

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED JUNE 10, 2022

NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2022A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel further observes that interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and that interest on the Series 2022 Bonds is not excluded from gross income for Wisconsin state income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. For a more complete description, see "TAX MATTERS" herein.

\$23,185,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022A



\$780,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022B (TAXABLE)

Dated: Date of Issuance

Maturity Dates, Interest Rates and Prices: See Inside Cover

The Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022A in the aggregate principal amount of \$23,185,000* (the "Series 2022A Bonds") and the Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022B (Taxable) in the aggregate principal amount of \$780,000* (the "Series 2022B Bonds") and collectively with the Series 2022A Bonds, the "Series 2022 Bonds" will be issued pursuant to an Indenture, dated as of June 1, 2022 (the "Indenture"), between the Public Finance Authority (the "Authority") and Wilmington Trust, National Association, as trustee (the "Trustee"). When issued, the Series 2022 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). While the Series 2022 Bonds are held by DTC, purchasers will not receive physical certificates. The Series 2022 Bonds will be issued in Authorized Denominations and the principal of, premium, if any, and interest (payable on June 1 and December 1 of each year, commencing December 1, 2022*) on the Series 2022 Bonds are payable by the Trustee to DTC, which will remit such principal, premium, if any, and interest to the DTC participants, who in turn will be responsible for remitting such payments to the Beneficial Owners of the Series 2022 Bonds. Capitalized terms used on this cover page are defined in APPENDIX E and in the Introduction to this Limited Offering Memorandum.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, AND CUSIPS ARE SHOWN ON INSIDE COVER.

The proceeds from the sale of the Series 2022 Bonds are being loaned by the Authority to DreamHouse, Inc., a Hawai'i nonprofit corporation (the "Borrower") and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, pursuant to a Loan Agreement, dated as of June 1, 2022 (the "Loan Agreement"), between the Authority and the Borrower, for the purpose of (a) financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of charter school educational facilities, designed to serve approximately 400 students in grades 9 through 12 known or to be known as DreamHouse Center (the "Series 2022 Facility"), to be located on an approximately 67,130 square foot site on the north side of Kama'aha Avenue near the intersection with Manawai Street in Kapolei, Hawaii, 96707 (the "Land"), (b) funding a deposit into the Reserve Account (as defined in the Indenture) for the Series 2022 Bonds; (c) funding capitalized interest on the Series 2022 Bonds; and (d) paying all or a portion of the costs of issuance of the Series 2022 Bonds (collectively, the "Series 2022 Project"). The Land and certain improvements thereon will be leased to the Borrower pursuant to an Agreement to Lease; Agreement to Construct and Sell Improvements, dated as of January 18, 2022 (the "Agreement to Lease"), between Kapolei 60, LLC, a Hawai'i limited liability company (the "Developer") and the Borrower, and a Lease, to be dated on or about the Closing Date (the "Facility Lease"), between the Developer and the Borrower.

The Borrower will own a leasehold interest the Series 2022 Facility and will lease the Series 2022 Facility to DreamHouse 'Ewa Beach Public Charter School, a Hawai'i public charter school (the "School"), pursuant to a Sublease Agreement, to be dated on or about the Closing Date (the "School Lease"), between the School and the Borrower. Under the School Lease, the School is liable for the obligation to pay rent to the Borrower. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower's sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School's public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years.

The Series 2022 Bonds are subject to optional, extraordinary, and mandatory sinking fund redemption and purchase in lieu of redemption prior to maturity as set forth herein.

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT PURSUANT TO THE INDENTURE AND EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY MEMBER, ANY SPONSOR, ANY AUTHORITY INDEMNIFIED PERSON (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OR SPONSOR, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PERSON SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

The Series 2022 Bonds are not rated. Purchase of the Series 2022 Bonds involves a high degree of risk and the Series 2022 Bonds are a speculative investment. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS."

EACH PURCHASER OF THE SERIES 2022 BONDS IS REQUIRED TO BE EITHER A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE "NOTICE TO INVESTORS" CONTAINED HEREIN AND THE SECTION ENTITLED "THE SERIES 2022 BONDS - Investor Suitability Standards and Transfer Restrictions." All initial purchasers of the Series 2022 Bonds will be required to execute an Investor Letter substantially in the form attached hereto as "APPENDIX H - FORM OF INVESTOR LETTER."

The Series 2022 Bonds are offered when, as and if issued by the Authority and received and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality and certain other matters by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as Bond Counsel, and to certain other conditions. Certain legal matters are being passed upon by von Briesen & Roper, s.c., Milwaukee, Wisconsin, as counsel to the Authority, by Gilmore & Bell, P.C., Salt Lake City, Utah, as counsel to the Underwriter, and by Carlsmith Ball LLP, Honolulu, Hawai'i, as counsel to the Borrower and the School. Gilmore & Bell, P.C., Salt Lake City, Utah, is also acting as disclosure counsel and in such capacity has assisted in the preparation of this Limited Offering Memorandum. Lewis Young Robertson & Birmingham, Inc., Salt Lake City, Utah, has acted as Financial Advisor to the Borrower and the School. D.A. Davidson & Co. is acting as Underwriter in connection with the sale of the Series 2022 Bonds. Delivery of the Series 2022 Bonds is expected on or about June 30, 2022*, through the facilities of The Depository Trust Company.



D | A | DAVIDSON
D.A. Davidson & Co. member SIPC

* Preliminary, subject to change.

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

MATURITY SCHEDULE

\$23,185,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022A

\$1,200,000* _____ % Term Bond Due June 1, 2032*; Price _____; CUSIP: _____[®]
\$2,920,000* _____ % Term Bond Due June 1, 2039*; Price _____; CUSIP: _____[®]
\$6,830,000* _____ % Term Bond Due June 1, 2049*; Price _____; CUSIP: _____[®]
\$12,235,000* _____ % Term Bond Due June 1, 2059*; Price _____; CUSIP: _____[®]

Dated: Date of Delivery

\$780,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022B (TAXABLE)

\$780,000* _____ % Term Bond Due June 1, 2029*; Price _____; CUSIP: _____[®]

Dated: Date of Delivery

* Preliminary, subject to change.

[®] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP data is included solely for the convenience of the registered owners of the applicable bonds. None of the Authority, the Underwriter, the Borrower, or the School is responsible for the selection of the CUSIP data, and no representation is made as to the correctness of the CUSIP data on the applicable bonds or as included herein. The CUSIP number for a specific maturity of the Series 2022 Bonds is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.

NOTICE TO INVESTORS

Purchase of the Series 2022 Bonds involves a high degree of risk and the Series 2022 Bonds are a speculative investment. The Indenture requires that each initial purchaser of the Series 2022 Bonds deliver an investor letter (the “*Investor Letter*”) in substantially the form attached to this Limited Offering Memorandum as APPENDIX H. Pursuant to the Investor Letter, each purchaser of the Series 2022 Bonds will have acknowledged, represented, warranted, and agreed with and to the Authority, the Underwriter, and the Trustee that the purchaser understands the Series 2022 Bonds and the interest thereon shall never constitute a debt or indebtedness or multiple fiscal year obligation of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State of Wisconsin and shall never constitute or give rise to a pecuniary liability of the Authority.

Each initial purchaser of the Series 2022 Bonds will be deemed to have acknowledged that it has reviewed this Limited Offering Memorandum including the Appendices hereto, including the information herein relating to: (i) the sources of repayment of the Series 2022 Bonds; (ii) the Series 2022 Facility and the Series 2022 Project; (iii) the Borrower and the School (including financial and operating data); and (iv) such other material matters relating to the Series 2022 Bonds as such purchaser deemed relevant to an investment in the Series 2022 Bonds. Each purchaser of the Series 2022 Bonds will be deemed to have acknowledged that it understands that the Series 2022 Bonds are not rated; that the Series 2022 Bonds are a speculative investment; that there is a high degree of risk in investing in the Series 2022 Bonds; and that the purchaser is capable of suffering a loss of the entirety of its investment which is represented by the Series 2022 Bonds. A purchaser of the Series 2022 Bonds will be deemed to have acknowledged that it can bear the economic risk associated with a purchase of high-risk securities such as the Series 2022 Bonds described in this Limited Offering Memorandum, and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, so as to be capable of evaluating the merits and risks of an investment in the Series 2022 Bonds on the basis of the information and review described herein.

Through its execution and delivery of an Investor Letter to the Authority, the Trustee, and the Underwriter, each initial purchaser of the Series 2022 Bonds represents that it is (i) a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”)) or (ii) an “accredited investor” as defined in Rule 501(A)(1), (2), (3) or (7) of Regulation D under the Securities Act. Unless the Borrower delivers to the Trustee a rating letter by Fitch, S&P or Moody’s indicating that the Series 2022 Bonds are rated “BBB-” or “Baa3,” as applicable, or better, the Series 2022 Bonds may not be transferred to any person that is not (i) a qualified institutional buyer or (ii) an accredited investor. There is no requirement that subsequent transferees of the Series 2022 Bonds execute any Investor Letter; however, each subsequent transferee of the Series 2022 Bonds will be deemed to have represented and warranted as follows: Each subsequent purchaser of a Series 2022 Bond (i) is a qualified institutional buyer or an accredited investor and (ii) is acquiring such Series 2022 Bond for its own account or for the account of a qualified institutional buyer or an accredited investor, as the case may be, and not with a view to further distribution thereof but expressly reserves the right to re-sell the Series 2022 Bond.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE BORROWER, THE SCHOOL, LEWIS YOUNG ROBERTSON & BURNINGHAM, INC. (THE “*FINANCIAL ADVISOR*”), OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE SERIES 2022 BONDS OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, 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 LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AND THERE SHALL NOT BE ANY OFFER,

SOLICITATION, SALE, OR DELIVERY OF THE SERIES 2022 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE AN OFFER, SOLICITATION, SALE OR DELIVERY.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2022 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information set forth herein relating to the Authority under the headings “THE AUTHORITY” and “LITIGATION – The Authority” has been obtained from the Authority. All other information herein has been obtained by the Underwriter from the Borrower and the School and other sources deemed by the Underwriter to be reliable, and is not to be construed as a representation by the Authority or the Underwriter. The Authority has not reviewed or approved any information in this Limited Offering Memorandum except information relating to the Authority under the headings “THE AUTHORITY” and “LITIGATION – The Authority.” The information herein is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Borrower, or the School since the date hereof.

See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY” herein for a discussion of the Borrower, the School, and the Series 2022 Facility. The Authority shall bear no responsibility for the accuracy or completeness of any such information in this Limited Offering Memorandum other than that as provided in the preceding paragraph.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. In accordance with, and as part of, its responsibilities to investors under the Federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriter has reviewed the information in this Limited Offering Memorandum but does not guarantee the accuracy or completeness of such information.

This Limited Offering Memorandum is submitted in connection with the sale of securities as referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The delivery of this Limited Offering Memorandum at any time does not imply that information herein is correct as of any time subsequent to its date.

This Limited Offering Memorandum should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Limited Offering Memorandum. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The Series 2022 Bonds have not been registered under the Securities Act, in reliance upon exemptions contained in such act. The registration or qualification of the Series 2022 Bonds in accordance with the applicable provisions of securities laws of the states in which the 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 Limited Offering Memorandum. Any representation to the contrary may be a criminal offense.

There can be no guarantee that there will be a secondary market for the Series 2022 Bonds or, if a secondary market exists, that it would continue to exist or that the Series 2022 Bonds could in any event be sold for any particular price.

Wilmington Trust, National Association, as Trustee, has not provided, or undertaken to determine, the accuracy of, any of the information contained in this Limited Offering Memorandum and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2022 Bonds; or (iii) the tax-exempt status of the interest on the Series 2022A Bonds.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum contains disclosures which contain “forward-looking statements.” Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by the use of the future tense or other forward-looking terms such as “may,” “intend,” “believe,” “will,” “expect,” “should,” “project,” “estimate,” “anticipate,” “plan,” or “continue” or the negatives of those terms or other variations of them or by comparable terminology. In particular, any statements, express or implied, concerning the ability to generate cash flow or service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the management of the Borrower and the School believe that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Limited Offering Memorandum should not be regarded as a representation by the Borrower or the School that their plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. None of the Underwriter, the Borrower, or the School undertakes a duty to update any forward-looking statements.

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SUMMARY STATEMENT

The following Summary Statement is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein, including the substantially final forms of the Indenture, the Loan Agreement, the School Lease, the Facility Lease, and the Mortgage (each as defined herein) attached hereto as APPENDIX E.

Series 2022 Bonds This limited offering consists of the Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022A in the aggregate principal amount of \$23,185,000* (the “**Series 2022A Bonds**”) and the Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022B (Taxable) in the aggregate principal amount of \$780,000* (the “**Series 2022B Bonds**”) and together with the Series 2022A Bonds, the “**Series 2022 Bonds**”) to be issued by the Public Finance Authority (the “**Authority**”). The Series 2022 Bonds will be issued pursuant to an Indenture, dated as of June 1, 2022 (the “**Indenture**”), between the Authority and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

The Series 2022 will mature on the dates and in the amounts and will bear interest at the rates set forth on the inside cover hereof.

See “THE SERIES 2022 BONDS” herein and “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE.”

Purpose of the Issue..... The proceeds of the Series 2022 Bonds are being loaned by the Authority to DreamHouse, Inc., a State of Hawai‘i (the “**State**”) nonprofit corporation (the “**Borrower**”) and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to a Loan Agreement, dated as of June 1, 2022 (the “**Loan Agreement**”), between the Authority and the Borrower, for the purpose of (a) financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of charter school educational facilities, designed to serve approximately 400 students in grades 9 through 12 known or to be known as DreamHouse Center (the “**Series 2022 Facility**”), to be located on an approximately 67,130 square foot site on the north side of Kama‘aha Avenue near the intersection with Manawai Street in Kapolei, Hawaii, 96707 (the “**Land**”), (b) funding a deposit into the Reserve Account (as defined in the Indenture) for the Series 2022 Bonds; (c) funding capitalized interest on the Series 2022 Bonds; and (d) paying all or a portion of the costs of issuance of the Series 2022 Bonds (collectively, the “**Series 2022 Project**”).

The Land and certain improvements thereon will be leased to the Borrower pursuant to an Agreement to Lease; Agreement to Construct and Sell Improvements, dated as of January 18, 2022 (the “**Agreement to Lease**”), between Kapolei 60, LLC, a Hawai‘i limited liability company (the “**Developer**”) and the Borrower, and a Lease, to be dated on or about the Closing Date (the “**Facility Lease**”), between the Developer and the Borrower.

* Preliminary, subject to change.

The Borrower will own a leasehold interest the Series 2022 Facility and will lease the Series 2022 Facility to DreamHouse ‘Ewa Beach Public Charter School, a Hawai‘i public charter school (the “**School**”), pursuant to a Sublease Agreement, to be dated on or about the Closing Date (the “**School Lease**”), between the School and the Borrower. Under the School Lease, the School is liable for the obligation to pay rent to the Borrower. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years.

See “ESTIMATED SOURCES AND USES OF FUNDS” herein and “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Purpose of the Series 2022 Bonds.”

The Borrower and

the School The Borrower was incorporated as a State nonprofit corporation on January 2, 2014. The Borrower received a 501(c)(3) determination letter from the Internal Revenue Service, dated September 22, 2014 and effective January 12, 2014, classifying the Borrower as an organization described in Section 501(c)(3) of the Code.

The School is a State public charter school, organized under Title 18, Chapter 302D of the Hawai‘i Revised Statutes (the “**Charter School Act**”). See “THE BORROWER AND THE SCHOOL” herein.

As of the official enrollment count on October 15, 2021, the School enrolled 258 students in grades 6-8 for the 2021-22 school year. As of May 1, 2022, the School’s enrollment increased to 300 students in grades 6-8. The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. Management of the School (“**Management**”) expects the School to serve approximately 700 students in grades 6-12 for the 2025-26 school year.

See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – General.”

Charter Contract The School is governed by the Schools Act, and is currently operated under the terms of a Public Charter School Contract, last dated October 25, 2018 (the “**Charter Contract**”), between the School and the Hawai‘i State Public Charter School Commission (“**State Charter School Commission**”). The Charter Contract’s term commenced on July 13, 2017 and, pursuant to its terms and applicable State law, the Charter Contract’s term will expire five years from July 1, 2019 (*i.e.*, July 1, 2024). The Charter Contract may be renewed at the end of the contract term, subject to the terms of the Charter Contract; however, the State Charter School Commission, as the School’s authorizer, may choose not to renew the Charter Contract under grounds specified in the Charter Contract and the Charter School Act.

Pursuant to the Charter Contract, the School primarily receives funding from the State Charter School Commission based on per-pupil allocations (such per-pupil funding is referred to herein as the “*Charter Revenues*”), as follows: (a) sixty percent (60%) of the School’s per-pupil allocation based on the School’s projected student enrollment no later than July 20 of each fiscal year; provided that the School must have submitted to the State Charter School Commission a projected student enrollment no later than May 15 of each year; (b) an additional thirty percent (30%) of the School’s per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the State Charter School Commission; provided that the School is in compliance with all financial reporting requirements; and (c) no more than the balance of the remaining ten percent (10%) of the School’s per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year; provided that the State Charter School Commission may make adjustments in allocations based on noncompliance with the Charter Contract and the Hawai‘i State Board of Education (the “*State Board of Education*”) may make adjustments in allocations based on noncompliance with State Board of Education policies made in the State Board of Education’s capacity as the State education agency, Hawai‘i State Department of Education (the “*State Department of Education*”) directives made in the State Department of Education’s capacity as the State education agency, the State Board of Education’s administrative procedures, and State Board of Education-approved accountability requirements. The Charter Revenues are contingent upon legislative appropriation and allocation of funds. The rent (which will primarily consist of Charter Revenues) paid by the School to the Borrower is expected to be the primary source of payment of principal of, premium, if any, and interest on the Series 2022 Bonds; however, the Charter Revenues are not pledged by the School to the Trustee to secure its obligations under the School Lease.

See “RISK FACTORS – Limitations on Charter Revenues” and “– Changes in Law; Annual Appropriation; Inadequate State Payments” herein and “APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS.”

Security The Series 2022 Bonds will be secured, except for the Unassigned Rights (as defined in the Indenture set forth in APPENDIX E hereto), by an assignment and pledge of the following: (a) all of the Payments and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Master Rent Account), (b) all of the right, title, and interest of the Authority in, to, and under the Loan Agreement (except for the Unassigned Rights) and the Mortgage and any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, as and for additional security under the Indenture (except the Unassigned Rights) or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms of the Indenture.

Additional Bonds may be issued under the Indenture on a parity with the Series 2022 Bonds on the terms and conditions described therein (the Series 2022 Bonds,

together with any Additional Bonds that may be issued under the Indenture, are referred to herein as the “**Bonds**”).

Loan Agreement. Pursuant to the Loan Agreement, the Borrower will be obligated to make payments sufficient to pay principal of, premium, if any, and interest on the Series 2022 Bonds. In the Loan Agreement, the Borrower pledges and grants a security interest to the Trustee (as assignee of the Authority) in its Gross Revenues, which includes the Borrower’s right to receive rent from the School under the School Lease, as security for its obligations under the Loan Agreement.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Pledge Under Loan Agreement” and “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LOAN AGREEMENT.”

School Lease. Under the School Lease, the School is required to make payments of rent to the Borrower for the use of the Series 2022 Facility. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years. There can be no assurance that revenues generated by the School will be sufficient to provide for the timely payment of all rent. The School’s obligation to pay rent is solely an obligation of the School. In the Loan Agreement, the Borrower pledges to the Trustee (as assignee of the Authority) all of the Borrower’s right, title, and interest under the School Lease.

Pursuant to the School Lease, the rent, including the Base Rent and Additional Rent, shall be paid by the School directly to the Borrower.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Pledge Under Loan Agreement.”

Facility Lease. Under the Facility Lease, the Developer has agreed to lease to the Borrower approximately 27,000 square feet of space within an approximately 37,500 square foot, three story building to be constructed by the Developer on the Land (the “**Building**”), being (i) all of the space on the second floor and the third floor of the Building, (ii) a dedicated lobby area of approximately 2,000 square feet on the first floor of the Building, and (iii) restrooms, stairwells, elevators and any other space in the Building that is for the exclusive use of Borrower and its permitted sublessees, as well as the exclusive use of 60 parking stalls. In the Loan Agreement, the Borrower pledges to the Trustee (as assignee of the Authority) all of the Borrower’s right, title, and interest under the Facility Lease.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Pledge Under Loan Agreement.”

Mortgage. The Borrower will execute and deliver a Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing and Financing Statement, dated as of June 1, 2022 (the “**Mortgage**”), for the benefit of

the Trustee as security for their respective obligations under the Loan Agreement. The Mortgage additionally assigns the Borrower’s rights under the School Lease and the Facility Lease to the Trustee.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Mortgage” and in “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT” and “RISK FACTORS – No Fee Interest in Series 2022 Facility.” The property of the Borrower pledged under the Mortgage includes the Series 2022 Facility.

Control Agreement. The Borrower covenants in the Loan Agreement that, within ninety (90) days after the Closing Date, the Borrower will enter into a Deposit Account Control Agreement or similarly titled document (the “*DACA*”), among the Borrower, as “Debtor,” First Hawaiian Bank, the bank where the Borrower maintains its depository account (the “*Primary Depository Bank*”), and the Trustee, as “Secured Party.” Pursuant to the *DACA*, the Borrower will agree to grant the Trustee a security interest in the Borrower’s depository account (the “*Borrower Depository Fund*”) in order to secure the Borrower’s repayment obligations under the Loan Agreement. Such security interest will not restrict the right of the Borrower to apply the Gross Revenues or amounts in said Borrower Depository Fund in such manner and for such purposes as it deems appropriate, so long as no Event of Default has occurred and is continuing.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Control Agreement.”

Reserve Account. On the Closing Date, a portion of the proceeds of the Series 2022 Bonds will be deposited into the Reserve Account in an aggregate amount not less than the Reserve Account Requirement for the Series 2022 Bonds.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Reserve Account Fund.”

Limited

Obligations The Series 2022 Bonds are special limited obligations of the Authority payable solely from the funds pledged for their payment pursuant to the Indenture and, except from such source, none of the Authority, any Member, any Sponsor, any Authority Indemnified Person, the State of Wisconsin or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2022 Bonds shall be obligated to pay the principal of, premium, if any, or interest thereon or any costs incidental thereto. The Series 2022 Bonds are not a debt or liability of the State of Wisconsin or any Member, and do not, directly, indirectly or contingently, obligate, in any manner, any Member or Sponsor, the State of Wisconsin or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2022 Bonds to levy any tax or to make any appropriation for payment of the Series 2022 Bonds. Neither the faith and credit nor the taxing power of any Member, the State of Wisconsin or any political subdivision or agency thereof or any political subdivision approving the issuance of the Series 2022 Bonds nor the faith and credit of the Authority, any

Sponsor or any Authority Indemnified Person shall be pledged to the payment of the principal of, premium, if any, or interest on, the Series 2022 Bonds or any costs incidental thereto. The Authority has no taxing power

Risk Factors Prospective purchasers are advised to read this entire Limited Offering Memorandum and the Appendices attached hereto in their entirety, particularly the information under the caption “RISK FACTORS” herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2022 Bonds.

