUNSEL]] Pursuant to (i) a Lease Agreement, dated as of August 1, 2022 (the “Elementary School Lease”), the Company will lease the Elementary School Campus to the Charter School, and (ii) a Lease Agreement, dated as of August 1, 2022 (the “Upper School Lease” and, together with the Elementary School Lease, the “Leases”), the

Company will lease the Upper School Campus to the Charter School. The Charter School shall use the School Facilities for the charitable purpose of operating a public charter school in accordance with Minnesota Statutes, Chapter 124E. The term of each of the Leases is equal to the term of the Series 2022 Bonds. Payments due under the Leases shall be withdrawn by the Trustee from the Sweep Account (defined herein) for deposit in the Revenue Fund, and shall, in the aggregate, be equal to the amount necessary for the Company to pay semi-annual debt service on the Series 2022 Bonds and certain other fees and costs in connection with the Series 2022 Bonds.

Lease payments made by the Charter School shall be paid, in part, from building lease aid received by the Charter School from the State of Minnesota (the “State”) pursuant to Minnesota Statutes, Section 124E.22, as amended. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LEASES” in this Official Statement.

Pledge Agreement and Account Control Agreement

As additional security on the Series 2022 Bonds, the Charter School will pledge certain of its revenues to the Trustee for payments on the Series 2022 Bonds as necessary, pursuant to a Pledge and Covenant Agreement, dated as of August 1, 2022 (the “Pledge Agreement”), from the Charter School to the Trustee. The Pledge Agreement also provides that in the event Building Lease Aid is insufficient to make lease payments under the Leases, general education funding from the State, and other State and federal pass-through education funding sources shall be applied to the payment of such insufficiency. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE INDENTURE” and “– THE PLEDGE AGREEMENT” in this Official Statement.

The Trustee and the Charter School will also enter into one or more Account Control Agreements, dated as of August 1, 2022 (collectively, the “Account Control Agreement”), between the Charter School, the Trustee, and [_____], as depository bank (and along with any successor depository bank, the “Depository Bank”) relating to the Charter School’s accounts held at the Depository Bank. Under the Pledge Agreement, the education revenues received by the Charter School from the State will be deposited into a Sweep Account, from which the Trustee shall withdraw the payments due from the Charter School under the Leases. The Pledge Agreement requires that all banking accounts of the Charter School be subject to the Account Control Agreement.

Reserve Fund

On the date of issuance of the Series 2022 Bonds, proceeds of the Series 2022 Bonds in an amount equal to the Reserve Fund Requirement (\$_____*) will be deposited in the Reserve Fund created by the Indenture. Earnings on amounts in the Reserve Fund will be deposited therein so long as the balance therein is less than the Reserve Fund Requirement. Amounts in the Reserve Fund will secure the Series 2022 Bonds and may be used by the Trustee to pay principal of and interest on the Series 2022 Bonds in the event sums in the Bond Fund are insufficient for such purpose. See “SECURITY FOR THE SERIES 2022 BONDS – Reserve Fund” and “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE INDENTURE – The Reserve Fund” in this Official Statement.

Special Covenants of the Company and the Charter School

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Company and requires the Company to impose certain restrictions on the Charter School pursuant to the Leases or the Pledge Agreement. In particular, the Loan Agreement prohibits the Company from issuing any Additional Bonds or incurring additional Indebtedness (defined in APPENDIX F) unless the Company can satisfy certain covenants or obtain approval of the Majority Bondholder, an amendment to the Pledge Agreement and to the Mortgage providing coverage for such additional Indebtedness. See “APPENDIX F

– DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Additional Bonds and Additional Indebtedness” in this Official Statement.

The Company has also agreed in the Loan Agreement to cause the Charter School to make certain covenants in the Leases or Pledge Agreement, to (a) limit Additional Indebtedness, (b) provide certain periodic financial reports, (c) make all applications for applicable State and federal funds, (d) maintain certain debt service coverage requirements and unrestricted Cash on Hand in the amounts required by the Loan Agreement and Pledge Agreement, and (e) maintain a Capital Repair and Replacement Fund. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Covenants of the School” and “– THE LEASES” in this Official Statement.

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Leases, the Escrow Agreement, the Assignment of Lease, the Pledge Agreement, the Continuing Disclosure Agreement, the Issuer, the Company, the Charter School, the School Facilities, the Series 2022 Project, and the Series 2022 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the principal corporate trust office of the Trustee.

Bondholders’ Risks

Certain risks associated with an investment in the Series 2022 Bonds are discussed under “BONDHOLDERS’ RISKS” in this Official Statement.

THE ISSUER

The Issuer is a municipal corporation and a political subdivision of the State of Minnesota, duly organized and existing under the laws and Constitution of the State of Minnesota. Pursuant to Minnesota Statutes, Sections 469.152 through 469.165, as amended (the “Act”). The Issuer is not pledging its revenue, credit, or taxing power to the Series 2022 Bonds. The Issuer does not and will not in the future monitor the financial condition of the Company or the Charter School, the operation of the School Facilities, or otherwise monitor payment of the Series 2022 Bonds or compliance with the documents relating thereto. The responsibility for the operation of the School Facilities will rest entirely with the Company and the Charter School.

The Series 2022 Bonds are special, limited obligations of the Issuer. No recourse by any holder of the Series 2022 Bonds (the “Bondholder”) will be had for the payment of the principal of, premium, if any, or interest on any of the Series 2022 Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Loan Agreement, against any past, present, or future officer, member, counsel, advisor or agent of the Issuer or any successor thereto, as such, directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as such has been expressly waived as a condition of and in consideration of the execution of the Indenture, the Loan Agreement and the issuance of the Series 2022 Bonds. *The Series 2022 Bonds do not constitute a debt, moral obligation, liability or loan of credit or a pledge of the full faith and credit or taxing powers of the Issuer, the State or any political subdivision thereof.*

No information regarding the Issuer will be provided in respect of any continuing disclosure requirement relating to the Series 2022 Bonds. The Issuer has not assumed responsibility for any

information in this Official Statement, except for the information under this caption and the caption “ABSENCE OF LITIGATION – Issuer.”

THE COMPANY

The Company is a Minnesota nonprofit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code. The Company is the owner of the Original School Facility leased to the Charter School, and will be the owner of the School Facilities to be leased to the Charter School upon completion of the Series 2022 Project. Additional information about the Company is located in “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT” in this Official Statement.

THE CHARTER SCHOOL

The Charter School is a Minnesota nonprofit corporation and an organization exempt from federal income taxation pursuant to Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code. The Company leases the Original School Facility to the Charter School and will lease the School Facilities to the Charter School upon completion of the Series 2022 Project. The Charter School educates students in kindergarten through grade twelve, as authorized by the Charter Agreement (defined below). The Charter School has operated continuously since the 1994-1995 school year.

The Charter School is a public charter school operating under applicable laws of the State. Under the provisions of Minnesota Statutes, Chapter 124E, as amended (the “Charter School Act”), an organization may be approved by the State to authorize one or more charter schools. The authorization for a charter school must be in the form of a written contract between the authorizer and the charter school for a term not exceeding five years and which must contain a description of the charter school program, the specific outcomes that the charter school pupils are expected to achieve, admission policies and procedures, management and administration of the charter school, requirements and procedures for program and financial audits, insurance coverage, and certain additional information required by law. The Charter School has executed a contract (the “Charter Agreement”), with Bethel University (the “Authorizer”), in conformity with the Charter School Act. The Authorizer and the Charter School have entered into a Charter Agreement as of July 1, 2020, for a three-year term, expiring on June 30, 2023. **[[TO BE CONFIRMED BY BORROWER AND UPON RECEIPT AND REVIEW OF VOA APPROVAL:** The Charter School is currently in the process of transferring to a new authorizer as the Authorizer has submitted a withdrawal letter which will be effective June 30, 2023. The new authorizer will be Volunteers of America which will begin oversight of the Charter School in July, 2022. Business will run as usual under the Authorizer until the transfer is completed by June 30, 2023.]]

The Charter School receives its funding from a combination of (a) State aid such as: General Education Aid (which coincides with enrollment), compensatory aid and Building Lease Aid (which coincides with enrollment); and (b) federal programs administered by the State including Title I, Part A of the No Child Left Behind Elementary and Secondary Education Act (NCLB/ESEA), Improving Basic Program, Title II, Part A of the NCLB/ESEA, Teacher/Principal Training and Recruitment, and Title V, Part A – Regular Innovative Programs. Additional information about the Charter School is located in “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT” in this Official Statement. See also “CHARTER SCHOOL FUNDING IN MINNESOTA – State Payments” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement for further information regarding State funding of charter schools.

THE SERIES 2022 PROJECT

The Series 2022 Project consists of (i) refunding of the Series 2013 Bonds; (ii) refunding of the Prior Note; (iii) financing certain improvements to the Original School Facility, which after renovation will be operated as the Elementary School Campus for grades K through 5; (iv) financing the acquisition, construction and equipping of the Upper School Campus for grades 6 through 12; (v) funding a debt service reserve fund for the Series 2022 Bonds; (vi) funding capitalized interest on a portion of the Series 2022 Bonds; and (vii) paying the costs of issuance of the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS” and “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE SCHOOL FACILITIES AND THE SERIES 2022 PROJECT” in this Official Statement.

Plan of Refunding

A portion of the proceeds of the Series 2022A Bonds, together with other moneys held by Wells Fargo Bank, National Association in Minneapolis, Minnesota (the “Prior Trustee”), under that certain Indenture of Trust dated as of November 1, 2013 (the “2013 Indenture”) between the Issuer and the Prior Trustee, will be used by the Company to refund the Series 2013 Bonds. See “– Refunding Fund” below in this Official Statement.

The Series 2013 Bonds to be refunded with proceeds of the Series 2022A Bonds and additional funds held by the prior trustee for the Series 2013 Bonds on [____], 2022 (the “Redemption Date”), are described in more detail below:

<u>Maturity Date (December 1)</u>	<u>Interest Rate</u>	<u>Principal Amount to be Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP (75181P)</u>
2023	5.00%	\$ 915,000	____, 2022	100%	AM9
2026	5.00	1,545,000	____, 2022	100	AN7
2033	5.50	5,715,000	____, 2022	100	AP2

Prior Note. On the date of issuance of the Series 2022 Bonds, a portion of the Series 2022A Bonds will be used to prepay the Prior Note issued by Propel Nonprofits in the original aggregate principal amount of \$526,870, and currently outstanding in the amount of \$[8,600,000].

Refunding Fund

On the date of issuance of the Series 2022A Bonds, a portion of the proceeds of the Series 2022A Bonds will be deposited in the Refunding Fund created under the Indenture and held by the Trustee. Amounts on deposit in the Refunding Fund will be used, along with other funds held by the prior trustee for the Series 2013 Bonds, to pay the outstanding principal of, interest, and premium, if any, on the Series 2013 Bonds on the Redemption Date. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE INDENTURE – Refunding Fund” in this Official Statement.

Upper School Campus Land Acquisition

[[TO BE UPDATED UPON RECEIPT AND REVIEW OF PSA]][Pursuant to a[n Agreement of Purchase and Sale], dated [____, 20__] (together with any other supplements and amendments, the “Purchase Agreement”), by and between [____], as seller (the “Seller”) and the Company, as buyer, the Company will use portion of the proceeds of the Series 2022 Bonds to purchase the approximately 18 acres of vacant land located at or about 7633 161st Avenue NW in the City (the “Land”), for a purchase price of \$[____]. The Seller is unrelated to the Company and the Charter School and any of their employees

or officers and the sale is an arm's length transaction. See "SOURCES AND USES OF FUNDS" and "APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE SCHOOL FACILITIES AND THE SERIES 2022 PROJECT" in this Official Statement.

Upper School Campus Construction

[[TO BE UPDATED UPON RECEIPT AND REVIEW OF DRAFT CONSTRUCTION CONTRACT]][The Upper School Campus will be constructed by [_____] (the "Contractor"), based in [_____] , Minnesota. The Contractor was founded in [_____] and has over [_____] years of experience in providing pre-construction planning, construction management and general contracting services to community, healthcare, corporate, and multifamily clients throughout the State. The Company has entered into two Standard Form of Agreement Between Owner and Contractor for Labor (the "Labor Agreement") with the Contractor and a separate materials agreement (the "Materials Agreement"), between the Company and the Contractor. The Labor Agreement and the Materials Agreement are collectively referred to as the "Construction Contract." Subject to additions and deductions authorized by the Company pursuant to the Construction Contract, the guaranteed maximum price is estimated not to exceed \$[_____] * for labor and materials in connection with the construction of the Upper School Campus. The Company anticipates purchasing the payment and performance bond for the construction of the Upper School Campus and the funds for such bonds are included in the Company's budget for the Upper School Campus. The Construction Contract provides that the Contractor will achieve substantial completion of the Upper School Campus no later than 365 days from the date of commencement of construction (estimated to be completed by August 2023) and does not require liquidated damages in case of late delivery of the Upper School Campus. The Construction Contract provides that if the Contractor is delayed in starting the work by circumstances outside its control, the Company, the Charter School, [_____] (the "Architect"), and the Contractor will coordinate a completion plan for the building that will satisfy the City of Ramsey for issuance of a temporary certificate of occupancy for the beginning of the Fall 2023 school year. The Labor Contract and the Materials Contract each require the Contractor to provide a payment and performance bond equal to 100% of the guaranteed maximum price of each contract.]

The construction of the Upper School Campus is expected to begin in [August] 2022 and be completed by August 2023 prior to the scheduled start of the 2023-2024 school year in September 2023. See "APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE SCHOOL FACILITIES AND THE SERIES 2022 PROJECT" in this Official Statement.

Elementary School Campus Renovations

A portion of the proceeds of the Series 2022 Bonds will be used to finance certain interior renovations to the Original School Facility to equip the Original School Facility to transition from serving grades kindergarten to twelve to serving grades kindergarten through five (the "Elementary School Renovations"). The Original School Facility, as improved by the Elementary School Renovations is referred to herein as the "Elementary School Campus". **[[TO BE UPDATED]]**[Elementary School Renovations will be completed by [_____] pursuant to a [_____] Agreement] dated as of [_____, 20__]. The construction of the Elementary School Renovations is expected to begin in [_____, 20__] and be completed by [_____, 20__] prior to the scheduled start of the 2023-2024 school year.] See "APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE SCHOOL FACILITIES AND THE SERIES 2022 PROJECT" in this Official Statement.

The Owner's Representative and Development Consultant

The Company has engaged JB Vang Partners, Inc. of St. Paul, Minnesota ("JBVP"), to serve as the owner's representative and development consultant in connection with the construction of the Series 2022

Project pursuant to the Development Management Services Agreement (the “Development Management Agreement”). Pursuant to the Development Management Agreement, JBVP will assist the Company with completion of the Series 2022 Project, including monitoring the project budget and schedule throughout construction. JBVP has experience managing the development process for commercial and nonprofit real estate projects ranging from small retail to charter schools to church buildings, including charter schools in Brooklyn Park, Elk River, Cologne, Brooklyn Center, Forest Lake, Prior Lake, Minneapolis and Saint Paul, Minnesota. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – [_____]– The Owner’s Representative and Development Consultant” in this Official Statement.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds. Following are the expected sources and uses for funds (excluding investment income) associated with the Series 2022 Bonds:

Sources of Funds:*

Series 2022A Par Amount

Series 2022B Par Amount

[Net] Original Issue [Premium/Discount] _____

Total Sources of Funds

Uses of Funds:*

Deposit to Construction Fund

Deposit to Reserve Fund

Deposit to Refunding Fund

Costs of Issuance and Real Estate Costs⁽¹⁾ _____

Total Uses of Funds

⁽¹⁾Includes costs payable upon, and in connection with, the issuance of the Series 2022 Bonds, including but not limited to Underwriter’s compensation, legal fees and expenses, printing, Rating Agency fees, Trustee fees, Issuer fees and accountant fees.

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ESTIMATED DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2022 Bonds, assuming no prepayments. All amounts shown in the table below are gross debt service prior to the application of any earnings on amounts deposited in the Reserve Fund and the other funds and accounts established under the Indenture. Interest on the Series 2022 Bonds will be paid on June 1 and December 1 of each year, commencing December 1, 2022*. Principal of the Series 2022 Bonds will be paid on June 1 of each year, commencing (a) June 1, 20__* for the Series 2022A Bonds and (b) June 1, 20__* for the Series 2022B Bonds.