Payment Provisions The Series 2022 Bonds mature on the dates and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover hereof and under the heading “THE SERIES 2022 BONDS – General,” subject to prior redemption as set forth herein. Interest on the Series 2022 Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022*.

Book-Entry-Only

Registration The Series 2022 Bonds will be issued in fully registered form and will be registered initially in book-entry only form registered under the name of “Cede & Co.” as nominee for The Depository Trust Company (“DTC”), a securities depository. See “BOOK-ENTRY ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Prior Redemption The Series 2022 Bonds are subject to optional, extraordinary optional, mandatory sinking fund, mandatory redemption upon a Determination of Taxability and purchase in lieu of redemption prior to maturity. The terms and provisions regarding such prior redemption are set forth in “THE SERIES 2022 BONDS – Prior Redemption.”

Registration

and Denominations Beneficial ownership interests in the Series 2022 Bonds may be acquired in principal denominations of \$25,000 and any integral multiple of \$5,000 in excess thereof (except as otherwise required under the terms of the Indenture). The Series 2022 Bonds may only be transferred in Authorized Denominations.

Purchase and

Transfer Restrictions The Series 2022 Bonds may be purchased only by (i) a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended); or (ii) an “accredited investor” as defined in Rule 501(A)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended). All initial purchasers of the Series 2022 Bonds will be required to execute an Investor Letter substantially in the form attached hereto as “APPENDIX H – FORM OF INVESTOR LETTER.” See “THE SERIES 2022 BONDS – Investor Suitability Standards and Transfer Restrictions” and “RISK FACTORS – Suitability of Investment; Restrictions on Transfer; Limited Market” in this Limited Offering Memorandum.” The purchase restrictions described in this paragraph apply to initial purchasers of the Series 2022 Bonds and, unless the Trustee has received

* Preliminary, subject to change.

from the Borrower a rating letter by Fitch, S&P, or Moody’s indicating that the Series 2022 Bonds are rated “BBB-” or “Baa3” (as applicable) or better, to all subsequent sales or transfers of the Series 2022 Bonds. The Underwriter cannot control subsequent transfers of the Series 2022 Bonds made by other parties and is not responsible for compliance with the purchase restrictions described in this paragraph for such transfers.

Tax Status..... In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Series 2022A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel further observes that interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and that interest on the Series 2022 Bonds is not excluded from gross income for Wisconsin state income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. For a more complete description, see “TAX MATTERS” herein.

Authority for Issuance The Series 2022 Bonds are issued in conformity with the Constitution and laws of the State of Wisconsin, and pursuant to an authorizing resolution adopted at a meeting held on May 4, 2022, and pursuant to the terms of the Indenture. The Authority is authorized by 2009 Wisconsin Act 205 and Section 66.0304 of the Wisconsin Statutes, as amended and supplemented or any successor statutes and other applicable provisions of law.

Delivery Information..... The Series 2022 Bonds are offered when, as, and if issued by the Authority and accepted by D.A. Davidson & Co., as underwriter for the Series 2022 Bonds (the “**Underwriter**”), subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that the Series 2022 Bonds will be delivered on or about June 30, 2022* (the “**Closing Date**”).

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 Limited Offering Memorandum 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 School’s administrative offices, 91-1245 Franklin D Roosevelt Ave – A, Kapolei, Hawai‘i 96707, Attention: Chief Education Officer, or from the offices of D.A. Davidson & Co. at 1550 Market Street, Suite 300, Denver, Colorado 80202.

* Preliminary, subject to change.

LIMITED OFFERING MEMORANDUM

\$23,185,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022A

\$780,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022B (TAXABLE)

INTRODUCTION

This Limited Offering Memorandum, including the cover page, inside cover pages, Summary Statement and Appendices, provides information in connection with the offer and sale of the Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022A in the aggregate principal amount of \$23,185,000* (the “**Series 2022A Bonds**”) and the Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022B (Taxable) in the aggregate principal amount of \$780,000* (the “**Series 2022B Bonds**”) and together with the Series 2022A Bonds, the “**Series 2022 Bonds**”). The Series 2022 Bonds will be issued pursuant to an Indenture, dated as of June 1, 2022 (as supplemented and amended from time to time, the “**Indenture**”) by and between the Public Finance Authority (the “**Authority**”) and Wilmington Trust, National Association, as trustee (the “**Trustee**”).

The Series 2022 Bonds will mature on the dates and in the amounts and will bear interest at the rates set forth on the inside cover hereof.

See “THE SERIES 2022 BONDS” herein and “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE.”

The proceeds of the Series 2022 Bonds are being loaned by the Authority to DreamHouse, Inc. (the “**Borrower**”), a State of Hawai‘i (the “**State**”) nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to a Loan Agreement, dated as of June 1, 2022 (the “**Loan Agreement**”) between the Authority and the Borrower for the purpose of (a) financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of charter school educational facilities, designed to serve approximately 400 students in grades 9 through 12 known or to be known as DreamHouse Center (the “**Series 2022 Facility**”), to be located on an approximately 67,130 square foot site on the north side of Kama‘aha Avenue near the intersection with Manawai Street in Kapolei, Hawaii, 96707 (the “**Land**”), (b) funding a deposit into the Reserve Account (as defined in the Indenture) for the Series 2022 Bonds; (c) funding capitalized interest on the Series 2022 Bonds; and (d) paying all or a portion of the costs of issuance of the Series 2022 Bonds (collectively, the “**Series 2022 Project**”). The Land and certain improvements thereon will be leased to the Borrower pursuant to an Agreement to Lease; Agreement to Construct and Sell Improvements, dated as of January 18, 2022 (the “**Agreement to Lease**”), between Kapolei 60, LLC, a Hawai‘i limited liability company (the “**Developer**”) and the Borrower, and a Lease, to be dated on or about the Closing Date (the “**Facility Lease**”), between the Developer and the Borrower.

The Borrower will own a leasehold interest in the Series 2022 Facility and will lease the Series 2022 Facility to DreamHouse ‘Ewa Beach Public Charter School, a Hawai‘i public charter school (the “**School**”), pursuant to a Sublease Agreement, to be dated on or about the Closing Date (the “**School Lease**”), between the School and the Borrower. Under the School Lease, the School is liable for the obligation to pay rent to the Borrower. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement

* Preliminary, subject to change.

and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years.

The School will use the Series 2022 Facility for a portion of its public charter school operations under the laws of the State pursuant to a Public Charter School Contract, last dated October 25, 2018 (the “*Charter Contract*”), between the School and the Hawai‘i State Public Charter School Commission (the “*State Charter School Commission*”). As of the official enrollment count on October 15, 2021, the School enrolled 258 students in grades 6-8 for the 2021-22 school year. As of May 1, 2022, the School’s enrollment increased to 300 students in grades 6-8. The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. Management of the School (“*Management*”) expects the School to serve approximately 700 students in grades 6-12 for the 2025-26 school year. See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY.”

As defined herein, “*Facility*” means (i) in respect of the Series 2022 Bonds, the real property and improvements described in and subject to the Mortgage (as defined below) and the Facility Lease, consisting of those certain charter school educational facilities designed to serve approximately 400 students in grades 9 through 12 to be located on an approximately 67,130 square foot site to be leased to the Borrower pursuant to the Facility Lease at the located described in the Mortgage, and (ii) in respect of any Additional Bonds (as defined in the Indenture), shall have the meaning given in the Supplemental Indenture (as defined in the Indenture) authorizing such Additional Bonds.

The Series 2022 Bonds are issued in conformity with the Constitution and laws of the State of Wisconsin, and pursuant to an authorizing resolution (the “*Bond Resolution*”) adopted by the Authority at a meeting held on May 4, 2022, and pursuant to the terms of the Indenture. See “THE AUTHORITY” herein. Additional Bonds may be issued under the Indenture on a parity with the Series 2022 Bonds on the terms and conditions described therein (the Series 2022 Bonds, together with any Additional Bonds that may be issued under the Indenture, are referred to herein as the “*Bonds*”).

The Series 2022 Bonds and the interest thereon are special limited obligations of the Authority, payable from the sources specified in the Indenture. The Series 2022 Bonds will be secured, except for the Unassigned Rights (as defined in the Indenture set forth in APPENDIX E hereto), by an assignment and pledge of the following: (a) all of the Payments (as defined below) and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Master Rent Account), (b) all of the right, title, and interest of the Authority in, to, and under the Loan Agreement (except for the Unassigned Rights) and the Mortgage and any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, as and for additional security under the Indenture (except the Unassigned Rights) or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms of the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – General” herein.

Pursuant to the Leasehold Mortgage, Assignment of Rents and Leases, Security Agreement, Fixture Filing and Financing Statement, dated as of June 1, 2022 (the “*Mortgage*”), from the Borrower for the benefit of the Trustee, the Borrower grants first priority liens on and security interests in the “*Mortgaged Property*” as defined therein to secure the Borrower’s obligations under the Loan Agreement. Pursuant to the Loan Agreement, the Borrower pledges and grants a security interest to the Trustee (as assignee of the Authority) in its Gross Revenues, which includes the Borrower’s right to receive rent from the School under the School Lease, as security for its obligations under the Loan Agreement. See “SECURITY AND

SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Mortgage” and “– Pledge Under Loan Agreement” and “RISK FACTORS – No Fee Interest in Series 2022 Facility.”

Under the School Lease, the School is required to make payments of rent to the Borrower for the use of the Series 2022 Facility. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years. There can be no assurance that revenues generated by the School will be sufficient to provide for the timely payment of all rent. Pursuant to the Charter Contract, the School primarily receives funding that will be used to pay the rent from the State Charter School Commission based on per-pupil allocations (such per-pupil funding is referred to herein as the “**Charter Revenues**”), as follows: (a) sixty percent (60%) of the School’s per-pupil allocation based on the School’s projected student enrollment no later than July 20 of each fiscal year; provided that the School must have submitted to the State Charter School Commission a projected student enrollment no later than May 15 of each year; (b) an additional thirty percent (30%) of the School’s per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the State Charter School Commission; provided that the School is in compliance with all financial reporting requirements; and (c) no more than the balance of the remaining ten percent (10%) of the School’s per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year; provided that the State Charter School Commission may make adjustments in allocations based on noncompliance with the Charter Contract and the Hawai‘i State Board of Education (the “**State Board of Education**”) may make adjustments in allocations based on noncompliance with State Board of Education policies made in the State Board of Education’s capacity as the State education agency, Hawai‘i State Department of Education (the “**State Department of Education**”) directives made in the State Department of Education’s capacity as the State education agency, the State Board of Education’s administrative procedures, and State Board of Education-approved accountability requirements. The Charter Revenues are contingent upon legislative appropriation and allocation of funds. The rent (which will primarily consist of Charter Revenues) paid by the School to the Borrower is expected to be the primary source of payment of principal of, premium, if any, and interest on the Series 2022 Bonds; however, the Charter Revenues are not pledged by the School to the Trustee to secure its obligations under the School Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Rent.”

On the Closing Date, a portion of the proceeds of the Series 2022 Bonds will be deposited into the Reserve Account in an aggregate amount not less than the Reserve Account Requirement for the Series 2022 Bonds on such date. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Reserve Account” for more information.

The Borrower covenants in the Loan Agreement that, within ninety (90) days after the Closing Date, the Borrower will enter into a Deposit Account Control Agreement or similarly titled document (the “**DACA**”), among the Borrower, as “Debtor,” First Hawaiian Bank, the bank where the Borrower maintains its depository account (the “**Primary Depository Bank**”), and the Trustee, as “Secured Party.” Pursuant to the DACA, the Borrower will agree to grant the Trustee a security interest in the Borrower’s depository account (the “**Borrower Depository Fund**”) in order to secure the Borrower’s repayment obligations under the Loan Agreement. Such security interest will not restrict the right of the Borrower to apply the Gross Revenues or amounts in said Borrower Depository Fund in such manner and for such purposes as it deems appropriate, so long as no Event of Default has occurred and is continuing. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Control Agreement.”

Brief descriptions of various documents set forth in this Limited Offering Memorandum do not purport to be comprehensive or definitive, and reference is made to each document for complete details

of all terms and conditions. All statements herein are qualified in their entirety by the terms of each such document. Substantially final forms of the principal legal documents, including the Indenture, the Loan Agreement, the School Lease, the Facility Lease, and the Mortgage are attached hereto as APPENDIX E.

THE AUTHORITY

Formation and Governance

In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 (“*Act 205*”), which was signed into law by the Governor of the State of Wisconsin (the “*State of Wisconsin*”) on April 21, 2010. Act 205 added Section 66.0304 to the Wisconsin Statutes (the “*Statute*”) authorizing two or more political subdivisions to create a commission to issue bonds under the Statute. Before an agreement for the creation of such a commission could take effect, Act 205 required that such agreement be submitted to the Attorney General of the State of Wisconsin to determine whether the agreement is in proper form and compatible with the laws of the State of Wisconsin. The Authority was formed upon execution of a Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated September 28, 2010 (as so amended and as may be further amended from time to time, the “*Joint Exercise Agreement*”) by and among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each a “*Member*” and, collectively, the “*Members*,” which term shall also include any political subdivision that has been designated in the past, or from time to time in the future as a “*Member*” of the Authority pursuant to the Joint Exercise Agreement). The Joint Exercise Agreement was approved by the Attorney General of the State of Wisconsin on September 30, 2010. The Statute also provides that only one commission may be formed thereunder.

Pursuant to the Statute, the Authority is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State of Wisconsin and the Members. The Authority was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently and reliably finance projects that benefit local governments, nonprofit organizations and other eligible private borrowers in the State of Wisconsin and throughout the country.

Powers

Under the Statute, the Authority has all of the powers necessary or convenient to any of the purposes of Act 205, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to, and enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Authority may be used for a project in the State of Wisconsin or any other state or territory of the United States, or outside the United States if a participating borrower is incorporated and maintains its principal place of business in the United States or its territories. The Statute defines “project” as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside of the State of Wisconsin.

Governing Body

The Joint Exercise Agreement provides for a Board of Directors of the Authority (the “*Board*”) consisting of seven directors (each a “*Director*” and, collectively, the “*Directors*”), a majority of whom are required to be public officials or current or former employees of a political subdivision located in the State

of Wisconsin. The Directors serve staggered three-year terms. Directors are selected by majority vote of the Board based upon nomination from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties, and the League of Wisconsin Municipalities (collectively, the “*Sponsors*” and each a “*Sponsor*”). Each of the nominating organizations may also nominate an alternate Director for each Director it nominates to serve on the Board in the place of and in the absence or disability of a Director. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the Sponsor that nominated the Director.

The Authority’s Directors as of the date of this Limited Offering Memorandum are as identified in the table below.

<u>Name</u>	<u>Title</u>	<u>Position</u>
William Kacvinsky	Chair	Former Board Chair – Bayfield County, Wisconsin
Jerome Wehrle	Vice Chair	Former Mayor – City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	Finance Director – Waupaca County, Wisconsin
Michael Gillespie	Secretary	Former Chair – Madison County, Alabama Board of Commissioners
Del Twidt	Director	Former Board Chair – Buffalo County, Wisconsin
Brian Dehner	Director	Chief Administrative Officer – City of Edgewood, Kentucky
John West	Director	Board Chair – Adams County, Wisconsin

The Authority has no employees and contracts with a full-service program management firm, GPM Municipal Advisors, LLC, to manage the day-to-day operations of the Authority including, but not limited to, staff and administrative support and ongoing compliance matters. All of the services provided by GPM Municipal Advisors, LLC, are subject to review and approval by the Board.

Resolution; Approval

On May 4, 2022, the Board adopted the Bond Resolution approving the issuance of the Series 2022 Bonds.

Limited Obligations

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT PURSUANT TO THE INDENTURE, AND EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY MEMBER, ANY SPONSOR, ANY AUTHORITY INDEMNIFIED PERSON (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OR SPONSOR, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION

APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR, OR ANY AUTHORITY INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

Other Obligations

The Authority has issued, sold and delivered in the past, and expects to issue, sell and deliver in the future, obligations other than the Series 2022 Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Series 2022 Bonds. The holders of such other obligations of the Authority will have no claim on the security for the Series 2022 Bonds, and the owners of the Series 2022 Bonds will have no claim on the security for such other obligations issued by the Authority.

Limited Involvement of the Authority

The Authority has not participated in the preparation of or reviewed any appraisal for the Series 2022 Project or any feasibility study or other financial analysis of the Series 2022 Project and has not undertaken to review or approve expenditures for the Series 2022 Project, to supervise the completion of the Series 2022 Project, or to review the financial statements of the School.

The Authority has not participated in the preparation of or reviewed this Limited Offering Memorandum and is not responsible for and does not represent or warrant in any way the accuracy or completeness of any information contained herein (including, without limitation, the appendices hereto), except for the information in this section (“THE AUTHORITY”) and under the caption “LITIGATION – The Authority” as such information applies to the Authority.

THE SERIES 2022 BONDS

General

The Series 2022 Bonds will be dated as of their date of initial authentication and delivery, will bear interest at the rates and will mature on the dates, subject to redemption as described below, set forth on the inside cover page hereof and under this heading “– General.” The Series 2022 Bonds will be issued as fully registered bonds without coupons in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof (“*Authorized Denominations*”).

The Series 2022 Bonds may only be transferred in Authorized Denominations.

The Series 2022 Bonds will mature on the dates and in the amounts and will bear interest at the rates set forth on the inside cover hereof.

Interest on the Series 2022 Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022* (each an “*Interest Payment Date*”) to the registered owners of the Series 2022 Bonds (each a “*Registered Owner*”). Interest on the Series 2022 Bonds will be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. The Series 2022 Bonds shall bear interest, calculated on the basis of a 360-day year, consisting of twelve 30-day months.

* Preliminary, subject to change.

The interest due on any Series 2022 Bonds on any Interest Payment Date shall be paid by check mailed on each Interest Payment Date by the Trustee to the Registered Owner of such Series 2022 Bonds at his or her address as it last appears on the registration records kept by the Trustee at the close of business on the last day of the month next preceding each Interest Payment Date whether or not a Business Day (the “**Record Date**”) (except that the Registered Owners of at least \$1,000,000 in aggregate principal amount of Series 2022 Bonds may, by written request received by the Trustee at least one Business Day prior to the Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the United States of America), but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date (as defined below) for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners not less than ten days prior thereto by first-class mail to each such Registered Owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Payment of principal of and any premium on the Series 2022 Bonds shall be payable upon presentation and surrender of the Series 2022 Bonds at the designated corporate trust office of the Trustee. “**Special Record Date**” means a special record date, which shall be a Business Day, fixed to determine the names and addresses of Registered Owners for purposes of paying interest on a special Interest Payment Date for the payment of defaulted interest.

Notwithstanding the foregoing, the Series 2022 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), which will act as securities depository for the Series 2022 Bonds. Purchases of the Series 2022 Bonds will be made through a book-entry only system maintained by DTC and purchasers of the Series 2022 Bonds (the “**Beneficial Owners**”) will not receive physical delivery of certificates representing their respective interests in the Series 2022 Bonds. As long as DTC or its nominee is the registered owner of the Series 2022 Bonds, the principal and interest payments will be made to DTC or its nominee, which will in turn remit such principal and interest payments to DTC’s Participants (as defined below under “BOOK-ENTRY ONLY SYSTEM”) for subsequent disbursement to the Beneficial Owners. See “BOOK-ENTRY ONLY SYSTEM.”

For additional information, including the definitions of certain capitalized terms used but not defined under this heading “THE SERIES 2022 BONDS,” see “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE.”

Investor Suitability Standards and Transfer Restrictions

As described under the heading “NOTICE TO INVESTORS” that precedes the Table of Contents included in this Limited Offering Memorandum, the Series 2022 Bonds may be purchased initially only by (i) an “accredited investor” or (ii) a “qualified institutional buyer” as such terms are defined in the Investor Letter set forth in APPENDIX H attached hereto. An executed Investor Letter, or similar letter in a form satisfactory to the Authority, must be provided in connection with the investment in the Series 2022 Bonds by prospective investors prior to the initial sale and delivery of the Series 2022 Bonds. Unless the Borrower delivers to the Trustee a rating letter by Fitch, S&P or Moody’s indicating that the Series 2022 Bonds are rated “BBB-” or “Baa3,” as applicable, or better, the Series 2022 Bonds are transferable in whole or in part only to accredited investors or qualified institutional buyers, as described in this Limited Offering Memorandum. Any purchaser of a Series 2022 Bond by its acceptance of a Series 2022 Bond agrees that it will not transfer such Series 2022 Bond to a person other than an accredited investor or a qualified institutional buyer, unless the Borrower delivers to the Trustee a rating letter by Fitch, S&P or Moody’s indicating that the Series 2022 Bonds are rated “BBB-” or “Baa3,” as applicable, or better. The Underwriter

cannot control subsequent transfers of the Series 2022 Bonds made by other parties and is not responsible for compliance with the purchase restrictions described in this paragraph for such transfers.

Prior Redemption

Optional Redemption of Series 2022 Bonds

The Series 2022 Bonds maturing on or after June 1, 20__* are subject to redemption prior to their respective stated maturities, at the option of the Authority (which option shall be exercised by a Request of the Borrower to the Trustee, a copy of which request shall be delivered to the Trustee not less than forty (40) days prior to the date fixed for such redemption, or such shorter period as agreed to in writing by the Trustee in its sole discretion), in whole or in part on any date on or after June 1, 20__*, at a redemption price equal to 100% of the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption. Upon the delivery of such Request of the Borrower to the Trustee, the Authority shall be deemed, without any action on the Authority's part, to have exercised its option to redeem Bonds under the Indenture.

In connection with the redemption of the Bonds pursuant to the provisions of the Indenture, the Borrower shall give notice of redemption to the Trustee not less than forty (40) days prior to the redemption date. Notice of redemption of any Bonds shall be given by the Trustee upon the written request of the Borrower. Notice of any redemption of Bonds shall be mailed postage prepaid, not less than twenty (20) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the respective Holders thereof at the addresses appearing on the Bond registration books described in the Indenture, and (ii) as may be further required in accordance with the Continuing Disclosure Agreement.

Mandatory Sinking Account Redemption

All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal or Mandatory Sinking Account Payments of the Series 2022 Bonds, as provided herein with respect to the Series 2022 Bonds, and in respect of Parity Debt in the instrument relating to the incurrence of such Parity Debt.

Subject to the terms and conditions set forth in the Indenture, the Term Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

(i) Series 2022A Term Bonds maturing on June 1, 2032* that are issued in an initial principal amount of \$1,200,000*:

* Preliminary, subject to change.

Mandatory Redemption Date (June 1)*	Principal Amount*
2029	\$255,000
2030	300,000
2031	315,000
2032 [†]	330,000

[†] Final Maturity

(ii) Series 2022A Term Bonds maturing on June 1, 2039* that are issued in an initial principal amount of \$2,920,000*:

Mandatory Redemption Date (June 1)*	Principal Amount*
2033	\$350,000
2034	370,000
2035	390,000
2036	415,000
2037	440,000
2038	465,000
2039 [†]	490,000

[†] Final Maturity

(iii) Series 2022A Term Bonds maturing on June 1, 2049* that are issued in an initial principal amount of \$6,830,000*:

Mandatory Redemption Date (June 1)*	Principal Amount*
2040	\$520,000
2041	550,000
2042	580,000
2043	615,000
2044	655,000
2045	695,000
2046	735,000
2047	780,000
2048	825,000
2049 [†]	875,000

[†] Final Maturity

* Preliminary, subject to change.

(iv) Series 2022A Term Bonds maturing on June 1, 2059* that are issued in an initial principal amount of \$12,235,000*:

Mandatory Redemption Date (June 1)*	Principal Amount*
2050	\$930,000
2051	985,000
2052	1,045,000
2053	1,105,000
2054	1,170,000
2055	1,240,000
2056	1,315,000
2057	1,395,000
2058	1,480,000
2059 [†]	1,570,000

[†] Final Maturity

(v) Series 2022B Term Bonds maturing on June 1, 2029* that are issued in an initial principal amount of \$780,000*:

Mandatory Redemption Date (June 1)*	Principal Amount*
2026	\$235,000
2027	250,000
2028	265,000
2029 [†]	30,000

[†] Final Maturity

Extraordinary Optional Redemption from Insurance and Condemnation Proceeds

The Series 2022 Bonds are subject to redemption prior to their stated maturity, at the option of the Authority (which option shall be exercised as directed by a Request of the Borrower to the Trustee) as a whole or in part on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Special Redemption Account at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium. Upon the delivery of such Request of the Borrower to the Trustee, the Authority shall be deemed, without any action on the Authority's part, to have exercised its option to redeem the Series 2022 Bonds under such section of the Indenture.

Extraordinary Mandatory Redemption of the Series 2022 Bonds due to Change of Use

The Series 2022 Bonds are subject to redemption prior to their stated maturity, as a whole on any date from Loan prepayments made by the Borrower pursuant to the provisions of the Loan Agreement at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

* Preliminary, subject to change.

Extraordinary Mandatory Upon Determination of Taxability

The Tax-Exempt Bonds are subject to redemption prior to their stated maturity, as a whole on any date from Loan prepayments made by the Borrower pursuant to the Loan Agreement at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium.

Method of Selecting Bonds

When any redemption is made pursuant to any of the provisions of the Indenture and less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select the Series 2022 Bonds to be redeemed pro-rata among maturities and the Mandatory Sinking Account Payments shall be reduced pro-rata. In no event shall Series 2022 Bonds be redeemed in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Series 2022 Bonds in denominations greater than minimum Authorized Denominations, the Trustee shall assign to such Series 2022 Bonds a distinctive number for each such principal amount and, in selecting Series 2022 Bonds for redemption by lot, shall treat such amounts as separate Series 2022 Bonds. The Trustee shall promptly notify the Authority in writing of the numbers of the Series 2022 Bonds selected for redemption.

Notice of Redemption

So long as the Series 2022 Bonds are registered in the name of DTC or its nominee, notices of redemption shall only be given on behalf of the Authority to Cede & Co., or any successor securities depository. See "BOOK-ENTRY ONLY SYSTEM" herein.

In the case of every redemption, the Trustee will cause notice of such redemption by mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Series 2022 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 20 days prior to the redemption date; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2022 Bonds.

Each notice of redemption shall specify the date fixed for redemption, the name of the Bonds and the date of issue of the Bonds, the redemption date, the redemption price, if available, the dates of maturity of the Series 2022 Bonds to be redeemed, the CUSIP number, if any, of each maturity of the Series 2022 Bonds, a statement that such Series 2022 Bonds must be surrendered by the Holders at the Principal Corporate Trust Office, or at such other place or places designated by the Trustee, notice that further interest on such Series 2022 Bonds, if any, will not accrue from and after the designated redemption date, and whether the redemption is conditioned upon the occurrence of any event or condition and subject to cancellation. If less than all the Outstanding Series 2022 Bonds are to be redeemed, the notice of redemption shall specify (i) the distinctive numbers of the Series 2022 Bonds of each maturity to be redeemed, and (ii) the respective portions of the principal amount of the Series 2022 Bonds of each maturity to be redeemed.

In the event that the Borrower has cured the conditions that caused the Series 2022 Bonds to be subject to special redemption pursuant to the provisions of the Indenture, or if the redemption was otherwise conditioned upon the occurrence of an event or condition that is not satisfied prior to the redemption date, the Borrower may rescind any conditional or special redemption and notice thereof on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Holders of the Series 2022 Bonds so called for redemption, with a copy to the Trustee. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given in the paragraph above.

The actual receipt by the Holder of any Series 2022 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

When any redemption is made pursuant to any of the provisions of the Indenture and less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select the Series 2022 Bonds to be redeemed pro-rata among maturities and the Mandatory Sinking Account Payments shall be reduced pro-rata. In no event shall Series 2022 Bonds be redeemed in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Series 2022 Bonds in denominations greater than minimum Authorized Denominations, the Trustee shall assign to such Series 2022 Bonds a distinctive number for each such principal amount and, in selecting Series 2022 Bonds for redemption by lot, shall treat such amounts as separate Series 2022 Bonds. The Trustee shall promptly notify the Authority in writing of the numbers of the Series 2022 Bonds selected for redemption.

Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue

Prior to or on the redemption date of any Series 2022 Bonds there shall be available in the Redemption Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable (if any) as set forth in the Indenture, the Series 2022 Bonds designated in said notice of redemption. Such monies so set aside in the Redemption Fund or in the escrow fund established for such purpose shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Series 2022 Bonds to be redeemed upon presentation and surrender of such Series 2022 Bonds, provided that all monies in the Redemption Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Redemption Fund, unless other provision has been made for such amounts to be paid from an escrow fund established for such purpose. If, after all of the Series 2022 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Redemption Fund or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the Redemption Fund for payment of any outstanding Series 2022 Bonds payable from said fund; provided, however, that if said monies are part of the proceeds of refunding bonds, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such refunding bonds are at such time outstanding, said monies shall be transferred to the Borrower as provided and permitted by law, free and clear of the lien of the Indenture.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from DTC. The Authority, Borrower, School, Trustee, the Financial Advisor, and Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each 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 3.6 million issues

of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a S&P Global Ratings' rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 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 Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 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 an 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 made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall 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 Series 2022 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any 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 Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct

Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest 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 Authority 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, the Authority or the Trustee, 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 Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2022 Bond(s) purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2022 Bond(s) by causing the Direct Participant to transfer the Participant's interest in the Series 2022 Bond(s), on DTC's records, to the Trustee. The requirement for physical delivery of the Series 2022 Bond(s) 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 securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND THE DTC BOOK-ENTRY SYSTEM HAS BEEN PROVIDED BY DTC. THE AUTHORITY, THE BORROWER, THE TRUSTEE, THE FINANCIAL ADVISOR, AND THE UNDERWRITER BELIEVE SUCH INFORMATION TO BE RELIABLE, BUT TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NO REPRESENTATION IS MADE BY ANY SUCH PARTY AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

General

The Series 2022 Bonds and the interest thereon are special limited obligations of the Authority, payable from the sources specified in the Indenture. The Series 2022 Bonds will be secured, except for the Unassigned Rights (as defined in the Indenture set forth in APPENDIX E hereto), by an assignment and pledge of the following: (a) all of the Payments and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Master Rent Account), (b) all of the right, title, and interest of the Authority in, to, and under the

Loan Agreement (except for the Unassigned Rights) and the Mortgage and any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, as and for additional security under the Indenture (except the Unassigned Rights) or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms of the Indenture. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE – Article V. Pledge and Assignment.”

“*Payments*” means (i) all moneys, if any, received by the Trustee directly from the Borrower pursuant to the Loan Agreement or the School pursuant to the School Lease (which payments of rent by the School under the School Lease shall be junior in priority to Payroll), including Loan Repayments, and (ii) all income derived from the investment of any money in any fund or account established pursuant to the Indenture which is available to be deposited in the Revenue Fund and not restricted to a different use under the Indenture.

“*Payroll*” shall mean and refer to the amount necessary for the School to satisfy its payroll obligations and avoid becoming financially insolvent within the meaning of Section 302D-28.5 Hawaii Revised Statutes.

The Loan Agreement

All revenues and receipts derived from the Loan Agreement (except the Unassigned Rights) are to be deposited with the Trustee in the Revenue Fund created pursuant to the Indenture. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE” and “– LOAN AGREEMENT” herein. Each of the Loan Agreement, the Indenture and the Mortgage contain cross-default provisions, the effect of which is that an Event of Default under the Loan Agreement constitutes an Event of Default under the Indenture and the Mortgage, an Event of Default under the Indenture constitutes an Event of Default under the Loan Agreement and the Mortgage, and an Event of Default under the Mortgage constitutes an Event of Default under the Loan Agreement and the Indenture.

Pledge Under Loan Agreement

Pursuant to the Loan Agreement, the Borrower has unconditionally agreed to provide the Authority sufficient moneys from, among other things, the revenues derived under the School Lease, to pay amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2022 Bonds when due. In the Loan Agreement, the Borrower agrees that, as long as any Loan remains Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt thereof in a fund or funds designated as the “Borrower Depository Fund,” which the Borrower has established and maintains, and shall continue to maintain in an account or accounts at the Primary Depository Bank. Subject to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Borrower pledges, and to the extent permitted by law, grants a security interest to Trustee, as assignee of the Authority (for the benefit of the Holders and the payees of Additional Payments), in the Borrower Depository Fund and all of the Gross Revenues to secure the payment of the Loan Repayments and Additional Payments and the performance by Borrower of its other obligations under the Loan Agreement.

“*Gross Revenues*” means, for any Fiscal Year, all of the revenues, income, cash receipts and other money received by the Borrower, or received by the Trustee on behalf of the Borrower pursuant to the Indenture, that are legally available for payment of the obligations of the Borrower under the Loan

Agreement, which includes, but is not limited to, the Borrower’s right to receive payments of rent from the School under the School Lease.

Gross Revenues and amounts in the Borrower Depository Fund may be used and withdrawn by Borrower at any time for any lawful purpose, except as provided in the Loan Agreement. In the event that Borrower is delinquent for more than one Business Day in the payment or required prepayment of any Loan Repayment or Additional Payments, the Trustee shall notify the Authority and the Borrower of such delinquency. Any Control Agreement shall provide that the secured party named in the Control Agreement shall not give its consent to the Primary Depository Bank purporting to terminate such Control Agreement until it has determined that no amounts remain owing by Borrower hereunder to any party.

In addition, subject to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Borrower pledges, and to the extent permitted by law, grants a security interest to the Trustee, as assignee of the Authority (for the benefit of the Holders and the payees of Additional Payments), its interests in the property and rights described in the following:

- (a) all right, title and interest of the Borrower under the Agreement to Lease, the Facility Lease and the School Lease, respectively;
- (b) all of Borrower’s rights, if any, to receive any other rents, profits, products, benefits and proceeds from the Project, including, without limitation, the proceeds of any title insurance policies;
- (c) all of Borrower’s rights and powers to take any action under or with respect to the Agreement to Lease, the Facility Lease and the School Lease (except any reimbursement and indemnification provisions of any of the foregoing that are for the specific benefit of the Borrower).

Funds and Accounts

Pursuant to the Indenture, the Authority has established and created the following funds, which shall be special trust funds held by the Trustee:

- (i) Administration Fund;
- (ii) Capitalized Interest Fund;
- (iii) Costs of Issuance Fund;
- (iv) Change in Use Fund;
- (v) Insurance and Condemnation Proceeds Fund;
- (vi) Project Fund;
- (vii) Redemption Fund and within the Redemption Fund, an “Optional Redemption Account” and a “Special Redemption Account”;
- (viii) Rebate Fund;
- (ix) Repair and Replacement Fund; and

(x) Revenue Fund and within the Revenue Fund, a “Principal Account,” an “Interest Account” and a “Reserve Account”.

See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE” herein.

Revenue Fund

The Trustee shall deposit the Payments to the Revenue Fund. On or before the twenty-fifth (25th) day of each month, commencing on the Closing Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund) and then to the Rebate Fund, the following amounts, in the following order of priority, the requirements of each such account or fund (including the making up of any deficiencies in any such account resulting from lack of revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

(1) To the Master Rent Account, in respect of the Series 2022 Bonds, the amount of Rental (as defined in the Facility Lease) becoming due and payable during the next succeeding month in respect of the Facility Lease, and in respect of any Additional Bonds, the amount (if any) so designated in the related Supplemental Indenture, in satisfaction of any ground or facility rent applicable to the Project to be financed by such Additional Bonds;

(2) To the Interest Account, one-sixth of the aggregate amount of interest becoming due and payable during the next succeeding Interest Payment Date on all Bonds then Outstanding and all Parity Debt, until the balance in said account is equal to said aggregate amount of interest;

(3) To the Principal Account, one-twelfth of the aggregate amount of principal becoming due to redeem or pay, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments, plus one twelfth of the aggregate amount of principal becoming due and payable on Parity Debt; provided that from the date of delivery of the Bonds until the first Principal Payment Date with respect to the Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a monthly pro rata basis to pay the principal becoming due and payable on said Principal Payment Date;

(4) To the Reserve Account, (i) one-twelfth of the aggregate amount of each prior withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Reserve Account if the balance in said account is at least equal to the Reserve Account Requirement or with respect to payments on Parity Debt not secured by the Reserve Account, and (ii) in the event the balance in said account shall be less than the Reserve Account Requirement due to valuation of the Eligible Securities deposited therein in accordance with Section 5.05(b), the amount necessary to increase the balance in said account to an amount at least equal to the Reserve Account Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(5) To the Repair and Replacement Fund, one-twelfth of \$20,000, commencing with the first such date following July 1, 2022, until the balance therein is at least equal to the Repair and Replacement Fund Requirement, and thereafter in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement, the amount necessary to increase the balance in said account to an amount equal to the Repair and Replacement Fund Requirement;

(6) To the Rent Reserve Fund, one-twelfth of \$80,000.00, until the balance therein is at least equal to \$80,000.00, and thereafter one-twelfth of \$107,000.00, until the balance therein is at least equal to \$187,000.00 in the aggregate, and thereafter in the event the balance in said account shall be less than the Rent Reserve Requirement, one-twelfth of the amount necessary to increase the balance in said account to an amount at least equal to the Rent Reserve Requirement; and

(7) To the Rebate Fund, such amounts as are required to be deposited therein by the Indenture (including the Tax Certificate).

Any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred on June 1 of each year, commencing June 1, 2023 by the Trustee to the Borrower, free and clear of the lien of the Indenture.

Redemption Fund

The Trustee shall establish and maintain within the Redemption Fund, from and after the time when such accounts are first required under the Indenture, a separate Optional Redemption Account and a separate Special Redemption Account. The Trustee shall accept all moneys deposited for redemption and shall deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Trustee solely for the purpose of redeeming Series 2022 Bonds, in the manner and upon the terms and conditions specified in the Indenture, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon written direction of the Borrower, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrower may direct, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Bonds (or, if such Bonds are not then subject to redemption, the par value of such Bonds); and provided further that in the case of the Optional Redemption Account in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund and credited against Loan Repayments in order of their due date as set forth in a Request of the Borrower.

Project Fund

The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund." No moneys in the Project Fund shall be used to pay Costs of Issuance. If requested and directed by the Borrower in writing, the Trustee shall accept moneys from the Borrower for deposit in the Project Fund from time to time.

When the Project shall have been completed, there shall be delivered to the Trustee a Certificate of the Borrower stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Project Fund is to be maintained in the full amount of such claims until such dispute is resolved). Upon the receipt of such Certificate, the Trustee shall, as directed by said Certificate, transfer any remaining balance in such Project Fund to the Interest Account. Upon such transfer, the Project Fund shall be closed.

Application of Reserve Account

All amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Interest Account or the Principal Account, or (together with any other funds available) for the payment or redemption of all Outstanding Bonds.

Amounts on deposit in the Reserve Account shall be valued by the Trustee at their fair market value each June 1 and December 1, and the Trustee shall notify the Borrower of the results of such valuation. For such purpose, the Trustee may utilize and rely upon such commercially reasonable securities pricing services available to it, including those within the accounting system of the Trustee. If the amount on deposit in the Reserve Account on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Reserve Account Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by the Indenture. If the amount on deposit in the Reserve Account on the first (1st) Business Day following such valuation is greater than the Reserve Account Requirement, the excess shall be withdrawn from the Reserve Account and transferred to the Revenue Fund.

Notwithstanding the foregoing, the Reserve Account may also secure Parity Debt provided that the Reserve Account is funded in an amount equal to the Reserve Account Requirement, calculated assuming that the term “Bonds” in the definition of Reserve Account Requirement includes the Bonds and such Parity Debt.

Rent Reserve Fund

The Trustee shall establish a Rent Reserve Fund into which the Trustee shall deposit in accordance with the Indenture an amount equal to the Rent Reserve Requirement. Moneys in the Rent Reserve Fund shall constitute trust funds to be held by the Trustee and used solely to make payments in respect of Borrower’s obligation to make Rental (as such term is defined in the Facility Lease) payments under the Facility Lease. All amounts in the Rent Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in Borrower’s payment of Rental under and pursuant to the Facility Lease. Investment earnings in respect of the Rent Reserve Fund shall remain in the Rent Reserve Fund.

When the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Redemption Fund, the balance of the Repair and Replacement Fund and the balance in the Rent Reserve Fund, then moneys held in the Rent Reserve Fund may be deposited into the Revenue Fund and credited against Loan Repayments required under the Loan Agreement, or, at the written direction of the Borrower, applied to other amounts owed under the Loan Agreement and the Indenture.

Additional Bonds and Refunding Bonds

The Indenture provides that one or more Series of Additional Bonds may be issued, authenticated and delivered for the purpose of financing or refinancing the construction, installation and equipping of additions, renovations, betterments, extensions or improvements to the Project. Additional Bonds issued for such purposes shall be issued in a principal amount not to exceed, together with other moneys available therefor, the Borrower’s estimate (based such information to be provided by the Borrower to the Authority) of the reasonable costs of the project to be financed or refinanced with the proceeds of the sale of such Additional Bonds, including providing amounts for the costs incidental to or connected with any such financing and the making of any deposits into the Reserve Account and any of the funds and accounts required by the provisions of the Supplemental Indenture authorizing such Series of Additional Bonds.

Additional Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of a Certificate of an Authorized Borrower Representative to the effect that the requirements of the Loan Agreement are satisfied in connection with the issuance of such Additional Bonds.

One or more Series of Refunding Bonds may be issued, authenticated and delivered to refund all or any portion of the Outstanding Bonds of one or more Series including any portion of any maturity within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding, including providing amounts for the costs incidental to or connected with any such financing and the making of any deposits into the Reserve Account and any of the funds and accounts required by the provisions of the Supplemental Indenture authorizing such Series of Refunding Bonds. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon: (1) Satisfaction of the provisions of the Indenture with respect to the refunded Bonds; (2) Receipt by the Trustee of any documents required hereunder and under the Loan Agreement; and (3) Receipt by the Trustee of a Certificate of an Authorized Borrower Representative to the effect that the requirements of the Loan Agreement are satisfied in connection with the issuance of such Refunding Bonds. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE” and “– LOAN AGREEMENT.”

Borrower Covenants

Borrower Debt Service Coverage Ratio. Borrower covenants and agrees to budget for and maintain a Debt Service Coverage Ratio for each Fiscal Year of not less than 1.10:1.00, commencing with the Fiscal Year ending June 30, 2025. Borrower shall require its auditor to provide the Trustee by no later than December 31 of each year, commencing December 31, 2025, a certification of the Debt Service Coverage Ratio as of the end of the preceding Fiscal Year.

If the Debt Service Coverage Ratio for any testing date is less than 1.10:1.00, then, upon the written direction of the Beneficial Owners of a majority in principal amount of the Bonds, Borrower will promptly employ an Independent Consultant acceptable to the Beneficial Owners of a majority in principal amount of the Bonds to review and analyze the operation and administration of Borrower, submit to the Trustee written reports, and make such recommendations as to the operation and administration of the Borrower as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation of Borrower; Borrower agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants hereunder, to adopt and carry out such recommendations.

So long as the Borrower is otherwise in full compliance with the obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Debt Service Coverage Ratio for any Fiscal Year ending on or after June 30, 2025, is less than 1.10:1.0 for such Fiscal Year (as evidenced by the Borrower’s audited financial statements for such Fiscal Year).

Notwithstanding the immediately preceding paragraph, it shall constitute an Event of Default hereunder if the Debt Service Coverage Ratio for any Fiscal Year ending on or after June 30, 2025, is less than 1.0:1.0 for such Fiscal Year (as evidenced by the Borrower’s audited financial statements for such Fiscal Year).

Borrower Additional Indebtedness. The Loan Agreement provides that the Borrower will not incur any additional Indebtedness secured in whole or in part by Liens on the Facility or the Gross Revenues that are senior to the Mortgage and the security interest in the Gross Revenues granted by the Loan

Agreement. The Borrower shall not incur any Parity Debt secured in whole or in part by the Series 2022 Facility or the Gross Revenues unless the following shall first be delivered to the Trustee:

(a) A certificate executed by an Authorized Borrower Representative stating that, for Borrower's most recently completed Fiscal Year or for any consecutive 12 calendar months out of the most recent 18 calendar months immediately preceding the month during which the proposed Parity Debt is to be issued, the Net Income Available for Debt Service of the Borrower for such period equals at least 1.10 times the Annual Debt Service Requirement on all Indebtedness then outstanding; and

(b) A certificate of an Authorized Borrower Representative setting forth projections demonstrating that the estimated Net Income Available for Debt Service in the first full Fiscal Year immediately following the estimated completion date of the additional facilities proposed to be financed is at least equal to 1.20 times the Maximum Annual Debt Service for all Indebtedness then outstanding and the proposed additional Parity Debt to be incurred. Such certificate of an Authorized Borrower Representative shall take into account, in respect of any financed facilities to be leased to the School, (i) the audited results of operations and verified enrollment at the School for the most recently completed Fiscal Year and (ii) the projected enrollment at the School for the Fiscal Year immediately following the completion of the additional facilities to be financed, and shall assume that the proposed additional Parity Debt shall have been outstanding for such entire Fiscal Year.