Year Ending (June 1)	Series 2022A Bonds		Series 2022B Bonds		Total Debt Service
Principal Amount*	Interest Amount	Principal Amount*	Interest Amount		
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
2056					
2057 ⁽¹⁾					
Totals					

⁽¹⁾ Does not include application of the amount on deposit in the Reserve Fund to the final payment of principal due on the Series 2022A Bonds

THE SERIES 2022 BONDS

Interest; Maturity; Payment

The Series 2022A Bonds will be issued in the original aggregate principal amount of \$[PAR-A]* and the Series 2022B Bonds will be issued in the original aggregate principal amount of \$[PAR-B]*. The Series 2022 Bonds will bear interest as set forth on the inside front cover page hereof. Interest will be payable semiannually on June 1 and December 1 (each an “Interest Payment Date”) of each year, commencing on December 1, 2022*. Interest will be calculated on the basis of a 360-day year with twelve (12) months of thirty (30) days.

The Series 2022 Bonds will be issued in the form of fully registered bonds without interest coupons in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof.

The principal of, interest on, and premium, if any, on the Series 2022 Bonds shall be payable when due by wire of the Trustee to The Depository Trust Company, New York, New York (“DTC”), which will in turn remit such principal, interest and premium, if any, to Participants (as defined below), which Participants will in turn remit such principal, interest and premium, if any, to the Significant Bondholder (described below) of the Series 2022 Bonds as described herein. See “APPENDIX I – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

In the event the Series 2022 Bonds are not registered in the name of Cede & Co., as nominee of DTC, or another eligible depository as described below, the principal of, interest on, and premium, if any, on each Series 2022 Bond will be payable only at the corporate trust operations center of the Trustee in Minneapolis, Minnesota, as described in the Indenture. Payment of interest on the Series 2022 Bonds will be paid by check or draft mailed on each Interest Payment Date by the Trustee to the Registered Owners of record appearing on the registration books kept by the Trustee as of the applicable Regular Record Date preceding each Interest Payment Date, or upon request, as provided in the Indenture, of any Significant Owner (an owner of at least \$1,000,000 in aggregate principal amount of Series 2022 Bonds), by electronic wire transfer on each Interest Payment Date to the account designated by such Registered Owner to the Trustee in writing on or before the Regular Record Date for any interest payment.

The Registered Owner of any Series 2022 Bond will be the person or persons in whose name or names a bond is registered on the registration books kept for that purpose by the Trustee in accordance with the terms of the Indenture.

Redemption of Series 2022 Bonds

Optional Redemption. The Series 2022A Bonds are subject to redemption by the Issuer, at the option of the Company, on June 1, 2032* and any Business Day thereafter, in whole or in part on any date, at the redemption price equal to the principal amount to be redeemed plus accrued interest to the date of redemption.

The Series 2022A Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If only a portion of the Series 2022A Bonds are redeemed, such Series 2022A Bonds to be redeemed will be selected from maturities designated by the Company. If less than all of one maturity is to be redeemed, the Series 2022A Bonds of such maturity will be selected randomly in such manner determined by the Trustee.

The Series 2022B Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption.

Series 2022A Bonds. The Series 2022A Bonds are subject to mandatory sinking fund redemption prior to maturity, and are to be redeemed randomly by lot or in 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 2022A Bonds Maturing June 1, 2042**

<u>Payment Date (June 1)</u>	<u>Principal Amount</u>	<u>Payment Date (June 1)</u>	<u>Principal Amount</u>
2033		2038	
2034		2039	
2035		2040	
2036		2041	
2037		2042 ⁽¹⁾	

⁽¹⁾ *Stated Maturity.*

\$ _____ *Series 2022A Bonds Maturing June 1, 2052**

<u>Payment Date (June 1)</u>	<u>Principal Amount</u>	<u>Payment Date (June 1)</u>	<u>Principal Amount</u>
2043		2048	
2044		2049	
2045		2050	
2046		2051	
2047		2052 ⁽¹⁾	

⁽¹⁾ *Stated Maturity.*

\$ _____ ** Series 2022A Bonds Maturing June 1, 2057**

<u>Payment Date (June 1)</u>	<u>Principal Amount</u>	<u>Payment Date (June 1)</u>	<u>Principal Amount</u>
2053		2056	
2054		2057 ⁽¹⁾	
2055			

⁽¹⁾ *Stated Maturity.*

Series 2022B Bonds. The Series 2022B Bonds are subject to mandatory sinking fund redemption prior to maturity, and are to be redeemed randomly or in 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 2022B Bonds Maturing June 1, 2026**

Payment Date (June 1)	Principal Amount
2025	
2026 ⁽¹⁾	

⁽¹⁾ *Stated Maturity.*

At the option of the Company, to be exercised by delivery of a written certificate to the Trustee (which may be by Electronic Means in accordance with the Indenture) not less than forty-five (45) days next preceeding any sinking fund redemption date, the Company may (i) deliver to the Trustee for cancellation such Series 2022 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 one hundred percent (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.

Extraordinary Redemption. The Series 2022 Bonds are subject to redemption at any time upon the occurrence of any of the following events: (i) the School Facilities or any portion thereof, is damaged or destroyed or taken in a condemnation proceeding and the Company elects to apply Net Proceeds to redemption of all or a portion of the Series 2022 Bonds; (ii) any of the events described below under the heading “Option to Redeem Bonds Upon Occurrence of Certain Events” have occurred and upon the Company’s exercising its option to prepay the Loan; or (iii) upon acceleration because of an Event of Default; or (iv) in the event of a Determination of Taxability. If called for redemption at any time pursuant to clause (i), clause (ii), or clause (iii) above, the Series 2022 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 (b) below, 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 one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date.

Option to Redeem Bonds Upon Occurrence of Certain Events.

(a) If, at any time, the School Facilities shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six (6) months to substantially the condition thereof immediately preceding such damage or destruction, (ii) to such extent that the Company or the Charter School is thereby prevented, in the Company’s judgment, from carrying on its normal operations at the School Facilities for a period of six (6) months or more, or (iii) to such extent that the cost of restoration thereof would exceed the Net Proceeds of insurance required to be carried thereon pursuant to the requirements of the Loan Agreement.

(b) If, at any time, title to, or the temporary use for a period of six (6) months or more of all or substantially all of the School Facilities, or such part thereof as shall materially interfere in the Company’s

judgment, with the operation of the School Facilities for the purpose for which the School Facilities were designed, shall have been taken under the exercise of the power of eminent domain or be effectively taken through the exercise of police or other similar power by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Company or the Charter School being thereby prevented from carrying on its normal operations at the School Facilities for a period of six (6) months or more).

(c) If, at any time, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Company in good faith, the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed in the Loan Agreement.

To exercise its options under (a), (b), or (c) above, the Company must, within sixty (60) days following the event authorizing or requiring such redemption, give notice to the Issuer and the Trustee, specifying a redemption date not less than fifty (50) days nor more than ninety (90) days from the date such notice is mailed.

Mandatory Redemption upon Determination of Taxability. All Series 2022 Bonds are subject to mandatory redemption in whole, at their principal amount, plus accrued interest, plus for the Series 2022A Bonds, a 3% premium, upon the occurrence of a Determination of Taxability (as defined in APPENDIX F), with respect to the Series 2022A Bonds, on a redemption date not later than thirty (30) days following the finalization of such Determination of Taxability.

Acceleration. Upon an Event of Default under the Indenture, all Series 2022 Bonds are subject to acceleration and prepayment on any date selected by the Trustee at their principal amount, plus accrued interest, without premium.

Notice of Redemption; Payment

The Trustee is required to cause notice of redemption to be mailed to the then owner of each Series 2022 Bond to be redeemed, by first class mail at least [thirty (30)] days and not more than forty-five (45) days prior to the redemption date (or such shorter time as may be agreed upon by the Trustee). Failure to mail or any defect in any such notice shall not affect the validity of any proceedings for the redemption of any Series 2022 Bond not affected by such failure or defect. Interest on any Series 2022 Bonds or portions thereof called for redemption ceases to accrue on the date established for redemption.

In the case of an optional redemption under the Indenture, the notice may state (a) that it is conditioned upon the deposit of money, in an amount equal to the redemption price of the Series 2022 Bonds to be redeemed and prepaid, 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 money is not so deposited or if the notice is rescinded as hereinafter described. On or before the redemption date, funds sufficient to redeem such Series 2022 Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Trustee. The Series 2022 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 the Indenture. Any Conditional Redemption may be rescinded in whole, not 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 five (5) days prior to the redemption date instructing the Trustee to rescind the redemption notice. A certificate of the Company delivered by the Company to the Issuer and the Trustee less than five (5) days prior to the redemption date will have no force and effect and will not rescind any

Conditional Redemption. The Trustee shall give prompt notice of any properly tendered notice of rescission to the affected Bondholders. Any Series 2022 Bonds subject to Conditional Redemption where redemption has been rescinded within the timeframe provided above 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 available funds sufficient to redeem all of the Series 2022 Bonds so called for redemption 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 Series 2022 Bonds called for redemption remain Outstanding. Any extraordinary costs incurred by the Trustee in connection with a rescission of a redemption shall be paid by the Company

SECURITY FOR THE SERIES 2022 BONDS

Special, Limited Obligations

THE SERIES 2022 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER AND WILL NOT CONSTITUTE A DEBT, LIABILITY, GENERAL OBLIGATION OR PLEDGE OF THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2022 BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE ISSUER OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE SERIES 2022 BONDS FROM TAXES OR TO ANY APPROPRIATION THEREFOR. NO BONDHOLDER WILL HAVE THE RIGHT TO DEMAND PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2022 BONDS OUT OF ANY FUNDS OR FROM ANY SOURCES OF REVENUE OTHER THAN THOSE EXPRESSLY PLEDGED TO THE PAYMENT OF THE SERIES 2022 BONDS PURSUANT TO THE INDENTURE.

Payments under the Loan Agreement; Assignment of Loan Agreement

Monthly Loan Repayments from the Company are required under the Loan Agreement to be paid directly to the Trustee in amounts that will be sufficient, if paid promptly and in full, to pay when due all principal of and interest on the Series 2022 Bonds. Under the Indenture, the Issuer has pledged its interest in the Loan Agreement (including the payments payable thereunder to the Issuer by the Company, but excluding certain rights of the Issuer to payment of fees, expenses and indemnification) to the Trustee to secure the Series 2022 Bonds. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT” in this Official Statement. The Trustee is authorized to exercise the rights of the Issuer and enforce the obligations of the Company under the Loan Agreement. Payments are due from the Company on a full-recourse basis.

Reserve Fund

On the date of issuance of the Series 2022 Bonds, proceeds of the Series 2022 Bonds in an amount equal to the Reserve Fund Requirement (initially \$[_____]*), will be deposited in the Reserve Fund created under the Indenture and held by the Trustee. Thereafter, unless needed to maintain the amount in the Reserve Fund at the Reserve Fund Requirement, investment income on amounts in the Reserve Fund will be deposited in the Bond Fund.

Amounts in the Reserve Fund may be used by the Trustee to pay principal of, premium, if any, and interest on the Series 2022 Bonds in the event sums in the Bond Fund are insufficient for such purpose (if directed by the Majority Bondholder). Up to \$[_____] of the amount in the Reserve Fund, plus any interest earned thereon, is available for payment of the Series 2022B Bonds. Proceeds of the Series 2022A Bonds in the amount of \$[_____] shall be available to pay debt service on the Series 2022A Bonds in

the event of a deficiency for the payment thereof in the Bond Fund. Amounts in the Reserve Fund are valued semi-annually as provided in the Indenture. In accordance with the Loan Agreement, the Company is required to cure any deficiency in the Reserve Fund within thirty (30) days after written notice from the Trustee if the deficiency is determined as a result of a determination of its Value; or (ii) if the deficiency is the result of a withdrawal for transfer to the Bond Fund or the Rebate Fund, within ninety (90) days of such withdrawal. Amounts in the Reserve Fund may be invested in Permitted Investments.

Mortgage

Under the Mortgage, the Company will grant to the Trustee a mortgage lien on and security interest in the School Facilities, subject to certain Permitted Encumbrances as described in the Mortgage. Under the Mortgage, the Company also will grant a security interest in all leases and rents with respect to the School Facilities. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE MORTGAGE” in this Official Statement.

Subordination, Non-Disturbance, and Attornment Agreement

In connection with the issuance of the Series 2022 Bonds, the Trustee, the Company, and the Charter School will enter into a Subordination, Non-Disturbance, and Attornment Agreement, dated as of August 1, 2022 (the “SNDA”). Pursuant to the SNDA, the Trustee, the Company and the Charter School agree, among other items, that (i) the lien of the Mortgage is at all times superior to the rights of the Charter School under the Leases, (ii) the Trustee and the Company will not disturb the Charter School and its use of the School Facilities under the terms of the Leases (even during a foreclosure event) unless the Charter School is in default under the Leases, (iii) if a transfer of the School Facilities occurs, then the purchaser/transferee taking possession of the School Facilities will attorn to the rights of the Charter School under the terms of the Leases (for the balance of the Lease term), and (iv) the Charter School will not take any action to assign, cancel, or terminate the Charter School’s obligations under the Leases and the Pledge Agreement, except as expressly permitted.

Leases

Payments under the Leases will be in amounts sufficient to pay debt service on the Series 2022 Bonds. Pursuant to the Mortgage, the Company will assign its interest in the Leases to the Trustee as additional security for the Series 2022 Bonds. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LEASES” in this Official Statement.

Pledge Agreement

Under the Pledge Agreement, the Charter School will grant to the Trustee a security interest in certain revenues and assets of the Charter School, including the Pledged Revenues, as security for the Lease Payments which are used to pay the Series 2022 Bonds. “Pledged Revenues” is defined in the Pledge Agreement as the sum of the following: (1) all Gross Revenues less Current Operating Expenses (as defined in the Indenture); plus (2) all of the Charter School’s Building Lease Aid; plus (3) all of the Charter School’s contributions, grants, gifts, bequests, and devises that are not restricted by the donor as a condition to making contributions, grants, gifts, bequests, and devises in a manner that prevents application to the payment of any amounts payable under the Lease; plus (4) all proceeds of any insurance, indemnity, warranty or guaranty payable to the Charter School from time to time with respect to any of the foregoing, plus (5) all proceeds and products of each of the foregoing.

The Charter School will further agree in the Pledge Agreement to establish and maintain a depository account (the “Sweep Account”) at the Depository Bank or another FDIC insured banking institution into which there shall be deposited Gross Revenues (as defined in the Pledge Agreement) and

all Building Lease Aid provided to the Charter School from the Minnesota Department of Education (“MDE”). “Gross Revenues” is defined in the Pledge Agreement as all of the Charter School’s (a) income, revenues, funds, money or grants from any funding sources including funding from the State, including but not limited to (i) general education revenue, (ii) transportation revenue, (iii) special education revenue, (iv) compensatory aid, and (v) other state funding or state distributions of federal Title I, Title II, Title III and Title IV funds (including any replacement for the categories described in (i)-(v)), other than Building Lease Aid.

Under the terms of the Pledge Agreement, the Charter School has agreed to allow the Trustee to monthly automatically transfer (as assignee of the Company) an amount from the Sweep Account equal to all amounts then-due and payable by the Charter School pursuant to the Lease. Each Lease Payment from the Charter School is structured to include an amount sufficient to pay the principal and interest on the Series 2022 Bonds. In the event that any amount transferred is insufficient to pay the amounts due under the Lease, the amount of any such insufficiency will be transferred to the Trustee from amounts available in the Sweep Account. After the amounts due under the Lease in any month have been fully paid to the Trustee, any amounts in the Sweep Account are available to the Charter School for any authorized purpose. In the event the Charter School moves its depository account to a new depository bank other than the Depository Bank, the new depository bank is required to enter into any account control agreement substantially in the same form as the Account Control Agreement attached to the Pledge Agreement. The Pledge Agreement also requires that all bank accounts of the Charter School be subject to the Account Control Agreement. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE PLEDGE AGREEMENT” in this Official Statement.

The Charter School covenants in the Pledge Agreement to cause all Uniform Commercial Code (“UCC”) financing statements related to the Pledge Agreement and all supplements thereto as well as the Lease and other instruments as may be required or recommended from time to time by the Charter School’s counsel, by Bond Counsel or by the Trustee (acting at the advice of 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 interests of the beneficial owners of the Series 2022 Bonds and the rights of the Trustee under the Pledge Agreement, the Indenture and the Loan Agreement and, upon advice of counsel, to take or cause to be taken any and all other action necessary to perfect the security interests created by the Pledge Agreement and the other School Documents, all at the expense of the Charter School.