If the Parity Debt involves the issuance of Additional Bonds, the Borrower also shall be subject to and shall satisfy any additional requirements of the Indenture relative to the issuance of Additional Bonds.

Liens. The Borrower covenants that except as specifically provided in the Loan Agreement, the Borrower shall not create, assume, incur or suffer to be created, assumed or incurred any Lien other than Permitted Liens. The Borrower may incur Indebtedness subordinate to the obligations of the Borrower under the Loan Agreement and may create Liens on the Facility and the Gross Revenues, or other asset of the Borrower securing such subordinate Indebtedness, so long as such Indebtedness (i) is subordinate to the Mortgage and obligations under the Loan Agreement and (ii) is incurred by the Borrower in the ordinary course of business and does not exceed \$500,000.

Limitation on Disposition of Property, Plant and Equipment. The Borrower covenants that it will not sell or otherwise dispose, including any disposition by lease, of the Property, Plant and Equipment consisting of all or any part of the Facility, except for disposition or transfers:

- (a) Of Property, Plant and Equipment no longer necessary for the operation of the Facility
- (b) Of Property, Plant and Equipment replaced by Property, Plant and Equipment of similar type and/or of substantially equivalent function with a substantially equivalent value; or
- (c) Of Property, Plant and Equipment sold or disposed of at a price equal to their fair market value.

In addition to the foregoing limitations, the Borrower may not sell, lease or otherwise dispose (other than with respect to the public dedication in connection with the development of the Project) of any Property unless it shall be established that (i) the security of the Mortgage and the ability of the trustee thereunder to foreclose upon the remaining Property will not be impaired as a result of the disposition of such property, and (ii) the Borrower shall have conveyed to the trustee under the Mortgage such rights-of-way, easements

and other rights in land as are required for ingress to and egress from the remaining Property, for the utilization of the facilities located thereon and for utilities required to serve such facilities.

Rent. The School Lease has an initial term that will commence on the Closing Date and continue through the end of the fifth (5th) year following the Closing Date, with the option to extend the term for eight (8) additional and consecutive five (5) year terms commencing on the termination date set forth in the School Lease, so long as School’s Charter Contract remains in effect. Rent payable by the School under the School Lease shall consist of (a) “**Base Rent**” consisting of monthly payments designed to be sufficient to pay principal of and interest on the Series 2022 Bonds, and (b) “**Additional Rent**” covering payments sufficient to pay fees, expenses and other payment obligations to the Borrower, the Authority, the Trustee, certain third-party fees and expenses and amounts required to be deposited in the Reserve Account. The School’s obligation to pay any rent due under the School Lease will begin on the Closing Date.

Payments of rent owed under the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years. The School’s obligation to pay rent is solely an obligation of the School. There can be no assurance that revenues generated by the School from the school will be sufficient to provide for the timely payment of all rent.

All rent required to be paid in monthly installments, including Base Rent and Additional Rent, shall be paid in advance by the twentieth day of each month, during the term of the School Lease. All rent shall be paid in lawful money of the United States, without any abatement, deduction or offset whatsoever (except as specifically provided in the School Lease), and without any prior demand therefore. All Base Rent and Additional Rent shall be paid to the Borrower.

Initial Control Agreement; Change in Depository Bank. The Borrower covenants that, not later than ninety (90) days after the Closing Date, the Borrower will enter into an initial Control Agreement among the Borrower, as “Debtor,” First Hawaiian Bank, as Primary Depository Bank, and the Trustee, as “Secured Party.”

The Borrower may not change its Primary Depository Bank unless the Borrower has entered into a Control Agreement with such successor financial institution and delivered to the Trustee an Opinion of Counsel that such Control Agreement does not adversely affect the security interest granted by the Control Agreement. Further, the Borrower may not close or open any new accounts unless it has provided at least ten (10) days prior written notice to the Trustee. In addition, the Borrower must ensure that at all times, each deposit account and each investment account of the Borrower will be subject to a Control Agreement substantially similar to that in effect upon issuance of the Series 2022 Bonds.

Without the prior written consent of the Trustee, the Borrower may not enter into any agreement to grant a security interest to any party other than the Trustee in any of the Borrower’s depository accounts.

School Covenants

Under the School Lease, the School makes the following financial covenants:

Coverage Ratio Covenant. The School shall maintain Net Income Available for Facility Payments in an amount equal to at least 1.10 times the Facility Payment Requirement, tested annually commencing on June 30, 2025 and on each June 30 thereafter for the twelve-month period then ended. The

School is required to deliver its audited financial statements evidencing the School’s Net Income Available for Facility Payments and coverage ratio for each June 30 testing date.

In the event that the School’s Net Income Available for Facility Payments is less than 1.10 times the Annual Facility Payment Requirement on any testing date as set forth above, the School shall engage, at the School’s expense, an independent management company specializing in the management of charter schools or similar organizations (an “**Independent Consultant**”) selected by the School, to review and analyze the operations and administration of the School, inspect the Financed School Property (as defined in the School Lease), and submit to the School, the Borrower, and the Trustee written reports, and make such recommendations as to the operation and administration of the School’s charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to adopt and carry out such recommendations by the Independent Consultant provided that such recommendations do not violate the terms of the School’s Charter or State law as evidenced by an Opinion of Counsel (as defined in the Indenture).

The School shall provide notice of its choice of Independent Consultant to the holders of the Outstanding Bonds, in accordance with the Indenture and by posting the notice to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“**EMMA**”). Holders of not less than fifty percent (50%) of the Bonds Outstanding shall have ten (10) Business Days following such posting of the notice on EMMA to reject the School’s choice of Independent Consultant, after which time the School’s choice of Independent Consultant shall be deemed accepted.

So long as the School is otherwise in full compliance with its obligations under the School Lease and the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the School’s Net Income Available for Facility Payments falls below the required ratio on any testing date as described above. Notwithstanding the foregoing, (i) should the School fail to adopt and carry out the recommendations of the Independent Consultant, or (ii) in the event that the School’s Net Income Available for Facility Payments is less than 1.0 times the Annual Facility Payment Requirement on any testing date, an Event of Default shall be deemed to have occurred under the School Lease.

For purposes of the financial covenants above, the following definitions shall apply:

“**Annual Facility Payment Requirement**” means, for any Fiscal Year, the Base Rent due under the School Lease together with any payment due under any School Indebtedness.

“**Charter Revenues**” means, regardless of the source, all revenues, rentals, fees, third-party payments, charges, receipts, unrestricted donations, unrestricted contributions or other income of the School received under the Charter, or otherwise, whether now or in the future, to the extent permitted by the terms thereof and by law to be pledged under the School Lease, including all the rights to receive such revenues (each subject, to the extent applicable, to Permitted Liens and to the Unassigned Rights (as defined in the Indenture), and all rights to the payment of money, receivables, accounts, contract rights, chattel paper and instruments and all proceeds of the foregoing, including, without limitation, revenues, federal grants and aid, extended daycare payments, food services sales, proceeds derived from insurance, condemnation proceeds and other rights and assets, whether now or hereafter owned, held or possessed by the School, all gifts, grants, bequests and contributions (including income and profits therefrom), and regardless of the source, certain revenues, rentals, fees, third-party payments, charges, receipts, unrestricted donations, unrestricted contributions or other income of the School, to the extent permitted by the terms thereof and by law to be pledged under the School Lease.

“**Maximum Annual Facility Payment**” means, as of any date of calculation, the highest Annual Facility Payment Requirement (excluding any required payments from the Capitalized Interest Fund (as

defined in the Indenture) in any year and all or a portion of the final maturity payment for any Indebtedness in an amount equal to funds on deposit in a debt service reserve fund that are permitted to be applied to the payment of such final maturity at the time of such final maturity) with respect to all outstanding School Indebtedness for any succeeding fiscal year of the School.

“Net Income Available for Facility Payments” means, for any period of determination thereof, the aggregate Charter Revenues of the School for such period plus any required payments from the Capitalized Interest Fund minus the total Operating Expenses for such period but excluding from Charter Revenues and Operating Expenses for purposes of this calculation (i) any profits or losses which would be regarded as extraordinary items under generally accepted accounting principles, (ii) gain or loss in the extinguishment of School Indebtedness, (iii) proceeds of the Series 2022 Bonds and any other Indebtedness permitted by the School Lease, and (iv) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the School, (v) the proceeds of any sale, transfer or other disposition of the Financed School Property or any other of the School’s assets by the School, (vi) any condemnation or any other damage award received by or owing to the School, and (vii) interest expense on School Indebtedness and Base Rent.

“Operating Expenses” means fees and expenses of the School incurred with respect to the Facilities, including interest expense on Indebtedness, maintenance, repair expenses, utility expenses, administrative, accounting, legal and other similar professional expenses, miscellaneous operating expenses, management fees, advertising costs, payroll expenses (including taxes), the cost of materials and supplies used for current operations of the School, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the School not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the School; provided however, **“Operating Expenses”** shall not include (i) depreciation and amortization expenses and (ii) those expenses which are actually paid from any revenues of the School which are not Charter Revenues.

“School Indebtedness” means all indebtedness of the School for borrowed moneys, including indebtedness which has been incurred or assumed in connection with the acquisition, construction, improvement, renovation or equipping of the Financed School Property, all indebtedness, no matter how created, secured by the Facilities or the Charter Revenues, any capital leases, installment purchase obligations and guaranties related to the Financed School Property.

Liquidity Covenant. The School covenants and agrees that it will maintain at least 30 Days Cash on Hand on and as of June 30, 2023, at least at least 35 Days Cash on Hand on and as of June 30, 2024, at least 40 Days Cash on Hand on and as of June 30, 2025, and at least 45 Days Cash on Hand on and as of June 30, 2026, and on and as of each June 30 thereafter. The School is required to deliver its audited financial statements pursuant to the School Lease evidencing the School’s Days Cash on Hand for each June 30 testing date. For purposes of this covenant, the following definitions shall apply:

“Cash on Hand” means the sum of unrestricted cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the School and amounts held under the Repair and Replacement Fund.

“Days Cash on Hand” means the product obtained by multiplying 365 by the quotient determined by dividing (a) the Cash on Hand of the School, as shown on the School’s most recent audited financial statements by (b) the Operating Expenses (excluding depreciation, amortization, and one time capital outlay, but including interest on School Indebtedness) in each case for the Fiscal Year then ended.

The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, shall not permit the School to maintain such level of Cash on Hand, then the School shall, in conformity with the then prevailing laws, rules or regulations, maintain its Days Cash on Hand equal to the maximum permissible level.

If the Days Cash on Hand on any testing date is less than the Days Cash on Hand required above, then the School will promptly employ, at its expense, an Independent Consultant selected by the School to review and analyze the operations and administration of the School, inspect the Series 2022 Facility, and submit to the School, the Borrower, and the Trustee written reports, and make such recommendations as to the operation and administration of the School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The School agrees to adopt and carry out such recommendations provided that such recommendations do not violate the terms of the School's charter or State law as evidenced by an Opinion of Counsel.

So long as the School is otherwise in full compliance with its obligations under the School Lease, including following the recommendations of the Independent Consultant, it shall not constitute an Event of Default if the Days Cash on Hand is less than the required Days Cash on Hand as described above. Notwithstanding the foregoing, should the School fail to adopt and carry out the recommendations of the Independent Consultant, an Event of Default shall be deemed to have occurred under the School Lease.

Limitations on School Indebtedness. The School shall not incur any Indebtedness that is secured in any manner by the Charter Revenues or the property secured by the Mortgage unless the following conditions are satisfied:

(i) a certificate of the Authorized Sublessee Representative (as defined in the School Lease) is delivered stating that the Indenture, the Loan Agreement and the School Lease are in effect and no Event of Default exists under the Indenture, the Loan Agreement or the School Lease or any School Indebtedness outstanding or any agreement entered into in conjunction with such School Indebtedness;

(ii) the additional School Indebtedness is secured on parity with respect to the Indenture; provided that the terms of any supplemental Indenture may expressly relinquish any right to any of the collateral provided in the Indenture (in which case it shall only be entitled to its pro rata share of the collateral which has not been relinquished); and

(iii) (A) a certificate of an Authorized Sublessee Representative is delivered stating that, for either the School's most recently completed Fiscal Year or for any consecutive 12 months out of the most recent 18 months immediately preceding the issuance of the additional School Indebtedness, the Net Income Available for Facility Payments equals at least 1.10 times the Annual Facility Payment Requirement on all School Indebtedness then outstanding; and (B) a certificate of an Authorized Sublessee Representative setting forth projections which indicate that the estimated Net Income Available for Facility Payments is equal to at least 1.20 times the Maximum Annual Facility Payment (as defined above) for all School Indebtedness then outstanding including the proposed additional School Indebtedness to be incurred, in the Fiscal Year immediately following the completion of the additional school facilities being financed. The certificate of an Authorized Sublessee Representative shall take into account (1) the audited results of operations and verified enrollment at the school for the most recently completed Fiscal Year and (2) the projected enrollment at the school for the Fiscal Year immediately following the completion of the additional school facilities to be financed and shall assume that the proposed additional School Indebtedness shall have been outstanding for the entire year.

In lieu of the requirements of Section (iii) above, the School may deliver to the Trustee a certificate of an Authorized Sublessee Representative stating that, based on the audited results of the school operations for the most recently completed Fiscal Year, the Net Income Available for Facility Payments equals at least 1.10 times the Maximum Annual Facility Payment on all School Indebtedness then outstanding as well as the proposed additional School Indebtedness to be incurred.

So long as any School Indebtedness is secured by the Mortgage, the School is required to obtain and provide to the Trustee an endorsement to the existing title insurance policy or a new title insurance policy issued in connection with the School Indebtedness increasing the coverage thereunder by an amount equal to the aggregate principal amount of the additional School Indebtedness which is secured by the lien of the Indenture.

If additional School Indebtedness is being issued for the purpose of refunding any outstanding School Indebtedness, the report or certificate required by clause (iii) above will not apply so long as both the total Annual Facility Payment Requirement and the Maximum Annual Facility Payment on all outstanding School Indebtedness after issuance of the additional School Indebtedness will not exceed both the total Annual Facility Payment Requirement and the Maximum Annual Facility Payment on all outstanding School Indebtedness prior to the issuance of such additional School Indebtedness.

If additional School Indebtedness is being issued or incurred for the purpose of completing any “Facilities” or “Projects” (as either such term is defined in connection with the issuance of additional School Indebtedness) for which additional School Indebtedness is issued or incurred, such series of “completion” School Indebtedness may be issued in amounts not to exceed 10% of the principal amount of the School Indebtedness originally issued for such Projects upon delivery of a certificate of an Authorized Sublessee Representative that such additional School Indebtedness is required to fund the costs of completion and such additional School Indebtedness is not required to comply with the coverage provisions above; provided that such additional School Indebtedness must comply with any applicable requirements imposed by the Indenture, the Loan Agreement and the School Lease.

Notwithstanding the foregoing, the School may incur School Indebtedness subordinate to the School’s obligations under the School Lease and may create liens on the Charter Revenues or other assets of the School securing such subordinate School Indebtedness, so long as the same are subordinate to the School’s obligations under the School Lease and are otherwise permitted under the School Lease including compliance with the foregoing requirements of the section of the School Lease related to permitted Additional School Indebtedness.

Financial Reporting. See the School Lease in “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – SUBLEASE AGREEMENT – Financial Reporting” for a description of the School’s financial reporting obligations.

Liens. The School covenants that, except as specifically provided in the School Lease, it shall not create, assume, incur or suffer to be created, assumed or incurred any Liens on the Facilities or the Charter Revenues (other than Permitted Liens).

Sale or Disposition of the Facilities. The School covenants that it will not sell or otherwise dispose of any portion of any property comprising the Facilities, except for transfers or other dispositions in the ordinary course of business and except for transfers or other dispositions of Facilities:

- (1) In return for other Facilities of equal or greater value and usefulness; or

(2) To any individual, corporation, firm, limited liability company, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof (each a “**Person**”), if prior to such sale, lease or other disposition there is delivered to the Trustee a certificate of an Authorized Sublessee Representative stating that, in the judgment of the signer, such Financed School Property has become obsolete or worn out and the sale or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Facilities.

Notwithstanding, the foregoing, the School agrees that it shall not sell the Facilities or any components thereof financed or refinanced with the proceeds of the Tax-Exempt Bonds (as defined in the Indenture) unless the School delivers to the Trustee and the Authority a written opinion of Bond Counsel to the effect that any such disposition will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income of the owners thereof for federal income tax purposes.

See the School Lease in “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – SUBLEASE AGREEMENT” for definitions relating to such covenants and to review other covenants contained therein.

Annual Investor Call. Pursuant to the terms of the School Lease, each year, commencing with the Fiscal Year ending June 30, 2022, the School shall hold an investor call following the release of its audited financial statements for the immediately preceding Fiscal Year for the purpose of reviewing financial results of such Fiscal Year. Such investor calls shall be held within forty-five (45) days of the posting of the School’s audited financial statements on EMMA and the School shall cause notice of such call to be filed on EMMA not less than seven days prior to the date of the investor call; provided, however, that failure to file such notice or to hold such call in any year shall not constitute an Event of Default hereunder.

Waiver of Covenants. Notwithstanding any other provision of the School Lease to the contrary, the covenants described above (among other covenants) may be waived or modified with the written consent of the Beneficial Owners of at least a majority of the Outstanding aggregate principal amount of the Bonds.

Mortgage

Pursuant to the Mortgage, the Borrower has granted a first lien in favor of the Trustee, subject to Permitted Liens (as defined in the Indenture), on the Mortgaged Property (as defined in the Mortgage) which includes, without limitation, the Facility Lease, all of the Borrower’s leasehold estate in and to the real property comprising the Facility, and all buildings, fixtures, licenses, easements and other rights or interests of the Borrower to be located on the real estate conveyed by the Mortgage. The Mortgage also grants security interests in, subject to Permitted Liens, all furniture, fixtures and other property located on the Mortgaged Property, including replacements or additions thereto. The Mortgage additionally assigns the Borrower’s rights under the School Lease and the Facility Lease to the Trustee. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT” herein. An ALTA title insurance policy commitment on the Mortgaged Property will be delivered at the time of delivery of the Series 2022 Bonds. This insurance policy will provide protection against title defects in the mortgagee’s interest in the real estate, but not against failure by the Borrower to make payments under the Loan Agreement. See “RISK FACTORS – No Fee Interest in Series 2022 Facility.”

Control Agreement

The Borrower covenants in the Loan Agreement that, within ninety (90) days after the Closing Date, the Borrower will enter into the DACA. Pursuant to the DACA, the Borrower will agree to grant the Trustee a security interest in the Borrower Depository Fund in order to secure the Borrower’s repayment obligations under the Loan Agreement. Such security interest will not restrict the right of the Borrower to apply the Gross Revenues or amounts in said Account in such manner and for such purposes as it deems appropriate, so long as no Event of Default has occurred and is continuing.

THE BORROWER AND THE SCHOOL

The Borrower was incorporated as a Hawai‘i nonprofit corporation on January 2, 2014. The Borrower received a 501(c)(3) determination letter from the Internal Revenue Service, dated September 22, 2014 and effective January 12, 2014, classifying the Borrower as an organization described in Section 501(c)(3) of the Code.

The School is a State public charter school, organized under Title 18, Chapter 302D of the Hawai‘i Revised Statutes (the “*Charter School Act*”). As of the official enrollment count on October 15, 2021, the School enrolled 258 students in grades 6-8 for the 2021-22 school year. As of May 1, 2022, the School’s enrollment increased to 300 students in grades 6-8. The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. Management expects the School to serve approximately 700 students in grades 6-12 for the 2025-26 school year. See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY.”

The School operates as a public charter school under the laws of the State and pursuant to the Charter Contract. The Charter Contract’s term commenced on July 13, 2017 and, pursuant to its terms and applicable State law, the Charter Contract’s term will expire five years from July 1, 2019 (*i.e.*, July 1, 2024).

For additional information regarding the Borrower and the School, see APPENDIX B attached hereto.

FACILITY LEASE

The ownership by the Borrower and operation by the School of the Series 2022 Facility will be subject to the terms and conditions of the Facility Lease.

The Facility Lease will have a term commencing on the Closing Date and continue through the end of the thirty-fifth (35th) year following the Closing Date. The Borrower will have two (2) options to extent the term for additional five (5) year periods as provided in the Facility Lease.

The Minimum Annual Rental to be paid by the Borrower to the Developer is set forth in Exhibit C attached to the Facility Lease. For years 1-10 (term 1), the Minimum Annual Rent will be \$187,000 per year. For years 11-20 (term 2), the Minimum Annual Rent will be 110% of the prior term’s Minimum Annual Rent. For years 21-30 (term 3), the Minimum Annual Rent will be 110% of the prior term’s Minimum Annual Rent. For years 30-35 (term 4), the Minimum Annual Rent will be 110% of the prior term’s Minimum Annual Rent. For any five-year period in which the term of the Facility Lease is extended, the Minimum Annual Rent will be the greater of (a) 110% of the prior term’s Minimum Annual Rent and (b) the prior term’s rent increased by the annual compounding of the Honolulu Consumer Price Index (CPI-U) for each year of the previous term, as published by the U.S. Bureau of Labor Statistics.

In order to ensure that the Borrower is in compliance with its rent obligations under the Facility Lease, the Indenture provides that the payment of Rental becoming due and payable under the Facility Lease will have first priority in the allocation of Payments received by the Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Revenue Fund.” Further, a Rent Reserve Fund has been established pursuant to the Indenture with a Rent Reserve Requirement from the Closing Date to and including July 1, 2024, \$187,000, and thereafter, as of any given date, the amount equal to the then-applicable Minimum Annual Rent as set forth in the Facility Lease. Moneys in the Rent Reserve Fund constitute trust funds to be held by the Trustee and used solely to make payments in respect of Borrower’s obligation to make Rental payments under the Facility Lease. All amounts in the Rent Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in Borrower’s payment of Rental under and pursuant to the Facility Lease.

Pursuant to the Facility Lease, upon paying the Rental and upon the Borrower’s performance of all of the provisions, covenants, and conditions of the Facility Lease on its part to be kept and performed, the Developer agrees that the Borrower may quietly have, hold, and enjoy the Series 2022 Facility during the term of the Facility Lease without hindrance or interruption by the Developer or anyone lawfully or equitably claiming by, through, or under the Developer.

At the end of the term or sooner termination of the Facility Lease, the Borrower must surrender the Series 2022 Facility and restore the Premises to a good and orderly condition.

See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASE.” For an additional description of the property being leased to the Borrower under the Facility Lease, see “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facilities – *Leased Facilities* – Land, Building, and Developer Improvements” and “– *Series 2022 Facility*.”

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below is a summary of the estimated sources and uses of funds for the Series 2022 Project.

Sources*	Total
Par Amount of Series 2022A Bonds	\$ _____
Par Amount of Series 2022B Bonds	\$ _____
Reoffering [Premium/Discount]	\$ _____
Total Sources:	\$ _____
Uses*	
Deposit to Project Fund	\$ _____
Deposit to Reserve Account	\$ _____
Deposit to Capitalized Interest Fund	\$ _____
Deposit to Costs of Issuance Fund ⁽¹⁾	\$ _____
Total Uses:	\$ _____

⁽¹⁾ Includes Underwriter’s discount, counsel fees, the Authority fee, initial Trustee fee and other costs of issuance.

* Preliminary, subject to change.

DEBT SERVICE ON THE SERIES 2022 BONDS

The annual debt service payment requirements for the Series 2022 Bonds are as follows:

Year Ending June 30*,	Principal (Series 2022A Bonds)*	Interest (Series 2022A Bonds)†	Principal (Series 2022B Bonds)*	Interest (Series 2022B Bonds)	Total Debt Service†
2023	-	_____	-	_____	_____
2024	-	_____	-	_____	_____
2025	-	_____	-	_____	_____
2026	-	_____	\$235,000.00	_____	_____
2027	-	_____	250,000.00	_____	_____
2028	-	_____	265,000.00	_____	_____
2029	\$255,000.00	_____	30,000.00	_____	_____
2030	300,000.00	_____	-	_____	_____
2031	315,000.00	_____	-	_____	_____
2032	330,000.00	_____	-	_____	_____
2033	350,000.00	_____	-	_____	_____
2034	370,000.00	_____	-	_____	_____
2035	390,000.00	_____	-	_____	_____
2036	415,000.00	_____	-	_____	_____
2037	440,000.00	_____	-	_____	_____
2038	465,000.00	_____	-	_____	_____
2039	490,000.00	_____	-	_____	_____
2040	520,000.00	_____	-	_____	_____
2041	550,000.00	_____	-	_____	_____
2042	580,000.00	_____	-	_____	_____
2043	615,000.00	_____	-	_____	_____
2044	655,000.00	_____	-	_____	_____
2045	695,000.00	_____	-	_____	_____
2046	735,000.00	_____	-	_____	_____
2047	780,000.00	_____	-	_____	_____
2048	825,000.00	_____	-	_____	_____
2049	875,000.00	_____	-	_____	_____
2050	930,000.00	_____	-	_____	_____
2051	985,000.00	_____	-	_____	_____
2052	1,045,000.00	_____	-	_____	_____
2053	1,105,000.00	_____	-	_____	_____
2054	1,170,000.00	_____	-	_____	_____
2055	1,240,000.00	_____	-	_____	_____
2056	1,315,000.00	_____	-	_____	_____
2057	1,395,000.00	_____	-	_____	_____
2058	1,480,000.00	_____	-	_____	_____
2059	1,570,000.00	_____	-	_____	_____
TOTAL	\$23,185,000.00	_____	\$780,000.00	_____	_____

* Preliminary, subject to change.

† Funds on deposit in the Reserve Account are expected to be available for application to the total Debt Service payment.

RISK FACTORS

An investment in the Series 2022 Bonds involves a high degree of risk and is subject to a number of significant risk factors. The following information should be considered by prospective investors in evaluating an investment in the Series 2022 Bonds; however, the following does not purport to be an exhaustive list of risks and other considerations which may be relevant to investing in the Series 2022 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Prospective investors should carefully evaluate the risks and merits of an investment in the Series 2022 Bonds and should confer with their own legal and financial advisors before purchasing any of the Series 2022 Bonds. The Series 2022 Bonds should only be purchased by investors who have adequate experience to evaluate the merits and risks of an investment in the Series 2022 Bonds.

See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY” hereto for more detailed information regarding the Borrower, the School, and the Series 2022 Facility and APPENDIX D hereto for certain financial statements of the School.

Limited Obligations

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE FUNDS PLEDGED FOR THEIR PAYMENT PURSUANT TO THE INDENTURE AND EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY MEMBER, ANY SPONSOR, ANY AUTHORITY INDEMNIFIED PERSON (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER OR SPONSOR, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PERSON SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

Sufficiency of Revenues

The Series 2022 Bonds are payable solely from certain payments, revenues and other amounts derived by the Authority pursuant to the Indenture and the Loan Agreement, and are secured by such revenues and a pledge of certain funds and accounts created under the Indenture and the additional security provided by the Loan Agreement and the Mortgage. The ability of the Borrower to make scheduled payments owed pursuant to the Loan Agreement is dependent upon the Borrower’s generation of revenues in amounts sufficient therefor. The Borrower’s revenues, in turn, will be derived from the payments owed by the School pursuant to the School Lease. The source of such payments by the School will be revenues earned from its public charter school operations. Based on present circumstances, and based on its

projections regarding future enrollment, the School believes it will generate sufficient revenues for the payment of its operating expenses and to meet its obligations under the School Lease; however, no representation or assurance can be made that the operations of the School will enable the School to realize revenues in amounts sufficient to remit the rent required pursuant to the School Lease.

A number of factors could have an adverse impact on the ability of the School to generate sufficient revenues from its operations to realize revenues in amounts sufficient to remit rent required pursuant to the School Lease, and the Borrower to meet its obligations under the Loan Agreement, including State budget pressures, demand for charter school education, the ability of the School to provide the educational services and classes demanded by parents or to attract students generally, changes in the level of confidence in the public school system in general or public charter schools in particular, competition, faculty recruitment, demographic changes, legislation, governmental regulations, litigation and the School's ability to achieve and maintain enrollment levels. This, in turn, is affected by numerous circumstances both within and outside the control of the School, including continuation of favorable governmental policies and programs with respect to public charter schools, the competitive appeal and perceived quality of the School's curriculum, the ability and energy of the faculty and administration of the School, and the benevolence of supporters of the School. **There can be no assurance given that the revenues generated by the School will not decrease. Any and all financial projections made by the School are only good faith estimates and are not intended as a representation or warranty as to the future financial condition of the School and consequently, the Borrower.**

Limitations on Charter Revenues

The availability of Charter Revenues under the Charter Contract and the levels of expenses with respect to the School's operations may affect the ability of the School to pay its operating expenses and to remit rent pursuant to the School Lease. If sufficient funds are not generated from Charter Revenues, there can be no assurance that the School will have adequate funds to operate successfully as a charter school and to pay amounts due under the School Lease.

Generally, charter schools across the nation have come under some criticism as having failed to meet certain objectives in educating students to a success level above students in traditional public school systems. Proponents of charter schools have indicated that comparisons used in such critiques often fail to measure performance between similarly situated schools or fail to acknowledge the time that will be required for a charter school system to develop historically significant data. In any event, the politically sensitive issues surrounding the development of charter schools will continue to warrant public and media attention, and any development of a national sense that charter schools do not present a fiscally responsible alternative could adversely affect the willingness of states, including the State, to fund charter school operations or the willingness of local or State school officials to approve or renew school charters.

Nonrenewal or Revocation of Charter

The primary source of revenues to the School is expected to be Charter Revenues. The School holds a single charter agreement for its operations. The current term of the Charter Contract ends on July 1, 2024. The Charter Contract may be renewed at the end of the contract term, subject to the terms of the Charter Contract; however, the State Charter School Commission, as the School's authorizer, may choose not to renew the Charter Contract under grounds specified in the Charter Contract and the Charter School Act. During the term of the Charter Contract, the State Charter School Commission, as the School's authorizer, may also revoke the Charter Contract if the State Charter School Commission determines that the School did any of the following or otherwise failed to comply with the provisions of the Charter School Act: (a) committed a material and substantial violation of any of the terms, conditions, standards, or procedures required under the Charter School Act or the Charter Contract; (b) failed to meet or make

sufficient progress toward performance expectations set forth in the Charter Contract; (c) failed to meet generally accepted standards of fiscal management; or (d) substantially violated any material provision of law from which the School is not exempted. See “APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS – Charter Contract Renewals, Revocations, and Nonrenewal.”

If the Charter Contract is terminated or not renewed, the School likely would be forced to cease operations. Termination of the Charter Contract either by its terms or for any other reason constitutes an event of default under the School Lease and the Loan Agreement. Presently, the School is not the subject of any attempt to terminate or revoke the Charter Contract.

Changes in Law; Annual Appropriation; Inadequate State Payments

The State legislature has amended the charter school laws a number of times since they were first enacted. Past and future amendments to the law may adversely affect the School by withholding a percentage of the state payments if a charter school is deemed not to be in compliance with contract or charter provisions or State and federal laws; by decreasing the charter term from five years to some other shorter term; by requiring a State body to make an assessment of the School’s effectiveness every year; by limiting the number of students for which State funds are available; by mandating new facilities or programs which may increase costs beyond projections; by reducing the maximum amount payable by the State for students enrolled by the School; by revising the relative responsibilities between public schools and the State for financing schools (including charter schools); or by eliminating the authority for State-supported charter schools.

In addition, the State legislature must appropriate funds for public education – including charter schools – each year, and it may not appropriate sufficient funds to enable the School to make payments under the School Lease and meet budgeted expenses. Similarly, the State allocation per student may be reduced or may not keep pace with expenses such that the aggregate state payments to the School are inadequate to allow the School to remit rent pursuant to the School Lease, and subsequently, the Borrower to pay debt service on the Series 2022 Bonds and its operating expenses. If the State payments are insufficient, the Borrower may be unable to make the Payments as and when required. See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY.”

Competition for Students; School Choice Initiatives

States are increasingly considering and, in some states, enacting legislation that would expand the educational choices for its student residents beyond the traditional public school system. Charter schools are one example of such options. As charter schools become more commonplace, and as existing charter schools demonstrate a track record of providing an attractive educational choice, the number of charter schools may increase, which could lead to increased competition for existing charter schools, such as the School. In addition, other education choice initiatives, including but not limited to a voucher system, whereby the state or local school district provides a voucher (typically for a fixed dollar amount) which a student’s parents can use to pay tuition at private, independent (including faith-based) schools have been implemented or are being considered in a number of states. A voucher program could provide significant competition to charter schools because parents who may not have previously been able to afford tuition at a private, independent school would, under a voucher system, have financial resources available to cover all or a significant portion of the tuition cost at such schools. This additional choice is likely to increase demand for enrollment in private, independent schools and could adversely affect enrollment at other schools, including charter schools and traditional public schools. Management of the Borrower and the

School cannot determine the specific impact the implementation of such education choice alternative in the State would have on the operation or financial performance of the School.

Dependence on State Payments

The School may not charge tuition and has no taxing authority. The primary source of revenues for the School is the Charter Revenues received from the State Charter School Commission based on per-pupil allocations, as follows: (a) sixty percent (60%) of the School’s per-pupil allocation based on the School’s projected student enrollment no later than July 20 of each fiscal year; provided that the School must have submitted to the State Charter School Commission a projected student enrollment no later than May 15 of each year; (b) an additional thirty percent (30%) of the School’s per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the State Charter School Commission; provided that the School is in compliance with all financial reporting requirements; and (c) no more than the balance of the remaining ten percent (10%) of the School’s per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year; provided that the State Charter School Commission may make adjustments in allocations based on noncompliance with the Charter Contract and the State Board of Education may make adjustments in allocations based on noncompliance with State Board of Education policies made in the State Board of Education’s capacity as the State education agency, State Department of Education directives made in the State Department of Education’s capacity as the State education agency, the State Board of Education’s administrative procedures, and State Board of Education-approved accountability requirements.

The Charter Revenues are contingent upon legislative appropriation and allocation of funds. The State may experience downturns in its economy and tax revenues in the future, and there is a risk that the State legislature may not appropriate funds for Charter Revenues, or may not appropriate funds in a sufficient amount, to enable the School to meet its general operating expenses and to make payments under the School Lease. In addition to general State economic conditions, State budget considerations may also adversely affect appropriations for charter school funding. Pursuant to the Charter Contract, if the State legislature fails to appropriate sufficient monies or if the appropriation reduced by the State governor or by any other means and the effect of such non-appropriation or reduction is to provide insufficient monies for the continuation of the School, the Charter Contract will terminate on the last day of the fiscal year for which sufficient funds are available.

Suitability of Investment; Restrictions on Transfer; Limited Market

Purchase of the Series 2022 Bonds involves a high degree of risk, and the Series 2022 Bonds are a speculative investment. Any investor who, because of financial condition, is unable to bear the loss of an investment in the Series 2022 Bonds, or who, because of investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent with an investment in the Series 2022 Bonds, should not purchase the Series 2022 Bonds. The interest rate borne by the Series 2022 Bonds (as compared to prevailing interest rates on more secure bonds such as those that constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of additional risk. Furthermore, the tax-exempt feature of the Series 2022A Bonds is obviously more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with the investor’s tax rate. Prospective investors should carefully examine this Limited Offering Memorandum, including the Appendices hereto, and their own financial condition, as well as consult their own independent financial advisor, in order to make a judgment as to their ability to bear the economic risk of such an investment, and to determine whether or not the Series 2022 Bonds are an appropriate investment for them.

The Series 2022 Bonds may only be purchased by (i) an “accredited investor” or (ii) a “qualified institutional buyer” as such terms are defined in the Investor Letter set forth in APPENDIX H attached hereto. An executed Investor Letter must be provided by each initial purchaser in connection with the initial sale of the Series 2022 Bonds. Unless the Borrower delivers to the Trustee a rating letter by Fitch, S&P or Moody’s indicating that the Series 2022 Bonds are rated “BBB-” or “Baa3,” as applicable, or better, the Series 2022 Bonds are transferable only to accredited investors or qualified institutional buyers. Any Beneficial Owner of any Series 2022 Bond by its acceptance of a Series 2022 Bond agrees that it will not transfer such Series 2022 Bond to a person other than an accredited investor or a qualified institutional buyer. The Series 2022 Bonds have no active trading market and the Borrower and the School do not intend to list the Series 2022 Bonds on any securities exchange. No assurance can be given that the Series 2022 Bonds will receive an investment grade rating in the future. There can be no assurance that a market for the Series 2022 Bonds will develop, or that investors will be able to resell the Series 2022 Bonds at the offering price or at any price. Accordingly, an investor must bear the economic risk of its investment in the Series 2022 Bonds for an indefinite period of time. See “THE SERIES 2022 BONDS – Investor Suitability Standards and Transfer Restrictions” and “APPENDIX H – FORM OF INVESTOR LETTER” in this Limited Offering Memorandum.

No Rating

The Series 2022 Bond are not rated. Typically, unrated bonds lack liquidity in the secondary market in comparison with rated bonds. As a result of the foregoing, the Series 2022 Bonds are believed to bear interest at higher rates than would prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings. Consequently, the Series 2022 Bonds should not be purchased by any investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2022 Bonds. See “NO RATING” below.

Risk of Early Redemption

The Series 2022 Bonds are subject to early redemption upon the option of the Borrower, upon the occurrence of certain events, and pursuant to mandatory sinking fund requirements. See “THE SERIES 2022 BONDS – Prior Redemption.” Any person who purchases a Series 2022 Bond should consider the fact that the redemption price for the redeemed Series 2022 Bonds may be more or less than the market price of the Series 2022 Bonds at such time.

Reliance on Projections

Information contained herein concerning the Borrower, the School, and the Series 2022 Facility has been obtained from the Borrower and the School and has not been independently verified by the Authority or the Underwriter. Much of the information regarding the Borrower, the School, and the Series 2022 Facility involves predictions of future events, such as student enrollment and the availability of Charter Revenues at a level sufficient to maintain a positive coverage ratio. Such information is, by its nature, not subject to verification.

Projected enrollment for the School is included in “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Charter School Enrollment – *Projected Enrollment*” and forward-looking financial projections are included in “APPENDIX C – FINANCIAL PROJECTIONS” (the “*Forecast*”). The Forecast is based upon assumptions made by management of the School. There are usually differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, the Forecast relates only to the fiscal years of the School ending June 30, 2022

through 2027, and consequently does not cover the entire period that the Series 2022 Bonds may be outstanding. Prospective investors in the Series 2022 Bonds should read the Forecast in its entirety.

No feasibility studies have been conducted with respect to operations of the School or the Series 2022 Facility. The Forecast contains “forward-looking statements” and is subject to the general qualifications and limitations described under “Forward-Looking Statements” prior to the Table of Contents hereto. The Underwriter has not independently verified the Forecast set forth herein, and makes no representations nor gives any assurances that such forecasted information, or the underlying assumptions, are complete or correct.

MANAGEMENT HAS PREPARED THE FORECAST BASED ON ITS OPERATING HISTORY WITH RESPECT TO THE SCHOOL AND ITS ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE SCHOOL, INCLUDING STUDENT ENROLLMENT, REVENUES, AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT, REVENUES, AND EXPENSES WILL BE CONSISTENT WITH MANAGEMENT’S ASSUMPTIONS UNDERLYING SUCH FORECAST. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE FORECAST’S UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. REFER TO “CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM” ABOVE FOR QUALIFICATIONS AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

Reputational Risk

The School is subject to reputational risks which may differ from those of other private or public schools. For example, changes in the reputation of a school, its faculty or student body, either generally or with respect to certain academic or extracurricular areas, may affect the School’s ability to attract students to projected enrollment levels or the School’s ability to attract quality faculty and staff at competitive salaries. Such changes in reputation may include, but are not limited to, those changes arising out of faculty or student behavior and actions within and outside of the school environment, including any media coverage and/or public discussion thereof. In addition, litigation brought against the School by parents, civil authorities, students or former or potential employees may have a materially adverse impact on the reputation of the School. There can be no assurance that these or other factors will not adversely affect the School’s ability to generate adequate funds from its operations to remit rent required under the School Lease, and the Borrower to generate funds required to pay its operating expenses and to meet its obligations under the Loan Agreement.

Litigation

Educational facilities often are the subject of litigation. Professional liability and other actions alleging wrongful conduct and seeking punitive damages often are filed against education providers such as the School. Litigation may also arise from the corporate and business activities of the School or the

Borrower, such as contract disputes and employee-related matters. Many of these risks are covered by insurance, but some are not. For example, some business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the Borrower or the School if determined or settled adversely. Although the Borrower and the School maintain insurance policies covering educator's professional and general liability, management of the Borrower and the School are unable to predict the availability, cost or adequacy of such insurance in the future.

Tax Related Issues

Bond Audits. Internal Revenue Service (“**IRS**”) officials have indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector. The Series 2022A Bonds may be, from time to time, subject to audit by the IRS. The Borrower believes that the Series 2022A Bonds properly comply with applicable tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2022A Bonds, as described under the caption “TAX MATTERS” herein, which opinion speaks only as of its date. No ruling with respect to the tax-exempt status of the Series 2022A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Series 2022A Bonds will not adversely affect the tax status of the Series 2022A Bonds.

Tax-Exempt Status of Interest on the Series 2022A Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2022A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2022A Bond proceeds, limitations on the investment earnings of Series 2022A Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2022A Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the IRS. The Authority, the Borrower and the School have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Series 2022A Bonds as taxable, retroactively to the date of issuance of the Series 2022A Bonds.

Maintenance of Tax-Exempt Status by the Borrower. The tax-exempt status of the Series 2022A Bonds depends upon the maintenance by the Borrower of its status as organizations described in Section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including the operation for charitable and educational purposes and avoidance of transactions which may cause the assets of either to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and, in particular, charter schools. As a result, tax-exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in unlawful private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by the Borrower could potentially result in loss of tax exemption of interest on the Series 2022A Bonds and of other existing and future tax-exempt debt of the Borrower, if any, and defaults in covenants regarding the Series 2022A Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

Legislation adopted by Congress in 1996 provides the IRS with an “intermediate” sanctions system of federal excise taxes to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Before the “intermediate sanctions law,” the IRS could punish such violations

only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., an insider) (i) engaging in a non-fair market value transaction with the tax-exempt organization, (ii) receiving unreasonable compensation from the tax-exempt organization, or (iii) receiving payment in an arrangement that violates the private inurement proscription. Intermediate sanctions may be imposed by the IRS either in lieu of or in addition to revocation of exemption. The legislation is potentially favorable to taxpayers in that it provides the IRS with a punitive option short of exemption revocation to deal with incidents of private inurement. However, the standards for tax exemption have not been changed and the IRS still has the authority to revoke tax-exempt status in appropriate circumstances.

State Income Tax Exemption. The loss by the Borrower of federal tax exemption might trigger a challenge to its State income tax exemption. Such event could be adverse and material.

Unrelated Business Income. In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("***UBTI***"). The Borrower currently reports no UBTI. The Borrower may in the future participate in activities which generate UBTI. If so, the Borrower believes it would properly account for and report UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect their tax-exempt status, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2022A Bonds.

Exemption from Property Taxes. Under Chapter 8, Article 10, Section 10 of the Revised Ordinances of Honolulu, real property, or a portion thereof, owned in fee simple, leased, or rented for a period of one year or more, by a charter school may be exempt from property taxes. If the property, or a portion thereof, for which exemption is claimed is leased or rented, the lease or rental agreement must be in force and recorded in the bureau of conveyances or filed in the office of the assistant registrar of the land court. Furthermore, the charter school must carry on a program of instruction meeting the requirements of the compulsory school attendance law, Section 302A-1132 of the Hawai'i Revised Statutes; provided, that any claim for exemption based on any of the foregoing uses must be accompanied by a certificate issued by or under the authority of the State Department of Education stating that the foregoing requirements are met. See "APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facilities – *Property Tax Exemption*" herein.

Risks Related to Tax Reform. On December 22, 2017, the Tax Cuts and Jobs Act ("***H.R. 1***") was enacted into law. H.R. 1, among other things, reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the alternative minimum tax applicable to corporations, and eliminated advance refundings of tax-exempt bonds. Although H.R. 1 retained previously-existing law applicable to private activity bonds like the Series 2022A Bonds, changes effected by H.R. 1 may affect the market value of the Series 2022 Bonds, and the ability of holders of the Series 2022 Bonds to sell their Series 2022 Bonds in the secondary market.