Intercreditor Agreement

[[TO BE UPDATED AS NEEDED UPON REVIEW OF LOC DOCUMENTS, IF ANY. BORROWER TO CONFIRM AND PROVIDE LOC DOCUMENTS, IF APPLICABLE]] [The Charter School has previously entered into a line of credit agreement with [_____] (the “Depository Bank”) for a line of credit in the current amount of up to \$[_____] (such loan, as the same may be amended, extended, supplemented or restated from time to time, the “Line of Credit”). The Line of Credit bears interest at a [variable] rate, with an initial rate of [_____]%. The Line of Credit will mature periodically and is anticipated to be renewed each time by the Charter School. The Charter School and the Depository Bank anticipate that the Charter School will continue to renew the Line of Credit with the Depository Bank in the future. The Charter School does not anticipate increasing the Line of Credit amount at its next renewal, but there is no guarantee that the Depository Bank or another lender will agree to grant any increase or agree to the same terms as currently contemplated. Any future increase in the amount of the Line of Credit must comply with the provisions of the Pledge Agreement regarding Short-Term Indebtedness.]

The Intercreditor Agreement, dated as of August 1, 2022 (the “Intercreditor Agreement”), by and between the Depository Bank, the Trustee, and the Charter School establishes the priority of security interests granted by the Charter School in favor of the Depository Bank and the Trustee in the event of a

default under the Indenture. Pursuant to the Intercreditor Agreement, the Depository Bank's interest in any funding sources (other than the General Education Funding) or assets of the Charter School is subordinated to the interest of the Bondholders. See "SECURITY FOR THE SERIES 2022 BONDS" and "APPENDIX A – THE COMPANY, THE CHARTER SCHOOL AND THE SERIES 2022 PROJECT – BUDGET; ACCOUNTING; DEBT; FUNDRAISING" in this Official Statement.

Additional Bonds

Pursuant to the Indenture, the Issuer or another municipality authorized by the Act (the "Alternate Issuer"), at the request of the Company, is authorized to issue Additional Bonds secured and payable on a parity basis with the Series 2022 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 on behalf of the Issuer or the Alternate Issuer, of the resolution adopted by the Issuer or the Alternate Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of (i) a supplemental indenture, supplementing and amending the Indenture, which supplemental indenture will not require the approval of any Registered Owner of the Series 2022 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 the Indenture, (ii) an amendment supplementing and amending the Loan Agreement, (iii) an amendment supplementing and amending the Mortgage, (iv) an amendment to the Lease and each the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Leases, the Mortgage, the Assignment of Lease, the Intercreditor Agreement, the Account Control Agreement, the Disbursing Agreement, the Collateral Assignment, the SNDA, the Pledge Agreement, the Continuing Disclosure Agreement, and the Tax Certificate, as applicable or a new lease pursuant to which the Charter 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, and (v) such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of such Additional Bonds;

(b) the Trustee has either (1) received (i) an opinion, report, or certificate of an Independent Accountant or Independent Consultant (such as the Charter School's Independent third party business manager) selected by the Charter School to the effect that the Charter School's Net 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 Principal and Interest Requirements on existing Long-Term Indebtedness of the Charter School (excluding such requirements for the proposed Additional Bonds, but including such requirements for any Indebtedness of the School to be refinanced thereby) payable in any Fiscal Year, and (ii) a certificate of the person designated to act on behalf of the Charter School (the "Charter School Representative"), verified by an Independent Accountant or Independent Consultant (such as the Charter School's Independent third party business manager) selected by the Company, to the effect that Net Income Available for Debt Service for the next Fiscal Year beginning after 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 125% of the maximum Principal and Interest Requirements on Long-Term Indebtedness of the Charter School (including such requirements for the proposed Additional Bonds, but excluding such requirements for any then outstanding Long-Term Indebtedness of the Charter School or Bonds to be refinanced by the proposed Additional Bonds) for each Fiscal Year beginning with the second Fiscal Year after 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, but before the final stated maturity of all then Outstanding Bonds; 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, the Mortgage, the Assignment of Lease, or the Indenture;

(d) the Trustee has received a certificate of the Charter School Representative to the effect that no Event of Default has occurred and is continuing under the Account Control Agreement, the Leases, or the Pledge Agreement;

(e) 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;

(f) the Trustee has received an opinion from the Counsel to the Company in form and substance acceptable to Bond Counsel and the Underwriter, as original purchaser, the sufficiency of which shall be deemed to be met by the delivery of the opinion of Bond Counsel under subsection (e) above;

(g) the Trustee has received originally executed counterparts of the agreements supplementing and amending the each the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Leases, the Mortgage, the Assignment of Lease, the Intercreditor Agreement, the Account Control Agreement, the Disbursing Agreement, the Collateral Assignment, the SNDA, the Pledge Agreement, the Continuing Disclosure Agreement, and the Tax Certificate, or other tax certificate, and the supplemental indenture supplementing and amending the Indenture;

(h) the Trustee has received a request and authorization to the Trustee on behalf of the Issuer or Alternate Issuer and signed by its Issuer Representatives or Alternate 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 or the Alternate Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery; and

(i) 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 special, limited obligations of the Issuer or the Alternate Issuer, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) if such Additional Bonds are issued as Tax-Exempt Bonds, the interest on such Additional Bonds is not includable in gross income for federal income tax purposes.

The Pledge Agreement also provides similar limitations on the Charter School's ability to incur Indebtedness. See "SECURITY FOR THE SERIES 2022 BONDS – Additional Indebtedness" and "APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Additional Bonds and Additional Indebtedness" in this Official Statement.

Additional Indebtedness

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Company and requires the Company to impose certain restrictions on the Charter School pursuant to the Leases or the Pledge Agreement.

Additional Indebtedness of the Company

Unless it obtains prior written consent of the Majority Bondholder(s) and an amendment to the Lease providing for additional Lease Revenues sufficient to pay the principal, interest and any related fees for such Additional Bonds and an amendment to the Pledge Agreement and the Mortgage providing coverage for such additional Indebtedness, the Company shall not incur any Indebtedness other than (a) the Indebtedness with respect to the Series 2022 Bonds, or (b) Additional Bonds issued pursuant to the Indenture. See “SECURITY FOR THE SERIES 2022 BONDS – Additional Bonds” and “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Additional Bonds and Additional Indebtedness” in this Official Statement.

Additional Indebtedness of the Charter School

The Charter School has covenanted in the Pledge Agreement that it will not incur any indebtedness unless it receives the written consent of the Majority Bondholder or the Charter School can satisfy certain requirements described in the Loan Agreement and Pledge Agreement.

Long-Term Indebtedness. Pursuant to the Pledge Agreement, other than Indebtedness to be incurred to refund all or a portion of the Series 2022 Bonds, the Charter School may only incur Long-Term Indebtedness with the prior written consent of the Majority Bondholder.

Purchase Money Indebtedness or Lease Obligation. The Charter School may incur Long-Term Indebtedness or lease obligations for the purchase of fixtures or equipment (“Purchase Money Indebtedness”) without regard to the limitations set forth in the Indenture and Pledge Agreement if the Charter School certifies in a written statement delivered to the Trustee and the Majority Bondholder that: (i) such Purchase Money Indebtedness is secured solely by a security interest in personal property financed with such Purchase Money Indebtedness; (ii) the aggregate payments required to be made by the Charter School in each Fiscal Year with respect to all Purchase Money Indebtedness incurred does not exceed five percent (5%) of the Pledged Revenues, as reported in the most recent audited financial statements of the Charter School, determined as of the date such Purchase Money Indebtedness is to be incurred; (iii) such Purchase Money Indebtedness amortizes over a period of not more than sixty (60) months; and (iv) the Charter School certifies that the incurrence of such Purchase Money Indebtedness will not cause it to be in violation of the operating covenants of the Charter School.

Short-Term Indebtedness. The Charter School may only incur Short-Term Indebtedness in an amount that does not exceed the greater of (i) the dollar amount of the deferral from the State for the immediately prior Fiscal Year or the current Fiscal Year, or (ii) 10% of the Gross Revenues of the Charter School for the immediately prior fiscal year. The Line of Credit and any future extension of the Line of Credit must comply with such limitations. Except as provided in the Intercreditor Agreement, any Short-Term Indebtedness incurred by the Charter School must be subordinate to the lien of the Trustee and may not be secured by any security interest in or lien against the School Facility, any Building Lease Aid, Contributions or any Gross Revenues.

See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Additional Bonds and Additional Indebtedness” and “– Various Operating Covenants of the School” in this Official Statement.

See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT – Additional Bonds and Additional Indebtedness” and “– Various Operating Covenants of the School” in this Official Statement.

Various Operating Covenants of the Charter School

The Loan Agreement and the Pledge Agreement also contain other financial requirements and covenants that the Charter School must comply with in the future. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT” and “ – THE PLEDGE AGREEMENT” in this Official Statement.

Operating Reserve Balance and Days Cash on Hand Covenant. Pursuant to the terms of the Pledge Agreement, the Charter School covenants and agrees to maintain unrestricted Cash on Hand in its Operating Fund such that on each testing date (each June 30, commencing June 30, 20[22]) the amount on deposit in such fund shall be equal to or greater than 30 Days Cash on Hand for the Fiscal Year ended June 30, 20[22], and at the end of each Fiscal Year thereafter. The Charter School’s Cash on Hand shall be tested annually at the end of each Fiscal Year, commencing June 30, 20[22]. The Charter School will cause its auditor to include a calculation of its Days Cash on Hand in its audited financial statements each Fiscal Year. The Charter School will provide the Trustee and the Majority Bondholder with a certification no later than December 31 of each year in the format of Exhibit B attached to the Continuing Disclosure Agreement that the Days Cash on Hand requirement has been met.

The Indenture defines “Cash on Hand” as the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the Charter School. Cash on Hand specifically does not include amounts held by the Trustee or the proceeds of any Indebtedness.

Debt Service Coverage Ratio Covenants. In addition to the days cash on hand covenant discussed above, commencing with the Fiscal Year ending June 30, 20[23] and each Fiscal Year thereafter, as measured on the last day of each Fiscal year, the Charter School will also comply with either of the following covenants: (i) maintain Net Income Available for Debt Service in each Fiscal Year that will be at least 100% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year if the unrestricted Cash on Hand in its operating fund is at least 90 Days Cash on Hand; or (b) maintain Net Income Available for Debt Service in each Fiscal Year that will be at least 110% of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year if the unrestricted Cash on Hand in its operation fund is less than 90 Days Cash on Hand,

The Charter School will budget and set expenses and will operate its School Facility, subject to applicable requirements or restrictions imposed by law, to satisfy all obligations under the Lease and the Pledge Agreement.

If the Cash on Hand at the end of any Fiscal Year is below the required amount, then, upon the written direction of a Majority Bondholder, the Charter School will promptly select an Independent Consultant acceptable to the Majority Bondholder in accordance with the provisions of the Pledge Agreement, to review and analyze the operations and administration of the Charter School, including the marketing programs of the Charter School, inspect the School Facility, and submit to the Charter School, the Trustee and the Majority Bondholder written reports, and make such recommendations as to the operation and administration of the Charter School as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School agrees to follow the recommendations of the Independent Consultant and, to the fullest extent allowed by law and its Charter Contract, to adopt and carry out such recommendations.

So long as the Charter School is otherwise in full compliance with its obligations under the Pledge Agreement, including following, to the fullest extent allowed by law, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the required amount of Cash on Hand. If requested, the Charter School shall provide the Trustee with a written certification that the Charter School is, to the fullest extent allowed by law, in

compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

If, commencing with the Fiscal Year ending June 30, 20[23], and each Fiscal Year thereafter, (i) the Charter School's amount of Cash on Hand is less than [ninety (90)] Days Cash on Hand and the Charter School's Net Income Available for Debt Service is less than one hundred ten percent (110%) of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year (including below 1.0/1), or (ii) the Charter School's amount of Cash on Hand is more than [ninety (90)] Days Cash on Hand and the Charter School's Net Income Available for Debt Service is less than one hundred percent (100%) of the Principal and Interest Requirements on Long-Term Indebtedness during such Fiscal Year then, upon written direction of the Majority Bondholder, the Charter School will promptly select an Independent Consultant in accordance with the provisions of the Pledge Agreement, to review and analyze the operations and administration of the Charter School, including the marketing programs of the Charter School, inspect the School Facility, and submit to the Charter School, the Trustee and the Majority Bondholder written reports, and make such recommendations as to the operation and administration of the Charter School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School agrees to follow the recommendations of the Independent Consultant and, to the fullest extent allowed by law and its Charter Contract, to adopt and carry out such recommendations. If requested, the Charter School shall provide the Trustee with a written certification that the Charter School is, to the fullest extent allowed by law and its Charter Contract, in compliance with the recommendations of the Independent Consultant and the Trustee shall be fully protected in relying on such written certification.

Notwithstanding preceding paragraphs, regardless of whether the Charter School has retained an Independent Consultant, if at the end of the Fiscal Year ending June 30, 20[24], or any subsequent Fiscal Year, the Net Income Available for Debt Service as of the end of such Fiscal Year is less than one hundred percent (100%) of the Principal and Interest Requirements on Long-Term Indebtedness for such Fiscal Year (as evidenced by the Charter School's audited financial statements for such Fiscal Year), then the Trustee will give notice thereof to the Registered Owners and EMMA and the Majority Bondholder may direct the Trustee to declare an Event of Default under the Pledge Agreement. In the absence of direction by the Majority Bondholder, the Trustee may take the action described in the preceding sentence

Capital Repair and Replacement Fund. The Company has covenanted to deposit a portion of the Lease Payment to be made by the Charter School to the Company to the Capital Repair and Replacement Fund established pursuant to the Indenture in an amount equal to the Monthly Deposit (as defined in APPENDIX F). Amounts in the Capital Repair and Replacement Fund will be used by the Company for the payment of items of repair, improvement, and replacement with respect to the School Facilities, which constitute capital expenditures under Generally Accepted Accounting Principles or which constitute major periodic repair or maintenance of the School Facilities, such as the annual painting or recarpeting a section of the School Facilities (as opposed to incidental repairs). See "APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS" in this Official Statement.

Capital Assessment Plan. Commencing in the Fiscal Year ending June 30, 20[27], and by the end of each fifth year thereafter, the Company agrees to cause the Charter School to furnish to the Trustee and EMMA (and to the Issuer, upon request), within 30 days of completion, a five-year comprehensive capital assessment plan approved by the governing body of the Company (which may be sent by Electronic Means as defined in the Indenture) to be prepared by an independent engineer, building inspector or other qualified professional selected by the Company with a reputation for skill and expertise with respect to the design, maintenance or construction of educational facilities with respect to the Company's capital facilities, detailing the condition and projected sources of funding such needs. The Company shall budget for such capital needs beginning in the Fiscal year following delivery of the capital assessment plan such that the

capital needs can be met within the five-year period covered by the capital assessment plan. The Monthly Deposit (initially \$[5,000] a month commencing in [July 2023]) to the Repair and Replacement Reserve Fund shall be increased as necessary to an amount sufficient to satisfy such needs in equal monthly installments over the five-year period covered by the capital assessment plan. The Company is required to furnish a written certification as to the recalculated Monthly Deposit to the Trustee upon which the Trustee will be entitled to fully rely.

Defeasance

Upon certain terms and conditions specified in the Indenture, including provisions for the payment of such Series 2022 Bonds, the Series 2022 Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture and the Mortgage may be discharged prior to maturity or redemption of the Series 2022 Bonds. In that case, the Series 2022 Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose.

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BONDHOLDERS' RISKS

No person should purchase any Series 2022 Bonds without carefully reviewing the following information, which summarizes some, but not all factors that should be carefully considered before such purchase.

Nature of Special, Limited Obligations

The Series 2022 Bonds are special, limited obligations of the Issuer, payable solely from amounts pledged under the Indenture to the payment of principal, interest and premium, if any, on the Series 2022 Bonds (which includes Loan Repayments from the Company, amounts in the Reserve Fund, Lease Payments from the Charter School and other amounts held by the Trustee under the Indenture and proceeds realized under the Mortgage), and do not give rise to a general obligation or general liability of the Issuer or a charge against its general credit or taxing powers and shall never constitute nor give rise to a pecuniary liability of the Issuer. *The Series 2022 Bonds do not constitute a debt, moral obligation, liability or loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the State, or of any political subdivision thereof.*

Impact of COVID-19 Pandemic

In late 2019, a novel strain of coronavirus (“COVID-19”) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declared a national emergency on March 13, 2020. Minnesota Governor Tim Walz originally declared a peacetime emergency under Executive Order 20-01 on March 14, 2020. Governor Walz has subsequently extended the peacetime emergency thirteen times through the issuance of various executive orders. The most recent Executive Order 21-22 extending the peacetime emergency was issued May 14, 2021. The Minnesota state legislature extended the peacetime emergency to July 1, 2021, and as of July 1, 2021, Minnesota’s state of emergency for the COVID-19 pandemic had ended. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve.

COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which COVID-19 impacts the Charter School and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the Charter School and the Company, including the duration of the outbreak and measures taken to address the outbreak. The State’s finances may materially be adversely affected by COVID-19 or efforts taken to control the COVID-19 pandemic, which efforts could affect the amount or timing of State aid appropriated to public schools, including charter schools such as the Charter School. See “BONDHOLDERS’ RISKS – Effect of Student Enrollment upon Receipt of State Payments” and “– Changes in Law; Annual Appropriation; Inadequate State Payments” in this Official Statement. In addition, the COVID-19 pandemic has caused changes to enrollment patterns for school aged children and could have an adverse effect on future enrollment. For example, if it is perceived that competitors of the Charter School, including traditional public schools, private schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide virtual learning, it could lead to lower enrollment in the future or families could decide to home school their students. See “BONDHOLDERS’ RISKS – Competition for Students” in this Official Statement.

In addition, to the executive orders described above, Minnesota Governor Tim Walz previously issued various other Executive Orders affecting the Charter School, including Executive Order 20-20 which

directed Minnesotans to stay at home and shelter in place (subject to certain exceptions) beginning on Friday, March 27, 2020 at 11:59 p.m. through Friday, April 10, 2020 at 5:00 p.m. as extended by Executive Order 20-33 to May 3, 2020 at 11:59 p.m. On April 15, 2020, Minnesota Governor Tim Walz issued Emergency Executive Order 20-02 which was additionally supplemented by Executive Order 20-19 (collectively, the “Executive Orders”) that authorized and directed the Minnesota Commissioner of Education to temporarily close all K-12 schools to plan for a safe educational environment in response to the COVID-19 pandemic. The Executive Orders initially closed all public and private Minnesota K-12 schools for in-person instruction through Friday April 27, 2020 but such period was extended to May 4, 2020 pursuant to Executive Order 20-19 (the “Initial Closure Period”). During the Initial Closure Period, Minnesota K-12 schools implemented and operated distance learning programs and the Charter School utilized its distance learning plan. Many public schools, including as the Charter School transitioned to distance learning as the incidence of COVID-19 rose.

[[BORROWER TO PROVIDE BRIEF DESCRIPTION OF 2020-2021 AND 2021-2022 LEARNING PLAN – THE FOLLOWING IS AN EXAMPLE]] [The Charter School implemented a “hybrid model” for much of the 2020-2021 school year; students attended school in-person two days a week and attended remotely two days per week. Since the beginning of the 2021-2022 school year, students at the Charter School have attended in-person the full school week. The Charter School has continued the in-person learning experience for its students for the 2021-2022 school year. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – ENROLLMENT; DEMOGRAPHICS AND TRANSPORTATION – Learning Plan During COVID-19” in this Official Statement.]

At this time, the Charter School is not anticipating a reduction in revenue from the State of Minnesota for the 2022-2023 school year. However, no assurance can be given that the State will not encounter unforeseen circumstances as a result of the COVID-19 pandemic and will not reduce or delay public education funding in future budget cycles.

Dependence on Company’s Ability to Pay Loan Repayments; Ability of Charter School to Pay Lease Payments

Payment of principal of, premium, if any, and interest on the Series 2022 Bonds is intended to be made from Loan Repayments by the Company under the Loan Agreement, except to the extent payment is intended to be made from other amounts held under the Indenture such as Series 2022 Bond proceeds or investment earnings. The Company has no significant assets or business other than the assets and business related to the School Facilities. The ability of the Company to make Loan Repayments will depend solely on the Company’s ability to generate revenues sufficient to pay the Loan Repayments from the Leases to the Charter School. Future revenues of the Company from the School Facilities will primarily depend on the ability of the Charter School to make payments under the Leases.

The Charter School’s ability to make payments under the Leases is dependent on its revenues, including Building Lease Aid received from the State (“Building Lease Aid”), which are largely dependent on student enrollment and educational funding from the State. Because Building Lease Aid is limited to 90% of the lease amount, subject to certain caps as described under the heading “CHARTER SCHOOL FUNDING IN MINNESOTA – State Payments – *Building Lease Aid*” in this Official Statement. Building Lease Aid alone will be insufficient to make the total payments due under the Leases. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT” and “APPENDIX C – BUDGET PROJECTION” in this Official Statement. The Charter School’s general revenues are a combination of (a) State aid such as: General Education Aid (which coincides with enrollment), Special Education, [Limited English Proficiency,] Compensatory Aid and Building Lease Aid (which coincides with enrollment), and (b) Federal programs administrated by the State including Title I, Part A of the No

Child Left Behind Elementary and Secondary Education Act (NCLB/ESEA), Improving Basic Program, Title II, Part A of the NCLB/ESEA, Teacher/Principal Training and Recruitment, Title II, Part D, Enhancing Education Through Technology, [Title III, Limited English Proficient Students,] and Title V, Part A – Regular Innovative Programs. Prior enrollment history of the Charter School is no guaranty of future enrollment and revenues.

In addition, State aid payments are not always received by the Charter School from the State on a timely basis, which may result in late payments by the Charter School under the Leases and Pledge Agreement, which may, in turn, result in late payments by the Company under the Loan Agreement.

Future revenues and expenditures of the Company will be subject to the amounts and the timing of future revenues to the Charter School, which cannot be determined with assurance. Prior revenues and expenditures of the Charter School are no guaranty as to future revenue and expenditures of the Charter School or the Company.

Historical State Budget Issues

Even though the State is experiencing a large budget surplus for the 2021-2023 biennium, the State has experienced budget shortfalls in recent bienniums. Rather than relying upon increased tax revenue to fund K-12 education costs (except for a minor increase of \$50 per student in both Fiscal Year 2011 and Fiscal Year 2012), the State Legislature previously enacted a number of funding reductions/spending shifts and holdbacks to close such budget shortfalls. Although the holdback is currently set at 10% for Fiscal Year 2022, the holdback was as high as 35.7% as recent as Fiscal Year 2013.

The current State budget biennium runs from July 1, 2021 through June 30, 2023. During the 2013 Legislative session, the State Legislature made substantive changes in State funding for charter schools, including a change to the Average Daily Membership (“ADM”) formula to create funding for all-day every-day Kindergarten. The new formula went into effect for the State’s Fiscal Year 2015 (commencing in July 2014). The 2019 and 2021 Legislative session added certain slight increases to education funding for public schools, including the Charter School. See “CHARTER SCHOOL FUNDING IN MINNESOTA – State Payments – *General Education Revenue*” in this Official Statement.

Future State budget agreements may involve further revisions to State education funding that cannot be determined at this time. As mentioned above, the COVID-19 pandemic has seen unprecedented changes to education nationally and in Minnesota and no assurances can be given that the resulting economic consequences from the COVID-19 pandemic will not cause the State to take budgetary actions that delay or reduce public education funding in the future. See “– Impact of COVID-19 Pandemic,” “– No Taxing Authority; Dependence on State Payments,” and “– Changes in Law; Annual Appropriation; Inadequate State Payments” below in this BONDHOLDERS’ RISKS section, “CHARTER SCHOOL FUNDING IN MINNESOTA,” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement.

No Taxing Authority; Dependence on State Payments

The Charter School does not possess any taxing authority and is substantially dependent upon the State to continue to provide funding for public charter schools. Moreover, the Company does not have any taxing authority. The obligation of the State under State law to fund the Charter School is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the Building Lease Aid or other State aid, no liability accrues to the State in such event. In the event the State were to withhold the payment of money from the Charter School for any reason, even a reason that is ultimately determined to be invalid or unlawful, it is likely that the Charter School would be forced to cease operations.

State aid payments are distributed to all public schools according to a “holdback” system that allows adjustments to be made after the end of each fiscal year. See “CHARTER SCHOOL FUNDING IN MINNESOTA” and “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – STATE AID PAYMENTS” in this Official Statement.

Budget Projection

The Budget Projection (the “Budget Projection”) prepared by the Charter School and contained in “APPENDIX C – BUDGET PROJECTION” of this Official Statement, is based upon certain assumptions made by the Charter School. No assurance can be given that the results described in the Budget Projection will be achieved. The Charter School does not intend to update or to issue an additional Budget Projection and, accordingly, there are risks inherent in using the Budget Projection in the future as the Budget Projection becomes outdated. The Budget Projection is only for fiscal years ending June 30, 2022 through June 30, 2027, and does not cover the entire period during which the Series 2022 Bonds may be outstanding. The Budget Projection assumes that the Charter School will be able to renew its Charter Contract with the Authorizer after the term of the Charter Contract that ends on June 30, 2023. See “APPENDIX C – BUDGET PROJECTION” in this Official Statement.

No guarantee can be made that the Budget Projection will correspond with the results actually achieved in the future by the Charter School because there is no assurance that actual events will correspond with the assumptions made by the Charter School. For example, the Budget Projection makes certain assumptions as to continued demand for educational facilities such as the School Facilities and future enrollment at the Charter School. Actual operating results of the Charter School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated enrollment, reduced State funding, changes in demographic trends, and local and general economic conditions. The Budget Projection, which appears in “APPENDIX C – BUDGET PROJECTION” in this Official Statement, should be read in its entirety. See also “– Impact of COVID-19 Pandemic” and “– No Taxing Authority; Dependence on State Payments” and “– Changes in Law; Annual Appropriation; Inadequate State Payments” in this BONDHOLDERS’ RISKS section, “CHARTER SCHOOL FUNDING IN MINNESOTA,” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement.

Non-Renewal or Termination of Charter Contract by Authorizer

Under the Charter School Act, a charter school sponsor (known as an “authorizer” under State law) may or may not renew the Charter Agreement at the end of any renewal term, or may unilaterally terminate the Charter Agreement (subject to certain reasonable notice and appeal procedures available to the Charter School) upon any of the following grounds: (1) failure to meet the requirements for pupil performance contained in the Charter Agreement; (2) failure to meet generally accepted standards of fiscal management; (3) violations of law; or (4) other good cause shown. Decisions made by the Charter School’s Authorizer, will depend upon the policies and evaluations of future board members and staff of the Authorizer. Although the Charter School expects that the Charter Agreement will be renewed and extended for the term of the Series 2022 Bonds, no assurance can be given that future boards or administrative staffs of the Authorizer will continue to renew the Charter Agreement.

[[TO BE UPDATED WITH VOA DETAILS]] The Charter School’s current Charter Contract is for a three-year term from July 1, 2020 through June 30, 2023.] See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE CHARTER CONTRACT AND AUTHORIZER” and APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement.

Possible Future Unionization of Charter School Workforce

As of the date of this Official Statement, the workforce of the Charter School is not unionized and management of the Charter School is not aware of any active unionization efforts with respect to its employees. There are currently several charter schools in the State who have union teachers. In the event that the labor relations of the Charter School and its employees change in the future and, if the employees of the Charter School were to vote to unionize, then the operational costs of the Charter School would likely rise, and such increase could be significant. If the employees of the Charter School were to unionize, no assurance could be given that such change would not adversely affect the amount of State General Education Aid available for the portion of the Lease Payment not covered by Building Lease Aid.

Department of Education Approval of Authorizer

Every charter school in the State must be authorized by a 501(c)(3) organization, school district, or post-secondary institution approved by the Commissioner of the Minnesota Department of Education (the “Commissioner”), pursuant to State law as an “authorizer”. **[[TO BE UPDATED WITH VOA DETAILS]]** [The “authorizer” of the Charter School is [Volunteers of America – Minnesota] (the “Authorizer”).] Each authorizer must be approved by MDE and is subject to review every five years. If the Commissioner finds that an authorizer such as the Authorizer has not fulfilled its requirements under State law, the Commissioner may subject the authorizer to corrective action, which may include terminating the charter contract with any schools the authorizer has chartered. Further, State law was amended in 2009 to change the criteria for becoming an authorizer and the oversight and accountability requirements applicable to authorizers such as the Authorizer. As a result, a number of previously approved authorizers are no longer eligible to sponsor charter schools. There can be no guarantee that the Authorizer will continue to remain in good standing with the State as an approved authorizer. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE CHARTER CONTRACT AND AUTHORIZER” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement.

Financial Statements

The Audited Financial Statements of the Charter School attached hereto as “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021” reflect the last year of operation of the Charter School for which audited financial statements have been prepared. Unaudited interim financial statements of the Charter School are attached hereto as “APPENDIX E – UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE CHARTER SCHOOL FOR THE ELEVEN-MONTH PERIOD ENDED MAY 31, 2022.” The unaudited financial statements have been prepared by the Charter School’s finance manager, BerganKDV, and have not been audited, reviewed or examined by any independent accounting firm. For information regarding the Company’s and the Charter School’s expectations after the issuance of the Series 2022 Bonds, see “APPENDIX C – BUDGET PROJECTION” in this Official Statement. The financial statements of the Company are not included in this Official Statement because the Company does not have significant financial resources and is not anticipated to have significant assets other than the School Facilities.

Property Tax Exemption

Under present State law and rulings, generally public charter schools are exempt from property taxes levied by political subdivisions of the State so long as such property is used for public school purposes (although such property is subject to special assessments for local improvements to the property). The Budget Projection does not anticipate the payment of property taxes by either the Company or the Charter School [with respect to the Elementary School Campus because such campus is already exempt from taxation]. However, such laws, regulations and rulings are subject to change, and no assurance can be given

that any future change in exempt status would not have a material adverse effect on the Company. The Company and the Charter School have assumed that the site of the Upper School Campus will be exempt from property taxes from and after calendar year 20[23].

Competition for Students

A significant portion of the Charter School’s revenues is based on the number of students enrolled in the educational facilities of the Charter School. The Charter School faces competition from other educational facilities and could face additional competition in the future as a result of the organization of, the construction of new, or the renovation of existing, public schools or other public charter schools in the areas served by the Charter School. No assurance can be given that the enrollment of the Charter School will not be adversely affected by the availability of other educational facilities in the service areas of the Charter School and elsewhere.

[[BORROWER TO CONFIRM]] The Charter School will be competing for students with Anoka-Hennepin School District 11 (the “School District”) and other surrounding districts, including ISD 15 St. Francis Area School District and ISD 728 Elk River Area School District, as well as private schools and other public charter schools located within or near the City of Ramsey, which is located in Ramsey County, Minnesota. The Charter School’s students currently come primarily from within the School Districts referenced above. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – SERVICE AREA” and “– COMPETING SCHOOLS” in this Official Statement for schools who compete with the Charter School for students. No assurance can be given that the Charter School will attract and retain the number of students that are needed to produce the Pledged Revenues that are necessary to pay the principal of and interest on the Series 2022 Bonds, or that additional schools will not be created in or near the Charter School’s service area.

Effect of Student Enrollment upon Receipt of State Payments

The State General Education Revenues and Building Lease Aid payments to the Charter School are based on the number of students enrolled in the Charter School. See “CHARTER SCHOOL FUNDING IN MINNESOTA – State Payments” and “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS – Funding for Charter Schools” in this Official Statement. The Charter School’s State Aid payments will be adjusted to reflect the Average Daily Membership of students at the Charter School. In addition, the Budget Projection contains certain assumptions regarding enrollment, and the extension of the Charter Contract for school years after June 30, 2023, of the Charter School in future school years, along with certain assumptions regarding State education funding payments in the future. No assurance can be given that the Charter School will attract or retain the number of students set forth in the Budget Projection or that are needed to produce the Pledged Revenues in amounts sufficient to pay the principal of and interest on the Series 2022 Bonds. See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – ENROLLMENT, DEMOGRAPHICS AND TRANSPORTATION” and “APPENDIX C – BUDGET PROJECTION” in this Official Statement.