In addition, from time to time there are legislative proposals in the United States Congress and the State legislature that, if enacted, could alter or amend the federal and State income tax matters with respect to the Series 2022 Bonds, adversely affect the market value or liquidity of the Series 2022 Bonds, impact the School's income tax status or impact how the State funds public schools, including charter schools. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment or the status of tax exempt entities. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented,

how any particular lawsuit will be resolved, or whether the Series 2022 Bonds or the market value or liquidity thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Purchasers of the Series 2022 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively affect such investors' federal, state or local tax liability. In all such events, the market value of the Series 2022 Bonds may be impacted and the ability of holders to sell the Series 2022 Bonds in the secondary market may be reduced.

Key Personnel

The School's performance reflects the vision and commitment of a limited number of key personnel who comprise the senior members of the School's management and administration. See "APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Governance and Administration – *School Administration*" herein. Loss of these or other key personnel could adversely affect the School's operations and financial results.

Bankruptcy

Bankruptcy or other insolvency or similar proceedings affecting the Borrower or the School may delay and otherwise adversely affect the enforcement of rights in the property granted as security for the obligations related to Series 2022 Bonds, including those granted by the Indenture, the Loan Agreement, the School Lease and the Mortgage. For example, if the Borrower became a debtor in bankruptcy proceedings under Federal bankruptcy law, those proceedings would stay any proceeding to foreclose the lien of the Mortgage pending further order of the bankruptcy court, and could affect the Trustee's ability to obtain direct payments pursuant to the Loan Agreement. If the Borrower's obligations in connection with the Series 2022 Bonds exceeded the value of the collateral security for the obligations, then in Federal bankruptcy proceedings, the recovery for the Series 2022 Bondholders might be limited to the value of that collateral. In such a bankruptcy proceeding, a reorganization plan containing provisions, for example, backloading loan or bond payment amounts on the Series 2022 Bonds, could be confirmed and become effective even if the plan were not supported by some or all of the holders of the Series 2022 Bonds. Each of the legal opinions delivered in connection with the issuance of the Series 2022 Bonds will be qualified as to the effect of State and federal laws, rulings and decisions, including bankruptcy laws, affecting remedies and affecting the enforceability of remedies, creditors' rights generally, and the documents described herein.

Limitations on Value of the Series 2022 Facility; No Appraisal

Development, ownership, and operation of real estate involves certain risks, including the risk of adverse changes in general economic and local conditions, including population decreases; uninsured losses; operating deficits and mortgage foreclosure; lack of attractiveness of the property to students/parents; cyclical nature of the real estate market; adverse changes in neighborhood values; and adverse changes in zoning laws, other laws and regulations, and real property tax rates (to the extent such taxes are applicable to the Series 2022 Facility). Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Series 2022 Facility difficult or unattractive.

No appraisal has been conducted with respect to the Series 2022 Facility. The value of the Series 2022 Facility at any given time will be directly affected by market and financial conditions that are not in the control of the parties involved in this transaction. The Series 2022 Facility is being designed for use as educational facilities, and there is nothing associated with the Series 2022 Facility that would suggest that

their value would remain stable or would increase if the general values of property in the School's service areas were to decline. The Series 2022 Facility will also require ongoing capital repairs and improvements and, although the Borrower intends to maintain the Series 2022 Facility in good condition, no assurance can be given that the Borrower will have sufficient revenue to maintain a regular capital improvements program for the Series 2022 Facility in the future.

Environmental Regulation

The Series 2022 Facility and any other properties the Borrower or the School may acquire and lease or own are and will be subject to various federal, State, and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Series 2022 Facility or such other properties, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Series 2022 Facility or such other properties. Costs incurred with respect to environmental remediation or liability could adversely affect the School's financial condition and its ability to generate revenues sufficient to make payments under the School Lease representing debt service on the Series 2022 Bonds. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully re-let the Series 2022 Facility.

Central Planet Repair, LLC (the "*Environmental Consultant*") conducted a Phase I Environmental Site Assessment (Revision 1) with respect to the Land and summarized its findings and conclusions in a report, dated May 18, 2022 (the "*Phase I Report*"). The Phase I Report concluded that no known or suspect recognized environmental conditions ("*RECs*") are likely present or were present on the subject property. RECs are defined in the Phase I Report as the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment). In addition, the Phase I Report concluded that there were no de minimis environmental conditions present on the subject property (conditions determined to be de minimis are not RECs. De minimis conditions generally do not present a threat to human health or the environment and generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies). Based on the findings of the Phase I Report, Environmental Consultant provided its opinion that no additional environmental actions are warranted for the subject property at the date of the Phase I Report. See "APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facility – *Environmental Report*."

The Phase I Report speaks only as of its date and no additional assessment has been requested or performed subsequent to the date of the Phase I Report. Potential purchasers should refer to the complete report for additional information regarding the assessments performed.

The intent of the Phase I Report was to identify the potential for recognized environmental conditions; however, no environmental assessment can completely eliminate the uncertainty regarding the potential for recognized environmental conditions. In addition, observations and conclusions pertaining to environmental conditions are necessarily limited to the conditions observed, and or materials reviewed at the time the assessment was performed. In the event environmental enforcement actions are initiated, the School could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Series 2022 Facility. Such obligations could adversely affect the School's budget and cash flow and could adversely affect the School's ability to generate revenues sufficient to make payments under the School Lease representing debt service on the Series 2022 Bonds. In addition, under certain environmental statutes, in the event an enforcement action is initiated, a lien could be attached to the Series 2022 Facility, or a portion thereof. In the event of a foreclosure on the Mortgage, the Borrower may be held liable for

costs and other liabilities relating to hazardous materials, if any, on the site of the Series 2022 Facility, or any portion thereof, on a strict-liability basis, and such costs might exceed the value of such property.

Project Approvals and Construction Process

The Borrower will use a portion of the proceeds of the Series 2022 Bonds to finance the construction of the Series 2022 Facility. The Borrower covenants under the Loan Agreement that it will obtain all authorizations and permits relating to the construction of the Series 2022 Facility that are necessary to complete the Series 2022 Facility from all applicable governmental authorities. Any failure by the Borrower to obtain such authorizations and permits required to complete construction of the Series 2022 Facility could result in delay with respect to completion of the Series 2022 Facility, and any such delay could adversely affect the School’s operations and its ability to generate income sufficient to make lease payments under the School Lease.

The Borrower will not have obtained all permits necessary for the construction of the Series 2022 Facility prior to the Closing Date. For a description of the anticipated construction and permitting schedule and remedies available to the School for any construction delays, see “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facilities – Series 2022 Facility.”

Construction Costs and Completion of Construction

The Series 2022 Project includes, among other things, financing the costs of constructing the Series 2022 Facility. Construction of the Series 2022 Facility is generally subject to all typical construction related risks. Such risks include, among others, labor disputes, defective building materials, schedule delays, unavailability or delays in obtaining permits or inspection approvals, shortages in various labor trades or materials, work stoppages, bad weather, unforeseen engineering, environmental or geological problems, unidentified hazardous materials, unidentified utilities, third-party litigation, unanticipated cost overruns, fire or other property or casualty damage, unanticipated subsoil conditions and financial difficulties on the part of or disputes with a construction manager, key suppliers, contractors or subcontractors. There can be no assurance that construction problems or delays of the types described above, or other problems, will not frustrate the planned completion of any part of the construction of the Series 2022 Facility.

Although the Borrower has entered into the Agreement to Lease relating to the construction of the New Building with a fixed purchase price equal to \$17,375,000, which amount will be increased through an amendment to the Agreement to Lease to be delivered on or prior to the Closing Date upon a final determination of the cost to obtain payment and performance bonds relating to the construction of the Series 2022 Facility, and will allocate funds for construction contingencies, if current plans produce a construction cost that exceeds the amount available to pay such costs, the building plans may have to be modified by the Borrower to lower the construction costs to an amount not exceeding the amount deposited into the Project Fund for that purpose. Compliance with city building requirements and environmental regulators, availability of skilled construction trade labor and volatile availability and cost of building materials may also impact the cost of construction.

No assurance can be given that the Series 2022 Facility will be completed on time or for the amount deposited into the Project Fund for such purpose. Construction delays could delay the School’s occupancy of the Series 2022 Facility. See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facilities – Series 2022 Facility.”

Insurance; Damage, Destruction or Condemnation

The Borrower is required under the Loan Agreement to cause the Series 2022 Facility to be insured by policies of casualty and property damage insurance and the amount of such insurance shall be not less than the lesser of (i) the replacement cost of the Series 2022 Facility and (ii) the principal amount of the Bonds then outstanding. Additionally, the Facility Lease requires that the Borrower maintain general commercial liability insurance covering the insured claims of bodily injury, property damage (including loss of use thereof), and personal injury with limits of liability not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate; automobile insurance with limits of \$2,000,000 per accident for bodily injury and property damage, and basic no-fault coverage as required by State law; property insurance covering the Series 2022 Facility; worker's compensation and employer's liability insurance with a limit of not less than \$1,000,000; and umbrella liability insurance with a limit of not less than \$2,000,000. See "APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LOAN AGREEMENT – Section 4.03 Insurance Required" and "—FACILITY LEASE – Section 2(e) Insurance Requirements."

There is no assurance, however, that such amount will be adequate to repair and replace lost, damaged, or destroyed property constituting part of the Series 2022 Facility, or that insurance will be available at commercially reasonable rates in the near or long-term future, or that moneys made available by reason of any such occurrence will be sufficient to fully redeem the Series 2022 Bonds or replace such property. If the Series 2022 Facility or any portion thereof, were damaged by fire or other casualty and not available during the period of restoration, this could adversely affect the ability of the School to generate sufficient revenues to remit rent as required under the School Lease, and the Borrower to generate sufficient revenues to pay its operating expenses and to meet its obligations under the Loan Agreement.

The Loan Agreement requires that all proceeds of the insurance carried pursuant to the Loan Agreement (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to any individual Facility, in each case, in excess of ten percent (10%) of the Book Value of such Facility shall be paid immediately upon receipt by the Borrower or other named insured parties to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund. In the event that the proceeds of any loss or damage to or condemnation of the Facility shall be less than ten percent (10%) of the Book Value of the Facility, the Borrower may retain such proceeds without any formality whatsoever. In the event the Borrower(s) elects to repair or replace the Facility damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee, after deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, for the purpose of repairing or replacing the portion or portions of the Facility damaged, destroyed or taken in the manner and subject to the conditions set forth in the Indenture with respect to disbursements from the Insurance and Condemnation Proceeds Fund; provided, that unless the Trustee receives written notice that after repair and replacement the Facility will continue to be used for the purposes for which they were constructed, no such disbursement shall be made prior to receipt by the Trustee of the written consent of the Authority.

If the Borrower elects not to, or cannot, repair or replace the portion or portions of the Facility damaged, destroyed or taken, subject to the requirements described in the paragraph immediately below, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Special Redemption Account established in the Indenture.

If all amounts in the Insurance and Condemnation Proceeds Fund exceed ten percent (10%) of the Book Value of the Facility, but are not sufficient to retire all Bonds then outstanding, the Trustee shall not transfer said amounts to the Special Redemption Account unless the Borrower shall file with the Trustee a report of an Independent Consultant showing that Gross Revenues are projected to be at least equal to Debt Service on all Bonds for each of the three full Fiscal Years immediately following such transfer after giving

effect to the retirement of such Bonds. In the event such report of an Independent Consultant shows that projected Gross Revenues will not be sufficient to pay Debt Service on all Bonds for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds, the Borrower shall apply all amounts in the Insurance and Condemnation Proceeds Fund to the repair or replacement of the portion or portions of the Facility damaged, destroyed or taken, as described above, unless the Borrower shall file a further report of an Independent Consultant showing that even after making such repair and replacement, Gross Revenues are not projected to be at least equal to Debt Service on all Bonds for each of the three Fiscal Years immediately following such repair and replacement, in which event the Trustee shall transfer all moneys in the Insurance and Condemnation Proceeds Fund as described in the paragraph immediately above. See “THE SERIES 2022 BONDS – Prior Redemption” herein.

Pursuant to the Mortgage, all insurance proceeds on account of damage or destruction to any Mortgaged Property and the Borrower’s share of all proceeds of any award for any Mortgaged Property taken by eminent domain shall be applied to the restoration of any improvements damaged provided that the Borrower has reasonably demonstrated to the Trustee that such proceeds (and any additional cash delivered to the Trustee by the Borrower) are sufficient for such restoration or repair. There can be no assurance that the amount of revenues available to restore or rebuild the Facility that is damaged or destroyed, or any portion thereof, or to redeem Series 2022 Bonds will be sufficient for that purpose, or that any remaining portion of the Borrower’s facilities will generate revenues sufficient to permit the Borrower to pay its operating expenses and to meet its obligations under the Loan Agreement.

There can be no assurance that (i) the net proceeds of such insurance policies or condemnation awards will be sufficient to redeem all of the Outstanding Bonds; (ii) in the event that such damage or eminent domain proceedings impact only a portion of the Series 2022 Facility and the net proceeds of such insurance policies or condemnation awards are employed toward the redemption of Bonds, the School will be able to generate sufficient revenues to meet its obligations under the School Lease (adjusted for such redemption of Bonds) using only the remaining portion of the Facility; or (iii) any repair or replacement of the Facility will enable the School to resume successful operations.

No Fee Interest in Series 2022 Facility

The Borrower will not hold a fee interest in the Series 2022 Facility financed with proceeds of the Series 2022 Bonds. The Borrower will lease the Series 2022 Facility from the Developer pursuant to the Facility Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Facility Lease” and “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASE.” In connection with the issuance of the Series 2022 Bonds, the Borrower will enter into the Mortgage to secure the Borrower’s obligations under the Loan Agreement.

Survival of Facility Lease after Default and Foreclosure

The Borrower will not hold a fee interest in the Series 2022 Facility financed with proceeds of the Series 2022 Bonds. The Borrower will lease the Series 2022 Facility from the Developer pursuant to the Facility Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Facility Lease” and “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASE.” In connection with the issuance of the Series 2022 Bonds, the Borrower will enter into the Mortgage to secure the Borrower’s obligations under the Loan Agreement.

No Security Interest in Leased Facilities

The School currently leases certain facilities for its middle school operations and will lease certain facilities to commence its high school operations in the 2022-23 school year. The Series 2022 Bonds are

not secured by a mortgage or other lien on such leased facilities. See “APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – Facilities – *Leased Facilities*.”

Risks Related to the School Lease

General. The Borrower’s payments under the Loan Agreement are anticipated to be derived from payments of rent required to be made by the School pursuant to the School Lease. The Borrower’s receipt of such rent payments is dependent upon the School’s financial ability to fulfill its obligations under the School Lease. Certain risks inherent to the School Lease are discussed under this subheading, but such discussion should not be considered to be exhaustive.

Payment Obligations Contingent Upon State Funding; Option to Cancel. The expected source of the Gross Revenues for the repayment of the Series 2022 Bonds is the rent payments made by the School under the School Lease. It is anticipated that amounts payable pursuant to the School Lease will be sufficient to allow the Borrower to pay debt service on the Series 2022 Bonds; however, the School’s obligation to pay Base Rent, Operating Costs, and Additional Rent due under the School Lease are contingent at all times upon the availability and allotment by the Director of the Hawai‘i Department of Budget and Finance (the “**State Department of Budget and Finance**”) of public funds to the State Charter School Commission and the School to make such payments. Furthermore, the School has the right to cancel the School Lease at any time if the School’s public funding or allotment by the State Department of Budget and Finance is eliminated or the Charter Contract is revoked or cancelled by the State Charter School Commission. If the School does not receive an allotment of public funds in order to make payments under the School Lease or exercises its option to cancel the School Lease in such event, it is likely that minimal proceeds will be generated by the Trustee from the re-letting or sale of the Series 2022 Facility (which has been designed and built specifically for the purpose of operating a charter school in a leased facility).

School Lease Subject to Five-Year Renewals. The term of the School Lease and the School’s obligations to pay rent thereunder will commence on the Closing Date. Both the term of the School Lease and the School’s obligations to pay rent thereunder continue through the end of the fifth (5th) year following the Closing Date. The School is granted an option to extend the term of the School Lease for eight (8) additional and consecutive five (5) year terms commencing on the termination date of the existing term. Each additional five (5) year term. Accordingly, in order for the Borrower to receive rent payments from the School necessary to pay debt service on the Series 2022 Bonds through maturity, such extension options will need to be exercised by the School. Although the School intends to exercise each of its options to renew the term of the School Lease and will represent in the Tax Certificate that the School reasonably expects the School Lease to be renewed for all five (5) year periods so that the total term of the School Lease is not less than forty-five (45) consecutive years measured by the placed-in-service date of the Series 2022 Facility, *the School has no obligation under the School Lease to exercise such extension options*. If the School does not exercise the extension options through the final payment of the Series 2022 Bonds, it is likely that minimal proceeds will be generated by the Trustee from the re-letting or sale of the Series 2022 Facility (which has been designed and built specifically for the purpose of operating a charter school in a leased facility).

Condemnation, Damage or Destruction. In the event during the term of the School Lease or any extensions thereof, twenty percent (20%) or more of the Series 2022 Facility is taken or condemned by any authority having the power of eminent domain, then and in such event, the School Lease will cease and terminate as of the date the School is required to vacate the Series 2022 Facility, and the rent reserved shall be apportioned and paid up to that date. All compensation and damages payable for or on account of the Series 2022 Facility and common areas and the Land thereof, except for improvements constructed or owned by the School, will be payable to and be the sole property of the Borrower. The School will be

compensated for all improvements constructed or owned by the School. The School will not be entitled to any claim against the Borrower for condemnation of or indemnity for the leasehold interest of the School.

Further, pursuant to the School Lease, the School is required to, in case of fire or other casualty, give immediate notice thereof to the Borrower, and in case the Land or the Building and other improvements in which the Series 2022 Facility is located are totally or partially destroyed or damaged by fire or other cause as to render the Series 2022 Facility or the Building and other improvements in which the Series 2022 Facility is located totally or partially inaccessible or unusable or untenable for a period exceeding one hundred twenty (120) days then, if the Facility Lease is terminated, the School Lease will also be terminated. If the Series 2022 Facility or the Building and other improvements in which the Series 2022 Facility are located are damaged as aforesaid so as to render the Series 2022 Facility or the Building and other improvements in which the Series 2022 Facility are located totally or partially inaccessible or unusable or untenable for a period of more than sixty (60) days but not exceeding one hundred twenty (120) days, subject to the terms and conditions of the Facility Lease, there shall be an abatement of fifty percent (50%) of the basic rent specified in the School Lease during the period the Series 2022 Facility cannot be occupied. Subject to the terms and conditions of the Facility Lease, if the Series 2022 Facility cannot be occupied as aforesaid for a period of less than sixty (60) days, there shall be no abatement in rent.

Subject to the terms and conditions of the Facility Lease, if twenty five percent (25%) or more of the rentable area of the Building of which the Series 2022 Facility form a part cannot be occupied due to fire or other casualty or if the Borrower is unable to obtain a building permit to repair any portion of the Series 2022 Facility which have been damaged by fire or other casualty or which have been declared unsanitary or unsafe by any governmental agency or authority, then the Borrower may cancel the School Lease, even though the Series 2022 Facility may not be damaged, and written notice of cancellation shall be given to the School within thirty (30) days after such damage or declaration by civil authority and thereafter the School shall immediately surrender possession.

Default; No Assurance regarding Subsequent Lessee. If there is a payment default by the School under the School Lease, the Borrower will likely not have sufficient funds to satisfy its payment obligations under the Loan Agreement, absent re-leasing or, in appropriate cases, selling its interest in the Series 2022 Facility. Were the School to default under the School Lease, there is no assurance that the Borrower would be able to find a new tenant for the Series 2022 Facility which could generate revenues in a sufficient amount to allow the Borrower to make payments under the Loan Agreement to satisfy debt service on the Series 2022 Bonds or a buyer that would purchase the Borrower's interest in the Series 2022 Facility for a sufficient amount to allow the Borrower to repay principal and interest with respect to the Loan. This risk is heightened by the fact that the Series 2022 Facility will be improved specifically for use as a charter school facility.

Insurance. The School Lease provides that the School is a State entity and is insured through the State, a sovereignty that is self-insured, and therefore the School Lease does not require that the School maintain separate insurance, including but not limited to, public liability, property damage, fire, plate glass, or business interruption insurance.

Enforcement of the Security Interest in Gross Revenues

The effectiveness of the security interest in the Borrower's Gross Revenues granted in the Loan Agreement may be limited by a number of factors, including: (i) the absence of an express provision permitting assignment of receivables owed to the Borrower under its contracts, and present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Trustee, in the event of the bankruptcy of the Borrower, to collect and retain accounts receivable from certain governmental programs; (iii) commingling of the

proceeds of Gross Revenues with other moneys of the Borrower not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws or state insolvency which may affect the enforceability of the Mortgage or the security interest in the Gross Revenues of the Borrower which are earned by the Borrower within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against the Borrower; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed or other documents are not executed in accordance with the Hawai'i Uniform Commercial Code as from time to time in effect.

There exists, in addition to the foregoing, common law authority and authority under State statutes pursuant to which State courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purpose or has taken some action which renders it unable to carry out such purpose. Such court action may arise on the court's own motion pursuant to a petition of the State Attorney General or such other person(s) who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable use.

In addition to the foregoing, the realization of any rights under the Loan Agreement, the Indenture, the School Lease, and the Mortgage upon a default depends upon the exercise of various remedies specified in the Loan Agreement, the Indenture, the School Lease, and the Mortgage. These remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture, the Loan Agreement, the School Lease, and the Mortgage may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Indenture, the Loan Agreement, the School Lease, or the Mortgage. Accordingly, the ability of the Authority or the Trustee to exercise remedies under the Loan Agreement, the Indenture or the Mortgage upon an Event of Default could be impaired by the need for judicial or regulatory approval.

Additional Indebtedness

Under certain circumstances, the Borrower or the School may incur additional indebtedness, including indebtedness on parity with the Series 2022 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – Additional Bonds" herein. If the Borrower or the School incurs additional indebtedness or the Authority issues any Additional Bonds pursuant to the Indenture on parity with the Series 2022 Bonds, the revenues of the Borrower or the School available to pay for the Series 2022 Bonds are limited and may be inadequate to timely pay for and discharge the indebtedness with respect to the Series 2022 Bonds.

Failure to Provide Ongoing Disclosure

The Borrower and the School will enter into a Continuing Disclosure Agreement with Wilmington Trust, National Association, as dissemination agent in connection with the issuance of the Series 2022 Bonds. Failure to comply with the Continuing Disclosure Agreement in the future may adversely affect the liquidity of the Series 2022 Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" herein and "APPENDIX F – SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT."

Teacher Shortage

The State has faced in the past, and may face in the future, a teacher shortage. If a shortage materializes in future years, the School may have to pay increased salaries or incur increased costs in recruiting new teachers. Teacher salaries and benefits are significant operating expenses for the School and increases in such expenses may decrease the amount of revenues of the School available to pay its operating expenses and to meet its obligations under the School Lease.

Risk of Unionization

No employees of the School currently are unionized. Should teachers or staff of the School become unionized, contractual terms with the unions could adversely affect the operational flexibility of the School and/or increase the School's expense structure, thus adversely impacting the School's ability to make payments to the Borrower under the School Lease, and the Borrower to meet its obligations under the Loan Agreement.

Cybersecurity

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

Compliance with Securities Laws

The Series 2022 Bonds may be sold by Bondholders only in compliance with the registration provisions, or certain exemptions therefrom, of the Securities Act of 1933 and applicable state securities acts (which may be prohibitively expensive if registration is required and may not be possible in any event). In some states, specific conditions must be met or approval of a state securities commission is required in order to qualify for an exemption from registration.

First Charter School Facilities Bond Financing in the State

To the knowledge of the Borrower and the School, the Series 2022 Project is the first publicly offered bond financing for a public charter school in the State. While (i) the Borrower has represented in the Loan Agreement that no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws), which has not already been obtained, is necessary in connection with the transaction contemplated by this Limited Offering Memorandum, and (ii) the School has obtained the approval from the Department of the Attorney General of the State to enter into the School Lease and the School has represented in the School Lease that the School has obtained, or will obtain before they are required, all necessary approvals of and licenses, permits, consents to enter into, execute and perform its obligations under the documents to be entered into by the School in connection with the issuance of the Series 2022 Bonds, the Borrower and the School may encounter an increased level of scrutiny from the State Charter School Commission or other governmental entities of the State due to the unique circumstance of being the first public charter school in the State to enter into such a transaction.

Risks related to Coronavirus and other Infectious Diseases

The School's operations and finances could be harmed by a national, regional, or localized outbreak of a highly contagious or epidemic disease such as the COVID-19 disease, Zika virus, or Ebola virus. The outbreak of a contagious disease at the School or in its surrounding community may result in a voluntary temporary shutdown or diversion of students, or as may be mandated or recommended by federal or State authorities. Furthermore, if an outbreak of an infectious disease were to occur nationally or in the State, there is a possibility that the entire State education system could be shut down for an extended period of time, which could have a material impact on the School's operations, finances, and the Borrower's ability to make Payments representing debt service on the Series 2022 Bonds.

For a description of the School's responses to COVID-19, any funding received by the School relating to COVID-19, and related information, see "APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY – School Responses to COVID-19 Pandemic." Despite the measures taken to combat the negative effects of COVID-19, there can be no assurances that the spread of COVID-19 or other highly contagious or epidemic diseases will not adversely impact the School. While the School does not anticipate that COVID-19 will affect its ability to obtain State payments as projected in this Limited Offering Memorandum, the extent to which COVID-19 impacts the School and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by Management, including the extent or duration of the outbreak.

Conclusion

AN INVESTMENT IN THE SERIES 2022 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST, AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2022 BONDS. ALL INITIAL PURCHASERS OF THE SERIES 2022 BONDS WILL BE REQUIRED TO EXECUTE AN INVESTOR LETTER SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS APPENDIX H.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2022 BONDS.

Each prospective investor should carefully examine this Limited Offering Memorandum, the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2022 Bonds are an appropriate investment for such investor.

SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS

The Series 2022 Bonds are issued under the Indenture between the Authority and the Trustee. Certain provisions of the Indenture are summarized within this Limited Offering Memorandum in connection with the discussions regarding the Series 2022 Bonds and the security and sources of payment therefor. A complete copy of a substantially final form of the Indenture is attached to this Limited Offering Memorandum as "APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE."

In connection with the issuance of the Series 2022 Bonds, the Borrower and the Authority have entered into the Loan Agreement. In the Loan Agreement, the Borrower unconditionally grants, transfers and assigns to the Trustee for the benefit of the Holders without recourse all of the Borrower's right, title and interest under the Agreement to Lease, the Facility Lease, and the School Lease, including without

limitation, all its rights to receive the rent from the School under the School Lease. A complete copy of a substantially final form of the Loan Agreement is attached to this Limited Offering Memorandum as “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LOAN AGREEMENT.”

The Series 2022 Facility will be leased to the School pursuant to the School Lease. Under the School Lease, the School is liable for the obligation to pay the rent to the Borrower. The School will use the space leased in the Series 2022 Facility as the location for its high school operations. Amounts payable by the School pursuant to the School Lease are anticipated to be the Borrower’s sole source of revenue to repay its obligations under the Loan Agreement and the School Lease is subject to early termination by the School if the School’s public funding or allotment is eliminated or may terminate if the School does not exercise its option to renew the term of the School Lease every five years. A complete copy of a form of the School Lease is attached to this Limited Offering Memorandum as “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – SUBLEASE AGREEMENT.”

The ownership by the Borrower and operation by the School of the Series 2022 Facility will be subject to the terms and conditions of the Facility Lease. Pursuant to the Indenture, the payment of Rental becoming due and payable under the Facility Lease will have first priority in the allocation of Payments received by the Trustee. A complete copy of a substantially final form of the Facility Lease is attached to this Limited Offering Memorandum as “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASE.”

To secure its obligations under the Loan Agreement, the Borrower has executed and delivered the Mortgage in favor of the Trustee. A complete copy of a substantially final form of the Mortgage is attached to this Limited Offering Memorandum as “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT.”

CONTINUING DISCLOSURE

The Borrower and the School will execute and deliver a Continuing Disclosure Agreement pursuant to which they will, for the benefit of the Beneficial Owners of the Series 2022 Bonds, compile and deliver to the Trustee certain financial information and operating data relating to the operations of the Borrower and the School in annual and other reports, and provide notices of the occurrence of certain enumerated events, if material. See APPENDIX F for the form of the Continuing Disclosure Agreement. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “*Rule*”).

A failure by the Borrower or the School to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture and Beneficial Owners of the Series 2022 Bonds are limited to the remedies described in the Indenture and the Continuing Disclosure Agreement. A failure by the Borrower or the School to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2022 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2022 Bonds and their market price.

As of the date of this Limited Offering Memorandum, neither the Borrower nor the School has any outstanding obligations subject to the Rule.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“**Bond Counsel**”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Series 2022A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel further observes that interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and that interest on the Series 2022 Bonds is not excluded from gross income for Wisconsin state income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2022 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX G – SUBSTANTIALLY FINAL FORM OF OPINION OF BOND COUNSEL” attached hereto.

The Series 2022A Bonds

To the extent the issue price of any maturity of the Series 2022A Bonds is less than the amount to be paid at maturity of such Series 2022A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2022A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2022A Bonds is the first price at which a substantial amount of such maturity of the Series 2022A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022A Bonds accrues daily over the term to maturity of such Series 2022A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022A Bonds. Beneficial owners of the Series 2022A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2022A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2022A Bonds is sold to the public.

Series 2022A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2022A Bonds. The Authority, the Borrower and the School have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2022A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply

with these covenants may result in interest on the Series 2022A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2022A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. The opinion of Bond Counsel also assumes that actions of the Borrower and other persons taken subsequent to the date of issuance of the Series 2022A Bonds will not cause any of the Series 2022A Bonds to exceed the \$150,000,000 limitation on qualified 501(c)(3) bonds that do not finance hospital facilities, as set forth in Section 145(b) of the Code. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2022A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2022A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied on, among other things, the opinion of Carlsmith Ball LLP, counsel to the Borrower and the School ("*Borrower's Counsel*"), regarding the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Code and the intended operation of the facilities to be financed by the Series 2022A Bonds as substantially related to the Borrower's charitable purpose under Section 513(a) of the Code. Such opinion is subject to a number of qualifications and limitations. Furthermore, Borrower's Counsel cannot give and has not given any other opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Borrower's Counsel can give or has given any other opinion or assurance about the future activities of the Borrower or the School, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the IRS. Failure of the Borrower to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or of the Borrower or the School to operate the facilities financed by the Series 2022A Bonds in a manner that is substantially related to the Borrower's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2022A Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2022A Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2022A Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2022A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, 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 potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2022A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, the Borrower, and the School, or about the effect of future changes in the Code, the applicable

regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority, the Borrower and the School have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2022 Bonds ends with the issuance of the Series 2022 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Borrower, the School or the beneficial owners regarding the tax-exempt status of the Series 2022A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the Borrower, the School and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority, the Borrower or the School legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2022A Bonds, and may cause the Authority, the Borrower, the School or the beneficial owners to incur significant expense.

The Series 2022B Bonds

The following discussion summarizes certain U.S. federal tax considerations generally applicable to U.S. Holders (as defined below) of the Series 2022B Bonds that acquire their Series 2022B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2022B Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2022B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2022B Bonds pursuant to this offering for the issue price that is applicable to such Series 2022B Bonds (i.e., the price at which a substantial amount of the Series 2022B Bonds are sold to the public) and who will hold their Series 2022B Bonds as "capital assets" within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2022B Bonds other than investors that are U.S. Holders.

As used herein, "U.S. Holder" means a beneficial owner of a Series 2022B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series

2022B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2022B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2022B Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2022B Bonds in light of their particular circumstances.

Interest. Interest on the Series 2022B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2022B Bonds is less than the amount to be paid at maturity of such Series 2022B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022B Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“**OID**”). U.S. Holders of Series 2022B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2022B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2022B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2022B Bond.

Sale or Other Taxable Disposition of the Series 2022B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Series 2022B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2022B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2022B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2022B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2022B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2022B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2022B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2022B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2022B Bonds. If the Authority defeases any Series 2022B Bond, the Series 2022B Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2022B Bond.

Foreign Account Tax Compliance Act (“FATCA**”).** Sections 1471 through 1474 of the Code

impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Series 2022B Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2022B Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2022B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

Information Reporting and Backup Withholding on the Bonds

Payments on the Series 2022 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Series 2022 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2022 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“*TIN*”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

FINANCIAL INFORMATION

The audited financial statements of the School for the fiscal years ended June 30, 2021 and June 30, 2020 included in this Limited Offering Memorandum in “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020” have been audited by Jay Miyaki, CPA, LLC, Honolulu, Hawai‘i (the “*Auditor*”), to the extent and for the periods indicated in its reports thereon. Such financial statements have been included in reliance upon the reports of the Auditor. The School is not aware of any facts that would make such financial statements misleading. These financial statements were prepared using the standards applicable to

governmental entities. The audited financial statements included in Appendix D are an integral part hereof and should be read in their entirety.

The Forecast contained in “APPENDIX C – FINANCIAL PROJECTIONS” was prepared by Management. The Forecast constitutes “forward-looking” statements of the type described in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. See “RISK FACTORS – Reliance on Projections.”

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions; the willingness of the State to fund public schools, including charter schools, at present or increased levels; competitive conditions within the School’s service area; lower-than-projected enrollment; unanticipated expenses; changes in government regulation including changes in the law governing charter schools in the State; future claims for accidents against the School or the Borrower and the extent of insurance coverage for such claims; and other risks discussed in this Limited Offering Memorandum. See “RISK FACTORS – Reliance on Projections.”

UNDERWRITING

The Series 2022 Bonds are being purchased by D.A. Davidson & Co. (the “*Underwriter*”). The bond purchase agreement for the Series 2022 Bonds (the “*Bond Purchase Agreement*”) provides that the Underwriter will purchase the Series 2022 Bonds at closing upon satisfaction of certain conditions. The Underwriter has agreed to purchase the Series 2022 Bonds at a purchase price resulting in an underwriting discount of \$ _____, as set forth in the Bond Purchase Agreement. The Borrower and the School have agreed to indemnify the Underwriter and the Authority against losses, claims, damages and liabilities arising out of any incorrect statement or information contained in or information omitted from this Limited Offering Memorandum to the extent set forth in the Bond Purchase Agreement. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2022 Bonds to the public. The Underwriter may offer and sell the Series 2022 Bonds to certain dealers (including dealers depositing Series 2022 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Limited Offering Memorandum or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2022 Bonds will be deducted from the Underwriter’s underwriting discount. The obligation of the Underwriter to accept delivery of the Series 2022 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

FINANCIAL ADVISOR

Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah (the “*Financial Advisor*”), is serving as financial advisor to the Borrower and the School in connection with the offering of the Series 2022 Bonds. The Financial Advisor is not obligated and has not undertaken to make an independent verification or assumed any responsibility for the accuracy or completeness of the information contained in this Limited Offering Memorandum.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2022 Bonds by the Authority are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, whose approving opinion will be delivered with the Series 2022 Bonds, and the proposed form of which is set forth in “APPENDIX G – SUBSTANTIALLY FINAL FORM OF OPINION OF BOND COUNSEL.” The legal opinion delivered may vary from that form if necessary to reflect facts and law on the date of delivery.

Certain legal matters are being passed upon by von Briesen & Roper s.c., Milwaukee, Wisconsin, as counsel to the Authority, by Gilmore & Bell, P.C., Salt Lake City, Utah, as counsel to the Underwriter, and by Carlsmith Ball LLP, Honolulu, Hawai'i, as counsel to the Borrower and the School.

CERTAIN RELATIONSHIPS

In connection with the issuance of the Series 2022 Bonds, the Authority, the Borrower, the School, and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS." In other transactions not related to the Series 2022 Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Authority, the Borrower, the 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 represent any of these parties in any future transactions. Potential purchasers of the Series 2022 Bonds should not assume that the Authority, the Borrower, the School, and the Underwriter or their respective counsel or Bond 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.

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 Securities Act. The Authority 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.

LIMITED OFFERING

An investment in the Series 2022 Bonds involves a significant degree of risk, including the risk of non-payment of principal and interest, and each prospective investor should consider its financial condition and the risks involved to determine the suitability of investing in the Series 2022 Bonds.

Each prospective purchaser of the Series 2022 Bonds is being furnished a copy of this Limited Offering Memorandum including the Appendices attached hereto, together with any supplement to this Limited Offering Memorandum which may be prepared. In addition, each prospective purchaser is hereby offered the opportunity, prior to purchasing any Series 2022 Bonds and at any time the Series 2022 Bonds are outstanding, to ask questions of, and receive answers from, the Borrower, the School, the Authority and the Underwriter concerning the terms and conditions of the offering, and to obtain any additional relevant information or to ask questions of other persons to the extent the Borrower, the School, the Authority or the Underwriter possesses the same or can acquire it or make such persons available without unreasonable effort or expense.

NO RATING

The Series 2022 Bonds are not rated. No representation can be made that a rating with respect to the Series 2022 Bonds can be obtained. See "RISK FACTORS – No Rating."

LITIGATION

The Authority

To the Authority's knowledge, as of the date of this Limited Offering Memorandum, there is not pending or overtly threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2022 Bonds or questioning or affecting the validity of the Series 2022 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Authority to enter into the Indenture or the Loan Agreement or to secure the Series 2022 Bonds in the manner provided therein.

The Borrower and the School

There is no litigation against the Borrower or the School pending or, to the actual knowledge of the Borrower or the School, threatened, which in any manner questions the right of the Borrower or the School to enter into or perform its obligations under the Loan Agreement, the School Lease or the Bond Purchase Agreement, to secure the Series 2022 Bonds in the manner provided in the Indenture or which is material to the operations or financial position of the Borrower or the School.

MISCELLANEOUS

Although fair and accurate summaries of certain documents are contained in this Limited Offering Memorandum, references to any documents herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2022 Bonds, the security for all payment of the Series 2022 Bonds, and the rights and obligations of the owners thereof. Complete copies of the substantially final forms of the Indenture, the Loan Agreement, the School Lease, and the Mortgage are attached hereto as APPENDIX E.

The information contained in this Limited Offering Memorandum has been compiled from official and other sources deemed by the Underwriter to be reliable and while not guaranteed as to completeness or accuracy, is believed by the Underwriter to be correct as of its date.

Any statement made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as a representation of fact, no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of the Authority, the Borrower or the School since the date hereof.

AUTHORIZATION

This Limited Offering Memorandum has been consented to by the Authority for distribution to prospective purchasers and the Underwriter. The execution and delivery of this Limited Offering Memorandum has been duly authorized by the Borrower and the School.

DREAMHOUSE, INC., a Hawai‘i nonprofit corporation

By: _____
Jacob Noh, Chair

**DREAMHOUSE ‘EWA BEACH PUBLIC
CHARTER SCHOOL**, a Hawai‘i public charter school

By: _____
Tammy Jones, Chair

APPENDIX A

CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS

This Appendix provides certain excerpted provisions and, where indicated, summaries of State of Hawai‘i (the “*State*”) charter school laws. This Appendix is only for informational purposes. Potential investors should refer to and independently evaluate applicable provisions of the charter school laws in their entirety, with assistance from counsel as necessary, for a complete understanding of their terms. Further, potential investors should note that the provisions excerpted or summarized below are subject to change, and this Appendix only pertains to certain aspects of currently existing law. See “RISK FACTORS Changes in Law; Annual Appropriation; Inadequate State Payments.”

Introduction

In 1994, the State legislature passed the first laws authorizing the creation and governance of charter schools. As originally passed, the laws authorized up to 25 existing public schools to become “student-centered schools.” The State’s first such school opened in 1995. In 1999, the State legislature amended the charter school laws to allow for new start-up charter schools and to re-designate “student-centered schools” as “New Century schools.”

In 2012, the State legislature significantly reformed the State’s charter school laws. The purpose of the reformation was “to create a solid governance structure for the charter school system with clear lines of authority and accountability to foster improved student outcomes.” The new laws created the Hawai‘i State Public Charter School Commission (the “*State Charter School Commission*”) with statewide chartering jurisdiction and authority, eliminated the cap on the number of charter schools, and established extensive provisions regarding charter school governance, accountability, and authority.

Today, State “charter schools” or “public charter schools” are public schools that have the flexibility and independent authority to implement alternative frameworks with regard to curriculum, facilities management, instructional approach, virtual education, length of the school day, week, or year, and personnel management. Various statutory provisions and administrative rules currently govern the creation, operation, and financing of State charter schools. These provisions primarily derive from the following authorities:

- *Charter School Act*: Hawai‘i Revised Statutes, Title 18, Chapter 302D (the “*Charter School Act*”), which includes provisions governing the authority of the State Charter School Commission, the legal status and organization of charter schools, the charter application process, requirements for charter schools, revocation of a charter, and charter school funding.
- *State Charter School Commission Administrative Rules*: Hawai‘i Administrative Rules, Title 8, Subtitle 5 (the “*State Charter School Commission Administrative Rules*”), which includes rules promulgated by the Hawai‘i State Department of Education (the “*State Department of Education*”) regarding the practices and procedures of the State Charter School Commission.

The sections that follow provide certain excerpted provisions and summaries of the Charter School Act and the State Charter School Commission Administrative Rules.

State Charter School Commission (Charter School Act §§ 302D-3 through 302D-3.5, and § 302D-8)

Establishment of State Charter School Commission (Charter School Act § 302D-3)

The State Charter School Commission was established with statewide chartering jurisdiction and authority. The State Charter School Commission is placed within the State Department of Education for administrative purposes only. The mission of the State Charter School Commission is to authorize high-quality public charter schools throughout the State.

State Charter School Commission Appointment (Charter School Act § 302D-3)

The State Charter School Commission consists of nine members to be appointed by the Hawai'i State Board of Education (the "***State Board of Education***"). The State Board of Education appoints members who will be tasked with authorizing public charter schools that serve the unique and diverse needs of public school students. The chair of the State Charter School Commission is designated by the members of the State Charter School Commission for each school year beginning July 1, and whenever there is a vacancy. The State Board of Education must consider the combination of abilities, breadth of experiences, and characteristics of the State Charter School Commission, including but not limited to reflecting the diversity of the student population, geographical representation, and a broad representation of education-related stakeholders. Members of the State Charter School Commission must collectively possess experience and expertise in public or nonprofit governance; management and finance; assessment; and public education.

Understanding that the role of the State Charter School Commission is to ensure a long-term strategic vision for State public charter schools, each nominee to the State Charter School Commission must meet the following minimum qualifications:

- Commitment to education. Each nominee's record should demonstrate a deep and abiding interest in education, and a dedication to the social, academic, and character development of young people through the administration of a high performing charter school system;
- Record of integrity, civic virtue, and high ethical standards. Each nominee shall demonstrate integrity, civic virtue, and high ethical standards and be willing to hold fellow State Charter School Commission members to the same;
- Availability for constructive engagement. Each nominee shall commit to being a conscientious and attentive State Charter School Commission member; and
- Knowledge of best practices. Each nominee shall have an understanding of best practices in charter school educational governance or shall be willing to be trained in such.

Additionally, each nominee to the State Charter School Commission ideally meets the following recommended qualifications:

- Experience governing complex organizations. Each nominee should possess experience with complex organizations, including but not limited to performance contract management, and a proven ability to function productively within them; and
- Collaborative leadership ability. Each nominee should have substantial leadership experience that ideally illustrates the nominee's ability to function among diverse

colleagues as an effective team member, with the ability to articulate, understand, and help shape consensus surrounding State Charter School Commission policies.

Five members of the State Charter School Commission shall constitute a quorum to conduct business. Any action taken by the State Charter School Commission shall be by a simple majority of the members of the State Charter School Commission who are present; provided that any action of the State Charter School Commission that may be appealed pursuant to Section 302D-15 of the Charter School Act shall require a concurrence of at least five members to be valid.

State Charter School Commission members serve not more than three consecutive three-year terms, with each term beginning on July 1; provided that the initial terms that commence after June 30, 2012, are staggered as follows: (a) three members, including the chairperson, to serve three-year terms; (b) three members to serve two-year terms; and (c) three members to serve one-year terms.

Notwithstanding the terms of the members, the board may fill vacancies in the State Charter School Commission at any time when a vacancy occurs due to resignation, non-participation, the request of a majority of the State Charter School Commission members, or termination by the State Board of Education for cause.

State Charter School Commission members receive no compensation. When State Charter School Commission duties require that a State Charter School Commission member take leave of the member's duties as a State employee, the appropriate State department must allow the State Charter School Commission member to be placed on administrative leave with pay and provide substitutes, when necessary, to fulfill that member's departmental duties. Members are reimbursed for necessary travel expenses incurred in the conduct of official State Charter School Commission business.

The State Charter School Commission operates with dedicated resources and staff qualified to execute the day-to-day responsibilities of the State Charter School Commission pursuant to the Charter School Act. Beginning with the 2015-2016 fiscal year, the State legislature makes an appropriation to the State Charter School Commission separate from, and in addition to, any appropriation made to charter schools pursuant to Sections 302D-28 and 302D-29.5 of the Charter School Act.

The State Charter School Commission has the power to hire staff without regard to Chapters 76 and 89 of the Hawai'i Revised Statutes. The State Charter School Commission determines staff wages, hours, benefits, and other terms and conditions for employment in accordance with Chapter 89C of the Hawai'i Revised Statutes.