Key Personnel

The Charter School’s creation, curriculum, educational philosophy, and day-to-day operations reflect the vision and commitment of the individuals who serve as the Charter School’s administrators or serve on the Charter School’s Board of Directors (the “Key Personnel”). In the absence of an outside manager, the Charter School is highly dependent upon its Key Personnel. The loss of any Key Personnel could adversely affect the Charter School’s operations, its ability to attract and retain students, and ultimately its financial results. The Charter School has not obtained any “key person” insurance policies with respect to any of its Key Personnel. For more information regarding the Charter School’s Key Personnel, see “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022

PROJECT – GOVERNANCE; ADMINISTRATION; FACULTY AND FACULTY RETENTION” in this Official Statement.

Self-Management by the Charter School

Other than the Charter School’s contract with its outside finance manager (See “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES 2022 PROJECT – THE CHARTER SCHOOL’S FINANCE MANAGER” in this Official Statement), the Charter School does not contract with outside professionals, such as a professional charter school management company, for the management and operation of the Charter School. As a general rule, charter school management companies assist charter schools in their crucial management functions including: recruiting and evaluating staff; human resources and payroll; budgeting and fiscal management and reporting; and other administrative functions. In the absence of a professional management company, such duties are done by Charter School administrators and staff.

Factors Associated with Education

There are a number of factors affecting schools in general, including the Charter School, that could have an adverse effect on the Charter School’s financial position and its ability to make the payments required under the Leases. These factors include, but are not limited to (i) the ability to attract a sufficient number of students; (ii) future legislation and regulations affecting charter schools and the educational industry in general; (iii) increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; (iv) increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers, including as related to any unionization of the Charter School’s work force with consequent impact on wage scales and operating costs of the Charter School; (v) cost and availability of insurance for charter schools in the State; and (vi) changes in existing statutes pertaining to the powers of the Charter School and legislation or regulations which may affect program funding. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or the financial results of operations.

Line of Credit for Operating Capital

[[TO BE UPDATED: Borrower to confirm LOC status]] [As previously discussed under the heading “SECURITY FOR THE SERIES 2022 BONDS – Intercreditor Agreement,” the Charter School has agreed to a Line of Credit with Depository Bank, in an amount not to exceed \$[_____] for cashflow purposes due to the State holdbacks of certain education payments. The Charter School currently does not have an outstanding balance with respect to the Line of Credit. The Intercreditor Agreement establishes the priority of security interests granted by the Charter School in favor of Depository Bank and the Trustee in the event of a default under the Indenture or the Line of Credit. No assurance can be given that, in the event that the Depository Bank will continue to renew the Line of Credit in the future on similar terms to what are currently in place. No assurance can be given that, in the event that the Depository Bank does not offer to renew the Line of Credit on terms that are acceptable to the Charter School in the future, the Charter School will be able to obtain other operating financing on terms similar to those of the Line of Credit to meet its cash-flow needs. Any future working capital financing incurred by the Charter School will have to comply with the restrictions set forth in the Pledge Agreement. See “SECURITY FOR THE SERIES 2022 BONDS,” “APPENDIX A – THE COMPANY, THE CHARTER SCHOOL AND THE SERIES 2022 PROJECT[– BUDGET; ACCOUNTING; DEBT; FUNDRAISING – Line of Credit],” and “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE LOAN AGREEMENT,” and “– THE PLEDGE AGREEMENT” in this Official Statement.]

Tax-Exempt Status of the Company and the Charter School

The Charter School and the Company are currently exempt from federal income tax. The Charter School is a public charter school. The Charter School and the Company are Minnesota nonprofit corporations and organizations described in Section 501(c)(3) of the Code. Under present federal law, regulations and rulings, the income and revenue of nonprofit, 501(c)(3) qualified exempt organizations are exempt from federal income tax, except for any unrelated business income as defined in the Code, and their revenues are exempt from the State sales tax except for certain services. If the Charter School fails to continue to meet the requirements necessary to preserve its status as a non-profit corporation and a tax-exempt charitable organization under Section 501(c)(3) of the Code, the interest on the Series 2022A Bonds may become taxable retroactive to the date of issuance of the Series 2022A Bonds. If the Charter School does not maintain its status, the Charter School could experience expenses which are greater than expected, which would adversely affect the Charter School's ability in the future to pay the amount due under the Leases and the Company's ability to pay the amount due under the Loan Agreement with respect to the Series 2022 Bonds. The Charter School has covenanted in the Leases, the Pledge Agreement, and other financing documents that it will not take any actions or fail to take any action, the result of which would adversely affect the Charter School's status as a nonprofit corporation and its status as a tax-exempt charitable organization under Section 501(c)(3) of the Code.

IRS Compliance Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds through its Tax-Exempt and Government Entities Division (the "TE/GE Division"). In recent years, the number of Internal Revenue Service tax-exempt bond examinations has increased, and public statements made by individual Internal Revenue Service officials indicate that the number of Internal Revenue Service Examinations of tax-exempt bonds may continue to increase in the future. However, neither the Company nor the Charter School has sought or are expected to seek a ruling from the Internal Revenue Service with respect to the tax-exempt status of the Series 2022A Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2022A Bonds. If the Internal Revenue Service examines the Series 2022A Bonds, such examination may have an adverse impact on the marketability and price of the Series 2022A Bonds. See "THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds – *Mandatory Redemption upon Determination of Taxability*," and "TAX MATTERS" in this Official Statement.

Tax-Exempt Status of the Series 2022A Bonds

The tax-exempt status of the interest on the Series 2022A Bonds is conditioned upon the Charter School and the Company complying with the requirements of the Code and applicable Treasury Regulations as they relate to the Series 2022A Bonds and the Charter School and Company continuing to be tax-exempt organizations under Section 501(c)(3) of the Code. Failure of the Charter School or the Company to comply with the terms and conditions of the Loan Agreement, the Tax Regulatory Agreement, the Tax Certificate, the Indenture, the Leases, and other documents as described herein, or failure of the Charter School or Company to continue to be recognized as tax-exempt organizations under Section 501(c)(3) of the Code, may result in the loss of the tax-exempt status of the interest on the Series 2022A Bonds retroactive to the date of issuance of the Series 2022A Bonds. See "TAX MATTERS" in this Official Statement. Holders of Series 2022A Bonds will not receive additional interest to compensate them for federal income taxes, interest and penalties which may be assessed with respect to such interest. The Series 2022 Bonds are subject to mandatory redemption upon a Determination of Taxability with respect to the Series 2022A Bonds, at a redemption price equal to par, plus accrued interest, and with respect to the Series 2022A Bonds, a premium. There can be no assurance that, in the event of a Determination of Taxability, sufficient money would be available in such event to redeem the Series 2022 Bonds. Further, there can be no assurance that a Determination of Taxability will follow promptly after the events which give rise to the Determination of

Taxability, so that tax obligations may accrue for substantial periods preceding the redemption of Series 2022 Bonds upon a Determination of Taxability. If interest on the Series 2022A Bonds should become includable in gross income for purposes of federal income taxation, the market for and value of the Series 2022A Bonds would be adversely affected. See “THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds – *Mandatory Redemption upon Determination of Taxability*” and “TAX MATTERS” in this Official Statement.

Changes in Law; Annual Appropriation; Inadequate State Payments

Future changes to the Charter School Act by the State Legislature could be adverse to the financial interests of the Charter School and could adversely affect the security for the Series 2022 Bonds. There can be no assurance given that the State Legislature will not in the future amend the Charter School Act in a manner which is adverse to the interests of the registered owners of the Series 2022 Bonds.

Minnesota may experience downturns in its economy and tax revenues in the future. The provisions of the Charter School Act are subject to amendment by the State Legislature, including the reduction of State funding, which could adversely affect the Charter School. STATE BUDGET CONSIDERATIONS MAY ALSO ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING. See “No Taxing Authority, Dependence on State Payments” above.

Value of Mortgaged Property

Security for the Series 2022 Bonds includes a mortgage lien on the School Facilities evidenced by the Mortgage between the Company and the Trustee. Attempts to foreclose under the Mortgage may be met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays. See “ENFORCEABILITY OF OBLIGATIONS.” Thus, there can be no assurance that upon the occurrence of an Event of Default, the Trustee will be able to obtain possession of the School Facilities and generate revenue therefrom in a timely fashion. Because of the special nature, location, and other factors relating to the School Facilities, there can be no assurance that proceeds derived from the sale of the School Facilities upon default and foreclosure of the Mortgage would be sufficient to pay all amounts due in respect of the Series 2022 Bonds. Furthermore, the Mortgage contains several Permitted Encumbrances as described in the Mortgage. See “APPENDIX F – DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF DOCUMENTS – THE MORTGAGE” in this Official Statement.

Construction Risks

Construction or improvement of any facility is subject to the risks of cost overruns and delays due to a variety of factors including, among other things, site difficulties, labor strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delay in completion of the construction of the Series 2022 Project could materially adversely affect the timely enrollment of students in the Charter School, which could affect receipt of future revenues from the School Facilities. Noncompletion of the Series 2022 Project would materially adversely affect the value of the security under the Mortgage. As discussed more fully under the heading “THE SERIES 2022 PROJECT,” to reduce construction risks, the Company has entered into the Construction Contract. The Construction Contract does not cover the furniture, fixtures, and equipment to be purchased by the Company from proceeds of the Series 2022 Bonds. **[TO BE CONFIRMED: to be updated upon review of GMP]** [The Construction Contract provides for liquidated damages in the event that the Series 2022 Project is not completed according to schedule.] See “THE SERIES 2022 PROJECT” in this Official Statement.

Environmental Regulations

The School Facilities are subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the owner of the School Facilities (and to any beneficiary of a mortgage on the School Facilities, particularly following any sale or foreclosure proceeding) for remediating adverse environmental conditions on or relating to the School Facilities, whether arising from preexisting conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the School Facilities.

Although the Charter School believes that it is in material compliance with applicable environmental laws for the School Facilities, costs incurred by the Company with respect to environmental remediation or liability could adversely affect its financial condition and its ability to own and operate the School Facilities. If excessive costs are incurred by the Company in connection with remediating environmental problems or from liability to third parties, such costs could make it impractical for the Loan Agreement to be continued pursuant to its current terms or such costs could make it more difficult to successfully relet the School Facilities.

In connection with the acquisition of the Land, Professional Service Industries, Inc. (the “Environmental Consultant”) prepared a Phase I Environmental Site Assessment dated April 4, 2022 (the “Upper School Site Assessment”) with respect to the site of the Upper School Campus (the “Upper School Site”). In the Upper School Site Assessment, the Environmental Consultant did not identify any recognized environmental conditions (“RECs”), controlled recognized environmental conditions (“CRECs”), historical recognized environmental conditions (“HRECs”), vapor encroachment conditions (“VECS”) or de minimis conditions, and did not recommend any further assessments for the Upper School Site.

The Environmental Consultant also prepared a Phase I Environmental Site Assessment dated April 4, 2022 (the “Elementary School Site Assessment”) with respect to the site of the Elementary School Campus (the “Elementary School Site”). In the Elementary School Site Assessment, the Environmental Consultant did not identify any RECs, CRECs, HRECs, VECS, or de minimis conditions, and did not recommend any further assessments for the Elementary School Site.

The Company believes that it is in material compliance with applicable environmental laws for the School Facilities. Owners of real estate such as the Company may, in the future, be adversely affected by legislative, regulatory, administrative and enforcement actions involving environmental controls.

Maintenance of the School Facilities

The School Facilities, like other such facilities, will require ongoing capital repairs and improvements to maintain its value and, although the Charter School and the Company intend to maintain the School Facilities in good condition, and a Capital Repair and Replacement Fund is established pursuant to the Indenture with a Monthly Deposit requirement, no assurance can be given that the Charter School and the Company will have sufficient revenues in the future to be able to maintain a regular capital improvements program for the School Facilities in the future.

No Appraisal of the School Facilities

Neither the Company, the Charter School nor the Underwriter has engaged an appraiser in connection with the issuance of the Series 2022 Bonds and the construction of the Upper School Campus. In the event of a foreclosure of the Mortgage, the value of the School Facilities in such event cannot be determined and may be substantially less than the construction costs of the Upper School Campus and no assurance that the value received for the School Facilities will be sufficient to pay the principal of and interest due on the Series 2022 Bonds.

Damage or Destruction

Although the Company and Charter School will be required to obtain certain insurance, as set forth in the Indenture, the Loan Agreement and the Leases, there can be no assurance that the School Facilities will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the School Facilities cannot generate revenues, will not exceed the coverage of such insurance policies.

Effect of Federal Bankruptcy Laws on Security for the Series 2022 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights in the property granted as security for the Series 2022 Bonds. Furthermore, if the security for the Series 2022 Bonds is inadequate for payment in full of the Series 2022 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Company, if any. See "ENFORCEABILITY OF OBLIGATIONS" in this Official Statement. Also, federal bankruptcy law permits adoption of a reorganization plan, even though it has not been accepted by the holders of a majority, in the aggregate principal amount of the Series 2022 Bonds if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may (i) substitute other security subject to the lien of the Bondholders, and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Company after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Mortgage that make bankruptcy and related proceedings by the Company an event of default thereunder.

Enforcement of Remedies

The remedies available to the Trustee or the Bondholders of the Series 2022 Bonds upon an Event of Default under the Indenture or the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Secondary Market

The Underwriter expects to effect secondary market trading in the Series 2022 Bonds. However, the Underwriter is not obligated to repurchase any Series 2022 Bonds at the request of the holders thereof and cannot assure that there will be a continuing secondary market in the Series 2022 Bonds. In addition, adverse developments, including insufficient cash flow, non-renewal of the Charter Contract and other factors may have an unfavorable effect upon prices for the Series 2022 Bonds in the secondary market.

Maintenance of Credit Rating

S&P Global Ratings ("S&P" or the "Rating Agency"), has assigned a rating of "[__]" to the Series 2022 Bonds. Certain information was supplied by the Company and the Charter School to the Rating Agency to be considered in evaluating the Series 2022 Bonds, including information regarding State and federal funding sources and the operations of the Charter School, which are subject to change. See "BOND RATING." Such rating expresses only the views of the Rating Agency. There is no assurance that such

rating will continue for any given period of time or will not be revised or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds. See “BOND RATING” in this Official Statement.

No Credit Enhancement Facility

There is no letter of credit, bond insurance policy, or other credit enhancement facility securing the Series 2022 Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Series 2022 Bonds.

Failure to Provide Ongoing Disclosure

The Company and the Charter School will enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”). Failure by the Charter School or the Company to comply with the Continuing Disclosure Agreement and Rule 15c2-12 may adversely affect the liquidity of the Series 2022 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” in this Official Statement.

Private School Vouchers

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered across the country and in the State, and enacted in several locations. No such voucher program is currently in place in the State. However, if similar private school voucher programs are enacted in the future, private schools may become more desirable, due to the availability of financial assistance. If private school vouchers are provided for in the State, this may lead to the organization of more private schools and increased competition for the Charter School. See “Competition for Students” above.

MDE Rulemaking

MDE has the ability to promulgate administrative rules that relate to the operation of public schools (including charter schools such as the Charter School). The rulemaking authority of MDE is broad and could affect the operations of public schools, such as the Charter School, in the future. Any future increase in the scope or amount of rules promulgated by MDE in the future that affect the operations of the Charter School could have the result of increasing reporting requirements, increasing operational costs, increasing legal and professional costs, or affecting the operations of the Charter School in a way that cannot be determined at this time.

Education Reform and Desegregation Litigation

The operations of the Charter School could be adversely affected in the future by judicial decisions relating to education reform litigation and/or litigation relating to segregation in public schools in Minnesota. Cases could be filed in Minnesota and federal court in the future that could alter the operations of public schools in Minnesota (including the Charter School) in the future. An example of this type of possible litigation is the *Cruz-Guzman v. State of Minnesota* desegregation litigation filed in Hennepin County in late 2015. The three parties in the *Cruz-Guzman* suit are (1) the Plaintiffs, consisting of *Cruz-Guzman* and other parents of children attending Minneapolis and St. Paul public schools; (2) the Intervenors, consisting of three Minnesota charter schools and the Minnesota Association of Charter Schools; and (3) the State Defendants, consisting of the State of Minnesota, the Governor, and other officials, represented by the Minnesota Attorney General’s Office. The Plaintiffs accused the State and lawmakers and other officials of enabling school segregation in the seven-county metro area that denied

students of color an adequate education. In January 2016, the State moved to dismiss the lawsuit on the basis that the District Court lacked subject matter jurisdiction and that the Plaintiffs' Complaint failed to properly state a claim. After a hearing in April 2016, the District Court dismissed the Complaint only as to then-Governor Dayton, State Senator Sandra L. Pappas, and State Representative Kurt Daudt on the basis that they were entitled to legislative immunity under the Speech or Debate Clause of the Minnesota Constitution. The District Court also dismissed one of the claims under the Minnesota Human Rights Act, concluding that the Plaintiffs lacked standing to assert such a claim. Otherwise, the District Court denied the State's motion to dismiss and their request for more defined claims. The remaining State defendants appealed the District Court's decision to the Minnesota Court of Appeals on several grounds and also requested that the Court of Appeals review the District Court's refusal to dismiss the Plaintiffs' claims on the merits. In response, the Plaintiffs moved the Court of Appeals to dismiss the State's appeal.

On April 13, 2017, the Court of Appeals reversed the District Court's decision, deciding to dismiss the remaining claims, citing that Plaintiffs' claims that minority students do not receive an adequate education is a political question that the courts cannot address. The Court of Appeals stated "[W]hile we share the desire of respondents, and indeed of all Minnesotans, for an excellent system of public education, the establishment of qualitative standards necessary to achieve that laudable goal is entrusted to the elected representatives in our legislature and local branches of government." On April 14, 2017, an appeal was made to the Minnesota Supreme Court. The Minnesota Supreme Court granted review and heard oral arguments on this matter on January 9, 2018.

On July 25, 2018, the Minnesota Supreme Court issued its opinion reversing the Court of Appeals' decision. The Minnesota Supreme Court held that Minnesota courts may address claims regarding whether the legislature has violated its duty under the Education Clause or violated the Equal Protection or Due Process Clauses of the Minnesota Constitution. In a November 2018 ruling, the Minnesota District Court in Hennepin County allowed the litigation to move forward as a class action focusing on all types of racial imbalance. The Charter School is not a direct party to the litigation.

After the ruling, the parties to the Cruz-Guzman litigation commenced a period of mediation that has resulted in a potential resolution that involved the adoption of legislation intended to address school segregation. On April 9, 2021, H.F. 2471, a Minnesota House bill incorporating the terms agreed to by the parties during mediation, was introduced to the Minnesota legislature. The bill has five main components:

1. A five-tiered model of identifying students based on multiple economic and social measures. Tiers four and five represent the most challenging environments. Homeless students are identified as tier five regardless of where they reside.
2. Establishment of categories of districts, traditional public schools, and charter schools that must participate in a culturally responsive teaching, inclusion, and integration program and the parameters of participation
3. A voluntary metro-wide integration program, which provides additional funding to both serving and resident districts that participate.
4. A diverse magnet school program, which provides additional funding to hosting and resident districts and full state reimbursement for transportation; and
5. A statewide family information system that presents data and facilitates school-by-school comparisons, as well as a repository of evidence-based strategies to improve outcomes and eliminate disparities for historically underserved populations.

The bill also sets forth the appropriations necessary to implement the proposed programs. It is estimated that the programs will cost \$125 million in 2022-23, and \$127 million in 2024-25, with much of this cost being focused on student transportation outside of existing district boundaries.

It is not clear whether this legislation will be adopted by the Minnesota legislature. It is also not clear how it will impact charter schools. It is anticipated that charters that are identified as racially segregated will be required to provide a plan to their authorizers detailing steps the school proposes taking to reduce segregation. However, it is not clear whether any of the appropriated funds for this program will be made available to charter schools to utilize for this purpose.

In the meantime, the plaintiffs, in December, 2021, brought a motion for summary judgment at the District Court level for a ruling that the existing segregation constitutes a de facto violation of the Education Clause of the Minnesota Constitution. The District Court denied the motion, but certified the issue for immediate appeal to the Minnesota Supreme Court. Briefs on this issue were filed with the Minnesota Supreme Court in January 2022. No hearing is currently set, although a hearing would be anticipated at some point in the coming months. If H.F. 2471 is adopted, the litigation would become moot and the case would be dismissed.

The Minnesota Supreme Court's ruling allows Cruz-Guzman, and similar cases that may be brought as a challenge to the adequacy of the Minnesota public education system, to be decided in the future by Minnesota courts. Further education reform and/or desegregation litigation in the Minnesota courts may take a long time to resolve and the outcome of any such litigation cannot be known at this time.

Redemption Prior to Maturity

The Series 2022 Bonds are subject to redemption at the option of the Company and in the event of certain occurrences. See "THE SERIES 2022 BONDS – Redemption of Series 2022 Bonds" in this Official Statement.

Forward-Looking Statements

This Official Statement contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Official Statement, including without limitation statements that use terminology such as "estimate," "plan," "budget," "expect," "intend," "anticipate," "believe," "may," "will," "continue," and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the Charter School's operations and expectations regarding student enrollment, future operations, revenues, capital resources, and expenditures for capital projects. Although the Company and the Charter School believe that the assumptions upon which the forward-looking statements contained in this Official Statement are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Company and the Charter School involve risks and uncertainties, many of which are outside the control of the Company and the Charter School and any one of which, or a combination of which, could materially affect the results of the Company's or the Charter School's operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation and interest rates, both nationally and in Minnesota where the School Facilities are located; the willingness of the State to fund charter school operations at present or increased levels; competitive conditions within the Charter School's market, including the acceptance of the education services offered by the Charter School; lower enrollments than projected; unanticipated expenses; the capabilities of the Charter School's management; changes in government regulation of the education industry or in the Charter School Act;

future claims for accidents at the School Facilities' site and the extent of insurance coverage for such claims; and other risks discussed in this Official Statement.

No representation or assurance can be given that the Company will realize revenues in amounts sufficient to make the required payments under the Loan Agreement or that the Charter School will realize revenues in an amount sufficient to make the required payments under the Leases. No market study or demand analysis has been prepared for the Charter School to analyze the existing or future demand for the Charter School's educational services. The realization of future Revenues is dependent upon, among other things, the matters described in the foregoing paragraphs and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Underwriter makes no representation as to the accuracy of the projections contained herein or as to the assumptions on which the projections are based.

Additional Indebtedness

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Company and requires the Company to impose certain restrictions on the Charter School pursuant to the Leases or the Pledge Agreement. The Company has covenanted in the Loan Agreement that it will not incur any indebtedness other than the Series 2022 Bonds or Additional Bonds issued pursuant to the Indenture without the prior written consent of the Majority Bondholder, and amendment to the Pledge Agreement and the Mortgage providing for such additional Indebtedness. In the Pledge Agreement, the Charter School has covenanted that it will only incur Long-Term Indebtedness, Short-Term Indebtedness, or Purchase Money Indebtedness in accordance with the restrictions imposed by the Loan Agreement and Pledge Agreement. See "SECURITY FOR THE SERIES 2022 BONDS – Additional Bonds" and "– Additional Indebtedness" in this Official Statement.

Cybersecurity Risks

The Charter School's services and systems may be critical to operations or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data, and personal information of employees, students and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of the Charter School's or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems; service or system disruptions or denials of service.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2022 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto.

CHARTER SCHOOL FUNDING IN MINNESOTA

State Payments

As further described in "APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS – Funding for Charter Schools," State charter schools receive funding from state, local, and federal sources. The primary source of funding for State charter schools is State funding. The various

types of State funding distributed to a State charter school can be divided conceptually into several main categories: (i) General Education Revenue, (ii) transportation revenue, (iii) special education revenue, (iv) Building Lease Aid, (v) compensatory aid, and (vi) other state funding.

General Education Revenue. General Education Revenue is paid to a charter school as though it were a traditional school district. The amount is distributed from the State through a statutory formula. In Minnesota, funding is determined by pupil units, or a Minnesota resident pupil under age 21. The system of pupil units, as defined by Minn. Stat. §126C.05 subd. 1, is applied to a charter school by first determining the Average Daily Membership of students in each grade level. Average Daily Membership is a pupil count that reflects actual student enrollment over the school year. It is determined by calculating the sum for all pupils of the number of days in the charter school’s school year that each pupil is enrolled, divided by the number of days the charter school is in session. In the 2013 Legislative session, the State Legislature changed the Average Daily Membership formula to create funding for all-day every-day kindergarten. The new formula went into effect for fiscal year 2017. For fiscal year 2017 and thereafter, the Average Daily Membership is multiplied by the following factor to determine the pupil units:

- (i) a kindergarten pupil who is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil’s school is counted as 1.0 pupil units;
- (ii) a kindergarten pupil that is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil’s school is counted as .55 pupil units.
- (iii) a pupil in grades 1-6 is counted as 1.0 pupil units;
- (iv) a pupil in grades 7-12 is counted as 1.2 pupil units;
- (v) a pupil in postsecondary enrollment programs is counted as .12 units.

Under Minnesota law, basic revenue for each district equals the formula allowance multiplied by the adjusted marginal cost pupil units for the school year. The State Legislature generally determines the amount of aid per pupil in odd numbered years. For the 2021 legislative session, the legislature increased the formula allowance by 2.45% for fiscal year 2021-2022 and 2.0% for fiscal year 2022-2023, resulting in state per pupil funding of \$6,727 and \$6,863 for the 2021-2022 and 2022-2023 fiscal years, respectively. The amount of aid per pupil unit for the next school year, the current school year, and the past ten fiscal school years, as provided by the State Legislature, is as shown on the following table:

Fiscal Year	State Per Pupil Funding*
2022-2023	\$6,863
2021-2022	6,727
2020-2021	6,566
2019-2020	6,438
2018-2019	6,312
2017-2018	6,188
2016-2017	6,067
2015-2016	5,948
2014-2015	5,831
2013-2014	5,302
2012-2013	5,224
2011-2012	5,174
2010-2011	5,124

**Reflects the basic formula allowance only, including transportation. Excluded components include sparsity, operating capital, training & experience, equity, referendum equalization, and gifted & talented.*

A charter school's membership is broken down into the number of students in each category and the number is multiplied by the relevant pupil units. The State allocates the applicable funding level for the charter school according to the total number of pupil units.

The formula is defined as the State traditional school district average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus a transportation allowance, which is an amount equal to the product of the formula allowing according to State law, multiplied by 0.0466, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to State law, and transition revenue as though the charter schools were a traditional school district. In the 2015 Legislative session, the State Legislature approved extended time revenue for charter schools at the rate of \$17 per pupil unit beginning in fiscal year 2015-2016; however, this amount has steadily decreased and in 2019-2020 was at a rate of \$14 per pupil unit.

Transportation Revenue. Transportation revenue must be paid to a charter school that provides transportation. In addition to the general revenue calculated in the manner set forth in the previous paragraph, a charter school providing transportation services must receive general education aid equal to the sum of the product of an amount equal to the product of the formula allowance defined under Minn. Stat. § 126C.10, subd. 2, multiplied by 0.0466 plus the transportation sparsity allowance for the school district in which the charter school is located times the adjusted marginal cost pupil units, plus the product of \$300 times the extend time marginal cost pupil units.

Special Education Revenue. Special education revenue must be paid for each child with a disability. A charter school must be paid special education revenue as though it were a school district. The aid is equal to the State total special education aid multiplied by the ratio of the resident school district's initial special education aid to the State total initial special education aid.

In the 2013 Legislative session, the State Legislature changed how charter schools were reimbursed for the portion of the aid paid by the resident school district of the student, also referred to as Tuition Billing. Charter schools will be responsible for 10% of the Tuition Billing amount that would have been charged to the resident district, which equates to approximately 4-6% of special education costs.

Building Lease Aid. Building Lease Aid may be distributed to a charter school if the school finds that it is economically advantageous to rent or lease a building or land for any instructional purposes and determines that the total operating capital revenue is insufficient for its purposes. The Commissioner must review the school's request for aid and determine (a) whether the request is reasonable based on price of current market values, (b) whether the request conforms to applicable State laws and rules, and (c) the appropriateness of the lease in regards to the circumstances and needs of the charter school.

The amount of Building Lease Aid per pupil unit served for a charter school for any year shall not exceed the lesser of:

- (i) 90 percent of the approved lease cost; or
- (ii) the product of the pupil units served for the current school year times \$1,314.

See also "APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS – Funding for Charter Schools" in this Official Statement.

Compensatory Aid. Compensatory aid is distributed to a charter school based on the number of students who receive free or reduced lunch. See "APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS" in this Official Statement.

Other State Aid. The State also provides aid to charter schools in several other categories, including Limited English Proficiency.

In addition, the 2015 State Legislative session adopted new funding for Long Term Facilities Maintenance Revenue. See “APPENDIX C – BUDGET PROJECTION” in this Official Statement.

Receipt of State Funding. A charter school receives 90% of its aid in twenty-three (23) payments between July and June. The remaining 10% holdback of each charter school’s allocated State aid, as adjusted for fluctuations in pupil enrollment, will be distributed to each charter school the following July and October.

If a charter school ceases operations prior to June 30 of a school year, the Commissioner shall withhold the estimated State aid owed to the charter school. The charter school board of directors and the authorizer must submit to the Commissioner a closure plan and financial information about the charter school’s liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, and documentation of lease expenditures, the Commissioner may release cash withheld and may continue regular payments if amounts are owed.

The Commissioner may reduce a charter school’s State aid under Minn. Stat. §§ 127A.42 or 127A.43 if the charter school board fails to correct any violations. The Commissioner may reduce a charter school’s State aid by an amount not to exceed sixty percent of the charter school’s basic revenue for the period of time that a violation of law occurs.

A charter school is eligible to receive other aids, grants, and revenue as if it were a school district. A charter school, however, may not receive aid, a grant, or revenue if a levy is required to obtain the money, or if the aid, grant, or revenue replaces levy revenue that is not general education revenue. A charter school may receive money from any source for capital facility needs. The charter school, however, may not use money received from the State to purchase land or buildings. The board of directors of a charter school may not levy taxes or issue bonds to receive funds.

Tort Liability. Under State law, a charter school is subject to the same limits on tort liability as a traditional public school district or other municipality.

See “APPENDIX B – MINNESOTA LAWS RELATING TO CHARTER SCHOOLS” in this Official Statement for a more complete discussion of the Minnesota laws governing charter schools.

AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL

The audited financial statements for the Charter School as of and for the Fiscal Year ended June 30, 2021 (the “Audited Financial Statements”), are included in APPENDIX D to this Official Statement. These are the most recent audited financial statements available for the Charter School. The Audited Financial Statements were audited by Abdo, Minneapolis, Minnesota, independent certified public accountants (the “Auditor”), as stated in their report thereon. Abdo, an independent auditor, has not been engaged to perform and has not performed, since the date of its reports included in APPENDIX D to this Official Statement, any procedures on the financial statements addressed in those reports. The Auditor also has not performed any procedures relating to this Official Statement. The financial statements of the Company are not included in this Official Statement because the Company does not have significant financial resources and is not anticipated to have significant assets other than the School Facilities. It is expected that the financial statements of the Company will be included in a consolidated schedule to the Charter School in the future. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL FOR THE FISCAL YEAR ENDED JUNE 30, 2021” in this Official Statement.

UNAUDITED FINANCIAL STATEMENTS OF THE CHARTER SCHOOL

APPENDIX E to this Official Statement contains the unaudited financial statements of the Charter School as of and for the eleven-month period ended May 31, 2022. The unaudited financial statements contained in APPENDIX E have been prepared by the Charter School’s finance manager, BerganKDV, and have not been reviewed, audited, or examined by any independent accounting firm. See “APPENDIX E – UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE BORROWER FOR THE ELEVEN-MONTH PERIOD ENDED MAY 31, 2022” in this Official Statement.

THE BUDGET PROJECTION

The Charter School has prepared the budget projection and related assumptions included in APPENDIX C to this Official Statement. The Budget Projection is based on the assumptions made by management of the Charter School as to, among other things, future enrollment levels, future costs and future revenues. The Budget Projection is for the fiscal years of the Charter School ending June 30, 2022 through June 30, 20[___]. The Budget Projection (including the notes thereto) should be read in its entirety.

The Budget Projection is based on various assumptions that represent only the beliefs of the Charter School’s management as to the most probable future events and are subject to material uncertainties. The Budget Projections assume that the Charter School and the Authorizer will renew the Charter Contract (after the expiration of the current term ending on June 30, 2023) through the period of the Budget Projection. No assurances can be given that the Charter School will, in fact, be able to generate sufficient revenue and attain the enrollment levels as stated in the Budget Projection, and variations from the Budget Projection for each of such matters should be expected to occur. Accordingly, the operations and financial condition of the Charter School in the future will inevitably vary from those set forth in the Budget Projection, and such variance may be material and adverse. See “BONDHOLDERS’ RISKS – Budget Projection” in this Official Statement.

The Charter School has not assumed any responsibility after the issuance of the Series 2022 Bonds to update the Budget Projection or to provide any financial forecasts or projections in the future. The Underwriter and the Issuer have made no independent inquiry as to the assumptions on which the Budget Projection is based and assume no responsibility therefor. See “APPENDIX C – BUDGET PROJECTION” in this Official Statement.

TAX MATTERS

[[TO BE UPDATED BY BOND COUNSEL]]

Tax Exemption of the Series 2022A Bonds

In the opinion of Taft Stettinius & Hollister LLP as Bond Counsel to the Issuer, under existing State of Minnesota (the “State”) and federal laws, regulations, rulings, and decisions in effect on the date of delivery of the Series 2022A Bonds (which excludes pending legislation which may have a retroactive effect), and assuming continuing compliance by the Issuer, the Company and the Charter School with covenants made to satisfy requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series 2022A Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in taxable net income of individuals, estates, and trusts for State income tax purposes. Interest on the Series 2022A Bonds is subject to the State franchise tax imposed on corporations, including financial institutions. Interest on the Series 2022B Bonds is taxable as ordinary income for federal income tax purposes.

In expressing its opinion, Bond Counsel will rely on an opinion of Dorsey & Whitney LLP, as counsel to the Company, to the effect that, among other things: (i) the Company and the Charter School are Minnesota nonprofit corporations and are organizations described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code; and (ii) to the best of its knowledge after reasonable investigation consisting of interviews with officers of the Company and the Charter School most likely to have relevant information as of the date thereof, no portion of the facilities financed with the proceeds of the Series 2022A Bonds is to be used in or for any unrelated trade or business of the Company or the Charter School, determined by applying Section 513(a) of the Code.

The Code establishes certain requirements (the “Federal Tax Requirements”) that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest on the Series 2022A Bonds will continue to be excluded from gross income for federal income tax purposes. The Federal Tax Requirements include, but are not limited to, requirements relating to the expenditure of proceeds of the Series 2022A Bonds, requirements relating to the operation of the facilities financed by the Series 2022A Bonds, restrictions on the investment of proceeds of the Series 2022A Bonds prior to expenditure, and the requirement that certain earnings on the “gross proceeds” (as defined in the Code) of the Series 2022A Bonds be paid to the federal government. Noncompliance with the Federal Tax Requirements may cause interest on the Series 2022A Bonds to become subject to federal and State income taxation retroactive to their date of issue irrespective of the date on which such noncompliance occurs or is ascertained. In expressing its opinion, Bond Counsel will assume compliance by the Issuer, the Company, the Charter School, and the Trustee with the tax covenants contained in the Loan Agreement, the Tax Certificate, the Tax Regulatory Agreement, and the Indenture.

Other Federal Tax Considerations

Interest on the Series 2022A Bonds may be included in the income of a foreign company for purposes of the branch profits tax imposed by Section 884 of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to the applicable percentage of the interest to be paid on the Series 2022A Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code. Under the circumstances described in Section 86 of the Code, recipients of certain social security and railroad retirement benefits may be required to take into account interest on the Series 2022A Bonds in determining the taxability of such benefits. Passive investment income, including interest on the Series 2022A Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than twenty-five percent of its gross receipts is passive investment income. The Series 2022A Bonds have not been designated by the Issuer as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond Premium

The Series 2022A Bonds having a stated maturity of June 1, 20__ (the “Premium Bonds”), have been sold to the public at an amount in excess of the stated redemption price at maturity. Such excess of the purchase price of such Premium Bonds over the stated redemption price at maturity constitutes original issue premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize any original issue premium over the term of such Premium Bond using constant yield principles, based on the purchaser’s yield to maturity. As original issue premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or a decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is

allowed. Purchasers of any Premium Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

Holders of Premium Bonds should consult their tax advisors with respect to computation and accrual of original issue discount and with respect to the state and local tax consequences of owning Discount Bonds and Premium Bonds.

Original Issue Discount

The Series 2022A Bonds having a stated maturity of June 1, 20__ (the “Discount Bond”) are being sold at a discount from the principal amount payable on such Series 2022A Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income and from State taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal and State tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity). Original issue discount is taxable under the State franchise tax on corporations and financial institutions.

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond.

Except for the State rules described above, no opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their own advisors with respect to computation and accrual of original issue discount and with respect to the State and local tax consequences of owning such Discount Bonds.

The Series 2022B Bonds

Interest to be paid on the Series 2022B Bonds is includable in gross income of the recipient for federal income tax purposes and in taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is subject to Minnesota franchise taxes imposed on corporations and financial institutions.

Legislative Proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal bonds. For example, the recent federal tax reform legislation (formerly known as the Tax Cuts and Jobs Act) signed by President Trump as of December 22, 2017, significantly changed the income tax rates for individuals and corporations and modified the alternative minimum tax for tax years beginning after December 31, 2017, and altered other existing tax law in a manner that may affect the market price for, or marketability of, the Series 2022A Bonds. Prospective purchasers of the Series 2022A Bonds should consult their own tax advisors regarding the impact of any such change in law.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Series 2022A Bonds. The receipt of interest on the Series 2022A Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Series 2022 Bonds are encouraged to consult with their personal tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Series 2022 Bonds.

BOND RATING

S&P has assigned a rating of “[]” ([] outlook) to the Series 2022 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such, should be obtained from S&P at 55 Water Street, New York, New York 10041. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions of their own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Series 2022 Bonds. SEE “BONDHOLDER’S RISKS – Maintenance of Credit Rating” above in this Official Statement.

UNDERWRITING

The Series 2022 Bonds will be purchased by Robert W. Baird & Co. Incorporated, St. Paul, Minnesota (the “Underwriter”). The Underwriter has agreed to purchase the Series 2022A Bonds for a purchase price of \$_____, which amount represents the principal amount of the Series 2022A Bonds (\$_____), less the Underwriter’s discount of \$_____, [plus/less] an original issue [premium/discount] of \$_____. The Underwriter has agreed to purchase the Series 2022B Bonds for a purchase price of \$_____, which amount represents the principal amount of the Series 2022B Bonds (\$_____), less the Underwriter’s discount of \$_____. The Underwriter is purchasing the Series 2022 Bonds pursuant to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Issuer, the Charter School, the

Company, and the Underwriter. The Bond Purchase Agreement also provides that the Company will pay miscellaneous out-of-pocket expenses of the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all Series 2022 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. Expenses associated with the issuance of the Series 2022 Bonds are being paid by the Company from proceeds of the Series 2022 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2022 Bonds is contingent upon the actual sale and delivery of the Series 2022 Bonds. The initial offering prices set forth on the inside front cover page hereof may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2022 Bonds to the public. The Charter School and the Company have agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and State securities laws.

CONTINUING DISCLOSURE

Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to comply with the requirements of Rule 15c2-12, the Company, the Charter School, and U.S. Bank Trust Company, National Association, as dissemination agent, will enter into a Continuing Disclosure Agreement, dated as of August 1, 2022. See "APPENDIX H – FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

In connection with the issuance of the Series 2013 Bonds, the Company and the Charter School entered into a Continuing Disclosure Agreement (the "Prior Continuing Disclosure Agreement"), between the Company, the Charter School and the dissemination agent named therein. **[[TO BE UPDATED UPON RECEIPT AND REVIEW OF DISCLOSURE COMPLIANCE REPORT]]** [The Company and the Charter School believe that they have complied with the Prior Continuing Disclosure Agreement in the last five years.] [During the last five years, the Company and the Charter School had instances of non-compliance related to their continuing disclosure obligations in the Prior Continuing Disclosure Agreement, as described below:] The Prior Continuing Disclosure Agreement is the only undertakings the Company and the Charter School were a party to in the last five years.

In connection with the issuance of the Series 2022 Bonds, the Borrower has engaged the Dissemination Agent to ensure compliance with the Prior Disclosure Agreements and the Continuing Disclosure Agreement going forward. In addition, the Borrower is identifying procedures to ensure that information required under the Prior Disclosure Agreements and the Continuing Disclosure Agreement are filed in a timely manner. See "BONDHOLDERS' RISKS – Failure to Provide Ongoing Disclosure" in this Official Statement.

The Issuer does not have any obligation with respect to the Continuing Disclosure Agreement because the Issuer is not an "obligated party" under the terms of Rule 15c2-12. The Issuer will not monitor the compliance by the Company or the Charter School with the terms of the Continuing Disclosure Agreement.

ENFORCEABILITY OF OBLIGATIONS

On the date of delivery of the Series 2022 Bonds, Taft Stettinius & Hollister LLP Minneapolis, Minnesota, Bond Counsel to the Issuer, will deliver its opinion, dated the delivery date, that the Series 2022

Bonds, the Loan Agreement, the Bond Purchase Agreement, and the Indenture, assuming due authorization and execution by the other parties thereto, are valid and legally binding on the Issuer, enforceable against the Issuer in accordance with their respective terms. Dorsey & Whitney LLP, Minneapolis, Minnesota, as counsel to the Company and the Charter School, will deliver its opinion that the Loan Agreement, THE Disbursing Agreement, the Tax Certificate, the Tax Regulatory Agreement, the Mortgage, the SNDA, the Leases, the Assignment of Lease, the Bond Purchase Agreement, and the Continuing Disclosure Agreement, are valid and legally binding agreements of the Company each enforceable in accordance with their respective terms, and that the Leases, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, the Tax Regulatory Agreement, the Account Control Agreement, Intercreditor Agreement, the SNDA and the Pledge Agreement are valid and legally binding agreements of the Charter School, each enforceable in accordance with their respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors' rights generally. While the Series 2022 Bonds are secured or payable pursuant to the Indenture, the Loan Agreement, the Mortgage, the Leases, and the Pledge Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

LEGAL MATTERS

Legal matters incident to the issuance and sale of the Series 2022 Bonds and with regard to the tax-exempt status of interest on the Series 2022A Bonds under existing laws are subject to the legal opinion of Taft Stettinius & Hollister LLP Minneapolis, Minnesota, as Bond Counsel. Certain other legal matters in connection with the Series 2022 Bonds will be passed on for the Underwriter by its counsel, Ballard Spahr LLP, Minneapolis, Minnesota, and for the Company and the Charter School by their counsel, Dorsey & Whitney LLP, in Minneapolis, Minnesota.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2022 Bonds, the Issuer, the Company, the Charter School, and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS" and Taft Stettinius & Hollister LLP is acting as Bond Counsel. In other transactions not related to the Series 2022 Bonds, each of these attorneys or law firms may have acted as Bond Counsel or Disclosure Counsel or represented the Issuer, the Company, the Charter School, or the Underwriter or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2022 Bonds on the ability of any of these firms or attorneys to act as Bond Counsel or Disclosure Counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2022 Bonds should not assume that the Issuer, the Company, the Charter School and the Underwriter or their respective counsel or Bond Counsel or Disclosure Counsel have not previously engaged in or will not after the issuance of the Series 2022 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

ABSENCE OF LITIGATION

Issuer

To the actual knowledge of the Issuer, without inquiry or investigation, there is no litigation pending against the Issuer seeking to restrain or enjoin the issuance or delivery of the Series 2022 Bonds, questioning or affecting the legality of the Series 2022 Bonds or the proceedings and authority under which the Series 2022 Bonds are to be issued or questioning the validity or enforceability of the Indenture, the Bond Purchase Agreement or the Loan Agreement.

Company and Charter School

In connection with the issuance of the Series 2022 Bonds, the Company and the Charter School, respectively, have represented that there is no litigation pending, seeking to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or questioning or affecting the legality of the Series 2022 Bonds or the proceedings and authority under which the Series 2022 Bonds are to be issued. There is no litigation pending which in any manner questions the undertaking of the financing by the Company or the Charter School or the validity or enforceability of the Loan Agreement, the Bond Purchase Agreement, the Tax Certificate, the Tax Regulatory Agreement, the Continuing Disclosure Agreement, the Disbursing Agreement, the SNDA, the Account Control Agreement, the Intercreditor Agreement, the Leases, the Assignment of Lease, the Pledge Agreement, or the Mortgage and the other financing documents to which the Company and/or the Charter School, respectively, are parties.

THE TRUSTEE

The Issuer has appointed U.S. Bank Trust Company, National Association, a non-depository trust company, to serve as Trustee. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2022 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2022 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2022 Bonds by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2022 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2022 Bonds, or the investment quality of the Series 2022 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive, and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2022 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in Minneapolis, Minnesota and thereafter at the designated corporate trust office of the Trustee in Minneapolis, Minnesota. In addition to certain information provided herein, all information contained in the Appendices A, B, C, D, and E, along with

information regarding the Budget Projection and projected debt service coverage under the caption “SUMMARY INFORMATION” has been provided by the Charter School or Company or been derived from information provided by the Charter School or Company. The Underwriter makes no representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

The Company, the Charter School, and the Issuer have authorized and approved the use and distribution of this Official Statement, although the Issuer has not reviewed or approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption “THE ISSUER” and “ABSENCE OF LITIGATION – Issuer” in this Official Statement.

Registration of Series 2022 Bonds

Registration or qualification of the offer and sale of the Series 2022 Bonds (as distinguished from registration of the ownership of the Series 2022 Bonds) is not required under the federal Securities Act of 1933, as amended. THE COMPANY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2022 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2022 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Official Statement

The fees to be paid to Bond Counsel, counsel to the Company and the Charter School, counsel to the Underwriter, the Trustee, and the Underwriter are contingent upon the sale and delivery of the Series 2022 Bonds.

Official Statement Certification of the Company and the Charter School

The preparation of this Official Statement and its distribution has been authorized by the Company and the Charter School. This Official Statement has been “deemed final” by the Charter School and the Company in compliance with the provisions of Rule 15c2-12. This Official Statement is not to be construed as an agreement or contract between the Company or the Charter School and any purchaser, owner or holder of any Series 2022 Bond.

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APPENDIX A
THE COMPANY, THE CHARTER SCHOOL, AND THE SERIES
2022 PROJECT

APPENDIX B

MINNESOTA LAWS RELATING TO CHARTER SCHOOLS

APPENDIX B

MINNESOTA LAWS RELATING TO CHARTER SCHOOLS

This APPENDIX B summarizes certain provisions of charter school law in the State of Minnesota (“State”). This appendix provides a summary, for informational purposes only, and should be read in conjunction with other portions of the Official Statement and the complete Charter School Act (as defined below). Potential investors should refer to and independently evaluate such provisions in their entirety, with assistance from counsel, for a complete understanding of their terms. Further, potential investors should note that the provisions summarized below are subject to change, and this summary only pertains to certain aspects of currently existing law.

Introduction

Charter schools in Minnesota are public schools and are a component of the State’s system of public education. The Minnesota Charter School Act, Minn. Stat. Chapter 124E (the “Charter School Act”), authorizes the creation and operation of charter schools and includes rules concerning governance of charter schools, the legal status and organization of charter schools, the charter application process, charter school facilities, charter school funding and other requirements to maintain good standing with the State. Pursuant to the Charter School Act, any charter school must receive a written charter contract to operate as a charter school from a designated authorizer. Charter schools are primarily intended to improve pupil learning and student achievement. Additional purposes include to: (1) increase learning opportunities for pupils; (2) encourage the use of different and innovative teaching methods; (3) measure learning outcomes and create different and innovative forms of measuring outcomes; (4) establish new forms of accountability for schools; and (5) create new professional opportunities for teachers, including the opportunity for the learning program at the school site.

In addition to the Charter School Act, charter schools must comply with certain other State and federal law regarding public education. The sections that follow provide additional information relating to the State laws applicable to charter schools.

State Law Charter School Requirements

Authorizer Approval Process (Minn. Stat. § 124E.05)

An applicant seeking to establish a charter school, or to convert an existing school into a charter school, must seek the support and approval of a qualified authorizer. Minnesota law requires that charter schools must be granted a charter by an entity referred to as an authorizer. An eligible authorizer may consist of (1) a school board, intermediate school district board, or education district, (2) certain types of charitable organizations, (3) a Minnesota private college, community college, State university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities, or the University of Minnesota, (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, or (5) single purpose authorizers that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota as a corporation with no members or as a nonprofit limited liability company whose sole purpose is to charter schools.

To seek approval as an authorizer, an organization must apply to the Commissioner of the Department of Education (the “Commissioner”). The application for approval as an authorizer must demonstrate the applicant’s ability to implement the procedures and satisfy the criteria for chartering a school. The Commissioner must approve or disapprove of the application within forty-five (45) business days of the application deadline. After approval as an authorizer, the authorizer is subject to a review by the Commissioner every five years. If the Commissioner finds that an authorizer has not fulfilled its requirements pursuant to State law, the Commissioner may subject the authorizer to corrective action, which may include terminating the Charter Contract of any schools chartered by the authorizer.

To seek approval to charter a specific charter school, an authorizer must file an affidavit with the Commissioner, stating the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and how the authorizer would comply with the written contract between the authorizer and the charter school board. The Commissioner must approve or disapprove of the application within sixty (60) business days of receipt of the affidavit.

Charter Contract (Minn. Stat. § 124E.10)

The authorization for a charter school is in the form of a written contract signed by the authorizer and the board of directors of a charter school (the “Charter Contract”). The Charter Contract must be completed within forty-five (45) business days of the Commissioner’s approval of the authorizer’s affidavit. The authorizer is required to submit a copy of the signed Charter Contract to the Commissioner within ten (10) business days of execution. The Charter Contract must contain: (1) a declaration that the charter school will carry out the primary purpose in § 124E.10 subdivision 1 (to improve pupil learning and student achievement), and how the school will report its implementation of this purpose; (2) a declaration of additional purposes that the school intends to carry out and how the school will report its implementation of those purposes; (3) a description of the school program and specific academic and nonacademic outcomes that pupils must achieve; (4) a statement of admission policies and procedures; (5) a governance, management, and administration plan for the school; (6) signed agreements from charter school board members to comply with all federal and State laws governing organizational, programmatic, and financial requirements applicable to charter schools; (7) the criteria, processes, and procedures that the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance; (8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a Charter Contract; (9) types and amounts of insurance liability coverage to be obtained by the charter school; (10) a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees, as well as the Commissioner and officers, agents, and employees of the Department of Education, from any suits, claim, or liability arising from any operation of the charter school; (11) the term of the initial contract, which may be up to five years plus an additional preoperational planning year, and up to five years for a renewed contract or a contract with a new authorizer if warranted by the school’s academic, financial, and operational performance; (12) how the board of directors or the operators of the school will provide special instruction and services for children with a disability and a description of the financial parameters within which the charter school will operate to provide the special instruction and services to a children with a disability; (13) the specific conditions for contract renewal that identify performance under the primary purpose as the most important factor in determining contract renewal; (14) the additional purposes and related performance obligations contained in the charter contract as additional factors in determining contract renewal; and (15) the plan for an orderly closing of the charter school, whether the closure is a termination for cause, a voluntary terminator, or a nonrenewal of the contract, that includes establishing the responsibilities of the charter school board of directors and the authorizer and notifying the Commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, information and assistance sufficient to enable the student to re-enroll in another school, the transfer of student records, and procedures for closing financial operations.

Requirements for Charter Schools (Minn. Stat. §§ 124E.03, subs. 2 and 3; 124E.06, subd. 3; 124E.10, subd. 1(b))

A charter school is required to be nonsectarian in its programs, admission policies, employment practices, and all other operations. Charter schools must be able to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. A charter school must comply with statewide accountability requirements governing standards and assessments in Minn. Stat. Chapter 120B. A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. A charter school cannot charge tuition and may only charge fees for specified activities as in Minn. Stat. § 123B.35. A charter school

must comply with all federal, State, and local health and safety requirements applicable to school districts. A charter school must maintain at least the amount of and types of insurance up to the applicable tort liability limits under Minn. Stat. Chapter 466. A charter school must comply with Minn. Stat. §§ 125A.02, 125A.03 – 125A.24, 125A.65 and 125A.75 and rules relating to the education of pupils with disabilities as though the charter school were a school district. A charter school must provide instruction each year for at least the number of hours required by Minn. Stat. § 120A.41. It may provide instruction throughout the year according to Minn. Stat. §§ 124D.12-124D.128.

Eligible Students (Minn. Stat. § 124E.11)

A charter school may limit admission to pupils within an age group or grade level, pupils who are eligible to participate in the graduation incentives program, or residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations. A charter school must enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. If there are too many applications, the students must be accepted by lottery. The charter school must develop and publish, including on its Web site, a lottery policy and utilize that policy when accepting students by lottery. A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's teachers before accepting other pupils by lottery. A person shall not be admitted to a charter school as a kindergarten pupil unless the student is at least 5 years old on September 1 of the calendar year in which the student seeks admission, or as a first grade pupil unless 6 years old on September 1 of the calendar year in which the student seeks admission (but the school may establish and publish a policy for admission of selected students at an earlier age). A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability. A charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

Employment (Minn. Stat. §§ 124E.07, subd. 6; 124E.12)

Charter schools must employ or contract with necessary teachers, who hold valid licenses to perform the particular service for which they are employed by the charter school. The charter school's State aid may be reduced if the school employs a teacher who is not appropriately licensed or approved by the State board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The charter school may discharge teachers and nonlicensed employees. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the charter school's personnel policies.

A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for persons who hold administrative, supervisory, or instructional leadership roles. The qualifications shall include at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles. The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of the development plan of these persons shall be included in the charter school's annual report.

The board of directors must decide and be responsible for policy matters related to the operation of the charter school, including budgeting, curriculum programming, personnel, and operating procedures. The board must adopt a policy on nepotism in employment, and adopt personnel evaluation policies and practices that at a minimum do the following: carry out the school's mission and goals; evaluate the execution of charter contract goals and commitments; evaluate student achievement, postsecondary and workforce readiness, and student engagement and connection goals; establish a teacher evaluation process; and provide professional development related to the individual's job responsibilities.

Background Checks (Minn. Stat. § 123B.03)

A charter school, like other public schools, must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data as defined in State law. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the State board of teaching or the commissioner of education within the 12 months preceding an offer of employment. For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation.

Annual Public Reports and Disclosure (Minn. Stat. § 124E.16)

A charter school must publish an annual report approved by the board of directors. The annual report must at a minimum include information on enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school must distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school and must also post the report on the charter school's official web site. The annual reports are public data.

A charter school is subject to the same financial audits, audit procedures, and audit requirements as a school district. Audits must be performed in accordance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and any prescribed minimum procedures for audits.

Review and Comment by an Authorizer (Minn. Stat. §§ 124E.10, subd. 3; 124E.05, subd. 8)

An authorizer is required to provide formal written evaluations of the charter school's performance before the renewal of the Charter Contract. The Commissioner must review and comment on the authorizer's evaluation process at the time the authorizer submits its application for approval and each time the authorizer undergoes its five-year review. The authorizer is required to monitor and evaluate the academic, financial, operational and student performance of the charter school and may assess the charter school a monitoring fee for this service. The monitoring fee must be stated in the Charter Contract.

The fee that an authorizer may annually assess is the greater of (1) the basic formula allowance for that year, or (2) the lesser of: (a) the maximum fee factor multiplied by the basic formula allowance for the year; or (b) the fee factor multiplied by the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals .015. The maximum fee factor equals 4.0.

By September 30 of each year, the authorizer must submit to the Commissioner a statement of the income and expenditures related to chartering activities during the previous school year ending June 30.

Transportation (Minn. Stat. § 124E.15)

The State provides a fixed per-pupil amount for transportation aid. By March 1 of each year (or July 1 of the first fiscal year), a charter school must notify the school district in which the charter school is located and the Commissioner if it will provide its own transportation or use the transportation services of the district it is located within. If a charter school elects to use the transportation services of the district, then the charter school's transportation aid is paid directly to the district. If a charter school elects to provide its own transportation to its pupils, the transportation aid is paid directly to the charter school. If the charter school elects to provide transportation to students, the charter school must provide the transportation within the district in which the charter school is located. The charter school may elect to provide transportation beyond its district boundaries; however, the amount of transportation aid to the charter school is not increased.

Although charter schools are not required to provide transportation for students who reside outside of the school district in which the charter school is located, a parent whose family is below the poverty level as determined by the federal government may be entitled to reimbursement by the charter school for costs of transporting a pupil from the pupil's residence to the border of the district in which the charter school is located. The reimbursement must not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

If a charter school does not provide transportation, transportation must be provided by the district in which the charter school is located. If the district does provide transportation, the scheduling of routes, manner and method of transportation, control and discipline of the students, and any other matter relating to the transportation falls within the control and discretion of the school district.

Charter Noncompliance and Termination (Minn. Stat. § 124E.10)

A charter school is allowed to continue in duration for the length of the Charter Contract between the charter school and the authorizer. A Charter Contract may be unilaterally terminated or not renewed by the authorizer for: (1) failure to demonstrate satisfactory academic achievement for all students, including the requirements for pupil performance contained in the contract; (2) failure to meet generally accepted standards of fiscal management; (3) violations of law; or (4) other good cause. If an authorizer intends to not renew a contract with a charter school, it must provide written notice to the charter school at least sixty (60) days prior to the proposed nonrenewal or termination. The board of directors of the charter school may make a request to have an informal hearing within fifteen (15) business days of receiving notice of nonrenewal or termination of the contract. Failure to request a hearing will be treated as acquiescence to the proposed action. Upon receiving a request for a hearing, an authorizer shall give ten (10) business days' notice to the charter school's board of directors of the hearing date. The authorizer shall take final action to renew or not renew a contract no later than twenty (20) business days before the proposed date for terminating the contract or the end of the contract.

If the authorizer and the charter school board of directors mutually agree not to renew the Charter Contract, or if the governing board of the authorizer votes to withdraw as an approved authorizer, a change in authorizers is allowed. The authorizer and the school board must jointly submit their intent in writing to the Commissioner to mutually not renew the contract. The authorizer that is a party to the existing Charter Contract must inform the proposed authorizer about the fiscal and operational status and student performance of the charter school, as well as any outstanding contractual obligations. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any of these obligations from the previous contract. The proposed contract must be submitted at least 105 business days before the end of the existing charter contract. The Commissioner will have 30 business days to review and make a determination, after which the proposed authorizer and the school have 15 business days to respond and address any issues identified by the Commissioner. A final determination shall be made no later than 45 business days before the end of the current charter contract. If no change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer is not approved and the current authorizer and school do not withdraw their letter and enter a new contract, the school must be dissolved.

The Commissioner may terminate the Charter Contract, after providing reasonable notice to the board of directors of a charter school and existing authorizer, after providing an opportunity for a public hearing if the charter school has a history of: (1) failure to meet pupil performance requirements; (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or (3) repeated or major violations of law.

Upon termination of a Charter Contract, a pupil who attended the charter school, siblings of a pupil or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district at any time. The closed charter school must transfer the student's educational records within ten (10) business days of closure to the student's school district of residence where the records must be retained or transferred.

If the Charter Contract is not renewed or is unilaterally terminated the charter school must dissolve according to the applicable provisions of Minn. Stat. Chapter 317A.

Tort Liability (Minn. Stat. § 124E.03, subd. 2(d); Ch. 466)

A Charter School is subject to the same limits on tort liability as a traditional public school district or other municipality. Minnesota Statutes, Chapter 466, establishes liability limits for the torts of a municipality or its officers, employees and agents acting within the scope of their employment or duties whether arising out of a governmental or proprietary function. For claims arising after July 1, 2009, such tort claims shall not exceed: (1) \$500,000 when the claim is one for death by wrongful act or omission and \$500,000 to any claimant in any other case; and (2) \$1,500,000 for any number of claims arising out of a single occurrence. The limit is doubled if the claim arises out of the release or threatened release of a hazardous substance. No award for damages on any such claim shall include punitive damages.

Additional State and Federal Law Compliance

In addition the Charter School Act and the other State laws mentioned above, charter schools are subject to additional laws that apply to all public schools. For example, charter schools are required to comply with State and federal special education laws; State, federal, and local health and safety requirements; Section 504 and the Americans with Disabilities Act; federal non-discrimination laws (including, among others, Title VI, Title VII, Title IX); the Minnesota Human Rights Act, the Pupil Fair Dismissal Act, Statewide accountability requirements governing standards and assessment; the No Child Left Behind Act; the Minnesota Public School Fee Law; the Minnesota Government Data Practices Act; the Minnesota Open Meeting Law; State compulsory attendance laws; State laws pertaining to the receipt and dissemination of juvenile disposition orders; State wage and benefit laws (Minn. Stat. Ch. 181); State records retention laws (Minn. Stat. §§ 138.163 and 138.17); State whistleblower protection (Minn. Stat. § 181.932); and the Minnesota Public Employment Labor Relations Act (Minn. Stat. Chapter 179A).

Funding for Charter Schools

State Funding for Charter Schools (Minn. Stat. §§ 124E.20; 124E.21; 124E.22; 124E.23)

The primary source of funds for the operation of Minnesota charter schools is State funding, including: (1) General Education Revenue, (2) Transportation Revenue, (3) Special Education Aid, and (4) Building Lease Aid. See “CHARTER SCHOOL FUNDING IN MINNESOTA” in this Official Statement for additional information related to funding.

Building Lease Aid (Minn. Stat. § 124E.22).

With respect to Building Lease Aid, State law imposes restrictions on the types of organization from which a charter school may lease. A charter school must not use Building Lease Aid it receives for custodial maintenance service, utility, or other operating costs. The Commissioner must review and either approve or deny a lease aid application using the following criteria: (i) the reasonableness of the price based on current market conditions; (ii) the extent to which the lease conforms to applicable state laws and rules; and (iii) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school. The Commissioner must approve aid only for a facility lease that has (a) a sum of certain annual costs and (b) an escape clause the charter school may exercise if its charter contract is terminated or not renewed.

Related Party Leases (Minn. Stat. § 124E.13, subd. 1 and 2).

A charter school is prohibited from entering into a lease of real property with a related party unless the lessor is a nonprofit corporation or cooperative under Minn. Stat. Chapter 317A or 308A, respectively, and the lease cost is reasonable. If a charter school enters into a lease with a related party and subsequently closes, the Commissioner has the right to recover from the lessor any lease payments that are not reasonable under Minn. Stat. § 124E.22. A charter school may lease space from an independent or special school board, other public organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. The Commissioner must review and approve or disapprove of leases in a timely manner.

Affiliated Nonprofit Building Corporation (Minn. Stat. § 124E.13, subd. 3 and 4).

A charter school may decide to organize a nonprofit building corporation to renovate or purchase an existing facility to serve as a school or expand an existing building or construct a new school facility. However, the charter school must meet the following criteria:

- (i) has been in operation for at least six consecutive years;
- (ii) as of June 30 has a net positive unreserved general fund balance in the preceding three fiscal years;
- (iii) has long-range strategic and financial plans that include enrollment projections for at least five years;
- (iv) completes a feasibility study of facility options that outlines the benefits and costs of the options;
and
- (v) has a plan which describes project parameters and budget.

An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. Therefore, in order for a charter school to receive lease aid for a facility that it leases from an affiliated nonprofit building corporation, the affiliated nonprofit building corporation must have fee title to the property being leased to the charter school. The State is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

A charter school or its affiliated building corporation must receive a positive review and comment from the Commissioner before initiating any purchase agreement or construction contract that requires an expenditure exceeding that set in Minn. Stat. § 123B.71.

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APPENDIX C
BUDGET PROJECTION

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE
CHARTER SCHOOL FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

APPENDIX E

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF
THE CHARTER SCHOOL FOR THE ELEVEN-MONTH
PERIOD ENDED MAY 31, 2022**

APPENDIX F

**DEFINITIONS OF CERTAIN TERMS AND
SUMMARIES OF DOCUMENTS**

APPENDIX G
FORM OF BOND COUNSEL OPINION

APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX I
BOOK-ENTRY ONLY SYSTEM

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX I concerning DTC (as defined below), Cede & Co. and the Book-Entry System has been furnished by DTC for use in disclosure documents such as this Official Statement. The Issuer and the Underwriter believe such information to be reliable, but neither the Issuer nor the Underwriter takes any responsibility for the accuracy or completeness thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities discussed in the body of this Official Statement (the “Series 2022 Bonds”). The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2022 Bond certificate will be issued for each maturity of the Series 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.7 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2022 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bond are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Bond documents. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Series 2022 Bonds purchased or tendered, through its Participant, to the Trustee, and will affect delivery of such Series 2022 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2022 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2022 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2022 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2022 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2022 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE COMPANY, THE CHARTER SCHOOL OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE COMPANY, THE CHARTER SCHOOL OR THE UNDERWRITER TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2022 BOND, OR FOR ANY PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST PAYMENT THEREON.