State Charter School Commission Fees (Charter School Act § 302D-3.2)

In administering its responsibilities, the State Charter School Commission may assess fees on non-State entities and individuals to help offset its operating costs. Fees collected by the State Charter School Commission must be deposited into insured checking or savings accounts and expended by the State Charter School Commission.

The State Charter School Commission must adopt rules pursuant to Chapter 91 of the Hawai'i Revised Statutes to implement this Section of the Charter School Act; provided that, notwithstanding this Section or any other law to the contrary, the State Charter School Commission may set the initial amount of fees authorized pursuant to this Section at any time without regard to Chapter 91 of the Hawai'i Revised Statutes, if the State Charter School Commission: (a) holds at least one public hearing to take and discuss public testimony on the proposed fee amount; and (b) provides public notice at least thirty days prior to the date of the public hearing.

State Charter School Commission Rules (Charter School Act § 302D-3.5)

Unless otherwise provided in the Charter School Act or Chapter 302A of the Hawai‘i Revised Statutes, the State Charter School Commission may adopt rules pursuant to Chapter 91 of the Hawai‘i Revised Statutes to administer and implement the Charter School Act; provided that the State Board of Education maintains exclusive rule-making authority over State educational policy.

State Charter School Commission Conflict of Interests (Charter School Act § 302D-8)

A member of the State Charter School Commission is not eligible to serve on the State Charter School Commission if the member was affiliated with any public charter school within one year preceding appointment to the State Charter School Commission. As used in this paragraph, “affiliated” means attached or connected as a current or previous employee, Governing Board (as defined below) member, vendor, contractor, agent, or representative.

Charter School Authorizers (Charter School Act §§ 302D-4 through 302D-11)

An “***Authorizer***” means an entity established under the Charter School Act with chartering authority to (a) review a proposal from an applicant to enter into a Charter Contract (as defined below) whereby the proposed school obtains public charter school status (a “***Charter Application***”), (b) decide whether to approve or deny Charter Applications, (c) enter into a fixed-term, bilateral, renewable contract with applicants that outlines the roles, powers, responsibilities, and performance expectations for each party to the contract (a “***Charter Contract***”), oversee public charter schools, and decide whether to authorize, renew, deny renewal of, or revoke Charter Contracts. The term may include the State Charter School Commission when appropriate.

Chartering Authority Application for Eligible Entities (Charter School Act § 302D-4)

The State Charter School Commission may authorize public charter schools anywhere in the State.

Governing boards of accredited public and private postsecondary institutions, including community colleges, technical colleges, and four-year universities may apply to the State Board of Education for statewide, regional, or local chartering authority, in accordance with each institution’s regular operating jurisdiction.

A county or state agency may apply to the State Board of Education for chartering authority.

Governing boards of non-profit or charitable organizations, which are exempt from federal taxes under Section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, may apply to the State Board of Education, and may be granted statewide chartering authority. Nonpublic sectarian or religious organizations and any other charitable organization which in their federal Internal Revenue Service Form 1023, Part IV, describe activities indicating a religious purpose, are not eligible to apply to become an Authorizer under the Charter School Act.

The State Board of Education is required to establish, through administrative rules, the annual application and approval process for all entities eligible to apply for chartering authority. By June 30 of each year, the State Board of Education is required to make available information and guidelines for all eligible entities concerning the opportunity to apply for chartering authority.

The application process requires each interested eligible entity to submit an application that clearly explains or presents the following elements: (a) written notification of intent to serve as an Authorizer in accordance with the Charter School Act; (b) the applicant entity's strategic vision for chartering; (c) a plan to support the vision presented, including explanation and evidence of the applicant entity's budget and personnel capacity and commitment to execute the responsibilities of quality charter authorizing, in accordance with the Charter School Act; (d) a draft or preliminary outline of the request for proposals that the applicant entity, if approved as an Authorizer, would issue to solicit public charter school applicants; (e) a draft of the performance framework that the applicant entity, if approved as an Authorizer, would use to guide the establishment of a Charter Contract and for ongoing oversight and evaluation of public charter schools, consistent with the requirements of the Charter School Act; (f) a draft of the applicant entity's renewal, revocation, and nonrenewal processes, consistent with Section 302D-18 of the Charter School Act; (g) a statement of assurance that the applicant entity seeks to serve as an Authorizer in fulfillment of the expectations, spirit, and intent of the Charter School Act, and that if approved as an Authorizer, the entity will fully participate in any Authorizer training provided or required by the State; and (h) a statement of assurance that the applicant will ensure public accountability and transparency in all matters concerning its charter-authorizing practices, decisions, and expenditures.

By June 30 of each year, the State Board of Education must decide whether to grant or deny chartering authority to each applicant. The State Board of Education must make its decisions on the merits of each applicant's proposal and plans.

Within sixty days of the State Board of Education's decision, the State Board of Education must execute a renewable authorizing contract with each entity it has approved for chartering authority. The initial term of each authorizing contract will be six years. The authorizing contract must specify each approved entity's agreement to serve as an Authorizer in accordance with the expectations of the Charter School Act, and specify additional performance terms based on the applicant's proposal and plan for chartering. No approved entity may commence charter authorizing without an authorizing contract in effect.

The application process described above does not apply to the State Charter School Commission.

Authorizer Powers, Duties, and Liabilities (Charter School Act § 302D-5)

Authorizers are responsible for executing the following essential powers and duties: (a) soliciting and evaluating Charter Applications; (b) approving quality Charter Applications that meet identified educational needs and promote a diversity of educational choices; (c) declining to approve weak or inadequate Charter Applications; (d) negotiating and executing sound Charter Contracts with each approved charter applicant and with existing public charter schools; (e) monitoring, in accordance with Charter Contract terms, the performance and legal compliance of public charter schools; and (f) determining whether each Charter Contract merits renewal, nonrenewal, or revocation.

An Authorizer is required to act as a point of contact between the department and a public charter school it authorizes. An Authorizer is responsible for and ensures the compliance of a public charter school it authorizes with all applicable state and federal laws, including reporting requirements, the receipt of applicable federal funds from the department and the distribution of funds to the public charter school it authorizes, and the receipt of per-pupil funding from the State Department of Education of budget and finance and distribution of the funding to the public charter school it authorizes.

An Authorizer has the power to make and execute contracts and all other instruments necessary or convenient for the exercise of its duties and functions under the Charter School Act.

An Authorizer may delegate its duties to officers, employees, and contractors.

Regulation by Authorizers is limited to the powers and duties set forth in Section 302D-5 of the Charter School Act and must be consistent with the spirit and intent of the Charter School Act.

An Authorizer, members of the board of an Authorizer acting in their official capacity, and employees or agents of an Authorizer are immune from civil and criminal liability with respect to all activities related to a public charter school authorized by that Authorizer, except for any acts or omissions constituting willful misconduct. Members of the State Charter School Commission are afforded the same protection afforded the members of the State Board of Education pursuant to Section 26-35.5 of the Hawai'i Revised Statutes.

An Authorizer may not provide technical support to a prospective charter school applicant, an Applicant Governing Board (as defined below), or a charter school it authorizes in cases in which the technical support will directly and substantially impact any Authorizer decision related to the approval or denial of the Charter Application or the renewal, revocation, or nonrenewal of the Charter Contract. This requirement does not apply to technical support that an Authorizer is required to provide to a charter school pursuant to federal law.

Principles and Standards for Charter Authorizing (Charter School Act § 302D-6)

All Authorizers are required to follow nationally recognized principles and standards for quality charter authorizing in all major areas of authorizing responsibility, including: (a) organizational capacity and infrastructure; (b) soliciting and evaluating Charter Applications; (c) performance contracting; (d) ongoing public charter school oversight and evaluation; and (e) charter and Charter Contract renewal decision-making.

Authorizers must carry out all their duties under the Charter School Act in a manner consistent with nationally recognized principles and standards and with the spirit and intent of the Charter School Act. Evidence of material or persistent failure to do so constitute grounds for losing charter authorizing powers.

Authorizer Reporting (Charter School Act § 302D-7)

Every Authorizer is required to submit to the State Board of Education and the State legislature an annual report summarizing: (a) the Authorizer's strategic vision for chartering and progress toward achieving that vision; (b) the academic performance of all operating public charter schools overseen by the Authorizer, according to the performance expectations for public charter schools set forth in the Charter School Act, including a comparison of the performance of public charter school students with public school students statewide; (c) the financial performance of all operating public charter schools overseen by the Authorizer, according to the performance expectations for public charter schools set forth in the Charter School Act; (d) the status of the Authorizer's public charter school portfolio, identifying all public charter schools and applicants in each of the following categories: approved (but not yet open), approved (but withdrawn), not approved, operating, renewed, transferred, revoked, not renewed, or voluntarily closed; (e) the authorizing functions provided by the Authorizer to the public charter schools under its purview, including the Authorizer's operating costs and expenses detailed in annual audited financial statements that conform with generally accepted accounting principles; (f) the services purchased from the Authorizer by the public charter schools under its purview; (g) a line-item breakdown of the federal funds received by the department and distributed by the Authorizer to public charter schools under its control; and (h) any concerns regarding equity and recommendations to improve access to and distribution of federal funds to public charter schools.

Authorizer Conflict of Interests (Charter School Act § 302D-8)

An employee, trustee, agent, or representative of an Authorizer shall not simultaneously serve as an employee, trustee, agent, representative, vendor, or contractor of a public charter school authorized by that Authorizer. Authorizer members must disclose to the Authorizer a list of all charter schools in which the member has previously been an employee, Governing Board member, vendor, contractor, agent, or representative.

Exclusivity of Authorizing Functions and Rights (Charter School Act § 302D-9)

No governmental or other entity, other than those expressly granted chartering authority as set forth in the Charter School Act, may assume any charter authorizing function or duty in any form, unless expressly allowed by law.

Services Purchased from Authorizer; Itemized Accounting (Charter School Act § 302D-10)

No public charter school is required to purchase services from its Authorizer as a condition of charter approval or renewal or of executing a Charter Contract, nor may any such condition be implied. A public charter school may, at its discretion, choose to purchase services from its Authorizer. In such event, the public charter school and Authorizer must execute an annual service contract, separate from the Charter Contract, stating the parties' mutual agreement concerning any services to be provided by the Authorizer and any service fees to be charged to the public charter school. An Authorizer may not charge more than market rates for services provided to a public charter school.

Oversight of Public Charter School Authorizers (Charter School Act § 302D-11)

The State Board of Education is responsible for overseeing the performance and effectiveness of all Authorizers established under the Charter School Act.

In accordance with Section 302D-7 of the Charter School Act, every Authorizer must submit to the State Board of Education and the State legislature an annual report. The State Board of Education must communicate to every Authorizer the requirements for the format, content, and submission of the annual report.

Persistently unsatisfactory performance of an Authorizer's portfolio of public charter schools, a pattern of well-founded complaints about the Authorizer or its public charter schools, or other objective circumstances may trigger a special review by the State Board of Education. In reviewing or evaluating the performance of Authorizers the State Board of Education must apply nationally recognized principles and standards for quality charter authorizing. If at any time the State Board of Education finds that an Authorizer is not in compliance with an existing Charter Contract, its authorizing contract with the State Board of Education, or the requirements of all Authorizers under the Charter School Act, the State Board of Education must notify the Authorizer in writing of the identified problems, and the Authorizer will have reasonable opportunity to respond to and remedy the problems.

If an Authorizer persists, after due notice from the State Board of Education, in violating a material provision of a Charter Contract or its authorizing contract with the State Board of Education, or fails to remedy other identified authorizing problems, the State Board of Education must notify the Authorizer, within a reasonable amount of time under the circumstances, that it intends to revoke the Authorizer's chartering authority unless the Authorizer demonstrates a timely and satisfactory remedy for the violation or deficiencies.

In the event of revocation of any Authorizer’s chartering authority, the State Board of Education will manage the timely and orderly transfer of each Charter Contract held by that Authorizer to another Authorizer in the State, with the mutual agreement of each affected public charter school and proposed new Authorizer. The new Authorizer must enter into a new Charter Contract with the charter school for the remainder of the charter term.

Charter School Governing Boards (Charter School Act § 302D-12)

Under the Schoolzz Act, a “**Governing Board**” means the independent board of a public charter school that is party to the Charter Contract with the Authorizer that: (a) is responsible for the financial, organizational, and academic viability of the charter school and implementation of the charter; (b) possesses the independent authority to determine the organization and management of the school, the curriculum, and virtual education; (c) has the power to negotiate supplemental collective bargaining agreements with exclusive representatives of their employees and is considered the employer of charter school employees for purposes of Chapters 76, 78, and 89 of the Hawai‘i Revised Statutes; and (d) ensures compliance with applicable State and federal laws.

Governing Board Eligibility (Charter School Act § 302D-12)

For purposes of Section 302D-12 of the Charter School Act regarding Governing Boards, “employees” shall include but not be limited to: (a) the chief executive officer, chief administrative officer, executive director, or otherwise designated head of a charter school; and (b) any person under an employment contract to serve as the chief executive officer, chief administrative officer, executive director, or designated head of a charter school. Further “relative” means a spouse, fiancé, or fiancée of the employee; any person who is related to the employee within four degrees of consanguinity; or the spouse, fiancé, or fiancée of such person.

No person may serve on the Governing Board of a charter school if the person is an employee or former employee of any charter school under the jurisdiction of that Governing Board, a relative of an employee or former employee of any charter school under the jurisdiction of that Governing Board, or any vendor or contractor providing goods or services to any charter school under the jurisdiction of that Governing Board, unless: (a) the person is a former employee of a charter school under the jurisdiction of that Governing Board and at least one year has passed since the conclusion of the former employee’s employment with that charter school; (b) the person is a relative of a former employee of a charter school under the jurisdiction of that Governing Board and at least one year has passed since the conclusion of the former employee’s employment with that charter school; (c) the person is a vendor or contractor and at least one year has passed since the conclusion of the vendor or contractor’s service to a charter school under the jurisdiction of that Governing Board; or (d) the person serving on the Governing Board does not cause more than one-third of the voting members of the Governing Board to be made up of: (i) employees or former employees of any charter school that is under the jurisdiction of that Governing Board; provided that this subparagraph may not include persons who are covered under subparagraph (a) above; (ii) relatives of employees or of former employees of any charter school that is under the jurisdiction of that Governing Board; provided that this subparagraph may not include persons who are covered under subparagraph (b) above; and (iii) vendors or contractors who are providing goods or services to any charter school that is under the jurisdiction of that Governing Board; provided that this subparagraph may not include persons who are covered under subparagraph (c) above.

In selecting Governing Board members, consideration must be given to persons who: (a) provide the Governing Board with a diversity of perspective and a level of objectivity that accurately represent the interests of the charter school students and the surrounding community; (b) demonstrate an understanding

of best practices of nonprofit governance; and (c) possess strong financial and academic management and oversight abilities, as well as human resource and fundraising experience.

No employee or former employee of a charter school, relative of an employee or former employee of a charter school, or any vendor or contractor providing goods or services to a charter school may serve as the chair of the Governing Board of that charter school unless at least one year has elapsed since the conclusion of the employee's employment with the school or the conclusion of a vendor's or contractor's service to the school; provided that an Authorizer may grant an exemption from the provisions of this paragraph based upon a determination by the Authorizer that an exemption is in the best interest of the charter school.

A nonprofit organization (which means a private, nonprofit, tax-exempt entity that is recognized as a tax-exempt organization under the Internal Revenue Code; and is registered to do business in the State in accordance with Chapter 414D of the Hawai'i Revised Statutes) that has been approved by an Authorizer to operate and manage an existing school that falls within the definition of "public schools" as defined in Section 302A-101 of the Charter School Act and that is not a charter school (a "**Department School**") that converts to a charter school and is managed and operated in accordance with Section 302D-13 of the Charter School Act or an existing Department School that converts to a charter school and is managed and operated by a nonprofit organization in accordance with Section 302D-13 of the Charter School Act (a "**Conversion Charter School**") and serve as the Conversion Charter School's Governing Board shall establish the nonprofit organization's board of directors as the Governing Board and shall not be selected pursuant to paragraphs above; provided that: (a) the nonprofit organization may also appoint advisory groups of community representatives for each Conversion Charter School managed by the nonprofit organization; provided that these groups shall not have governing authority over the Conversion Charter School and shall serve only in an advisory capacity to the nonprofit organization; (b) the board of directors of the nonprofit organization, as the Governing Board of the Conversion Charter School that it operates and manages, shall have the same protections that are afforded to all other Governing Boards in its role as the Conversion Charter School governing body; (c) any Conversion Charter School that is managed and operated by a nonprofit organization shall be eligible for the same federal and State funding as other public schools; provided that nothing in this paragraph shall prohibit a nonprofit organization from making a contribution toward the operation of a Conversion Charter School; and (d) if, at any time, the board of directors of the nonprofit organization governing the Conversion Charter School votes to discontinue its relationship with the charter school as the Charter Contract holder, the Conversion Charter School's administrators, teachers, or community may submit a Charter Application to the Authorizer, in accordance with Section 302D-13 of the Charter School Act to continue as a Conversion Charter School without the participation of the nonprofit organization.

Section 78-4 of the Hawai'i Revised Statutes does not apply to members of Governing Boards; provided that no Governing Board member shall be allowed to serve on more than two Governing Boards simultaneously. For purposes of this paragraph, a Governing Board that governs more than one charter school is considered one board.

Governing Board Powers and Duties (Charter School Act § 302D-12)

The Governing Board is the independent governing body of its charter school and has oversight over and is responsible for the financial, organizational, and academic viability of the charter school, implementation of the charter, and the independent authority to determine the organization and management of the school, the curriculum, virtual education, and compliance with applicable federal and State laws. The Governing Board ensures its school complies with the terms of the Charter Contract between the Authorizer and the school. The Governing Board has the power to negotiate supplemental collective bargaining agreements with the exclusive representatives of their employees.

Governing Boards and charter schools are exempt from Chapter 103D of the Hawai‘i Revised Statutes, but must develop internal policies and procedures for the procurement of goods, services, and construction, consistent with the goals of public accountability and public procurement practices. Governing Boards and charter schools are encouraged to use the provisions of Chapter 103D of the Hawai‘i Revised Statutes wherever possible; provided that the use of one or more provisions of Chapter 103D of the Hawai‘i Revised Statutes do not constitute a waiver of the exemption from Chapter 103D of the Hawai‘i Revised Statutes and do not subject the charter school to any other provision of Chapter 103D of the Hawai‘i Revised Statutes.

Charter schools and their Governing Boards are exempt from the requirements of Chapters 91 and 92 of the Hawai‘i Revised Statutes. The Governing Boards are required to: (a) hold meetings open to the public; (b) post the notices and agendas of public meetings: (i) at a publicly accessible area in the charter school’s office so they are available for review during regular business hours; and (ii) on the charter school’s internet website, not less than six calendar days prior to the public meeting, unless a waiver is granted by the Authorizer or Authorizer’s designee in the case of an emergency; (c) keep written minutes of all public meetings that shall include: (i) the date, time, and place of the meeting; (ii) the members of the Governing Board recorded as either present or absent; (iii) the substance of all matters proposed, discussed, and decided; (iv) the views of the participants; (v) a record, by individual member, of any votes taken; and (vi) any other information that any member of the Governing Board requests be included or reflected in the minutes; (d) post the written minutes from public meetings: (i) at a publicly accessible area in the charter school’s office so the minutes are available for review during regular business hours; and (ii) on the charter school’s internet website, within sixty calendar days after the public meeting or five calendar days after the next public meeting, whichever is sooner; and (e) maintain a list of the current names and contact information of the Governing Board’s members and officers: (i) in the charter school’s office so it is available for review during regular business hours; and (ii) on the charter school’s internet website. The Governing Boards are not required to produce a full transcript or audio or video recording of any public meeting, unless otherwise required by law.

All charter school employees and members of Governing Boards are subject to Chapter 84 of the Hawai‘i Revised Statutes.

Governing Boards are exempt from Sections 26-34 and 26-36 of the Hawai‘i Revised Statutes. The State must afford the Governing Board of any charter school the same protections as the State affords the State Board of Education in accordance with Section 26-35.5 of the Hawai‘i Revised Statutes.

Governing Boards have the power to make and execute contracts and all other instruments necessary or convenient for the exercise of their duties and functions under the Charter School Act.

Charter School Application Process (Charter School Act §§ 302D-13 through 302D-15)

Start-up and Conversion Charter Schools (Charter School Act § 302D-13)

New start-up and Conversion Charter Schools may be established pursuant to Section 302D-13 of the Charter School Act.

Any community, Department School, school community council, group of teachers, group of teachers and administrators, or nonprofit organization may establish an applicant Governing Board (an “***Applicant Governing Board***”) and develop a Charter Application pursuant to Section 302D-13 of the Charter School Act; provided that: (a) an Applicant Governing Board established by a community may develop a Charter Application for a new charter school established under section 302D-13 that is not a

Conversion Charter School (a “*Start-up Charter School*”); (b) an Applicant Governing Board established by a Department School or a school community council may develop a Charter Application for a Conversion Charter School; (c) an Applicant Governing Board established by a group of teachers or a group of administrators may develop a Charter Application for a Start-up Charter School or Conversion Charter School; and (d) a nonprofit organization may: (i) establish an Applicant Governing Board that is separate from the nonprofit organization and develop a Charter Application for a Start-up Charter School or Conversion Charter School; or (ii) establish an Applicant Governing Board that will be the board of directors of the nonprofit organization and may develop a Charter Application for a Conversion Charter School; provided that any nonprofit organization that seeks to manage and operate a Conversion Charter School must: (1) submit to the Authorizer at the time of the Charter Application bylaws or policies that describe the manner in which business is conducted and policies that relate to the management of potential conflict of interest situations; (2) have experience in the management and operation of public or private schools or, to the extent necessary, agree to obtain appropriate services from another entity or entities possessing such experience; (3) not interfere in the operations of the Department School to be converted until otherwise authorized by the Authorizer in consultation with the department; and (4) have the same protections that are afforded to all other Governing Boards in its role as the Conversion Charter School Governing Board.

The charter school application process and schedule will be determined by the Authorizer, and must provide for and include, at a minimum, the following elements:

- The issuance and publication of an application process by the Authorizer on the Authorizer’s internet website that, at a minimum:
 - Solicits Charter Applications and presents the Authorizer’s strategic vision for chartering;
 - Includes or directs Applicant Governing Boards to the performance framework developed by the Authorizer in accordance with Section 302D-16 of the Charter School Act;
 - Includes criteria that will guide the Authorizer’s decision to approve or deny a Charter Application;
 - States clear, appropriately detailed questions and provides guidelines concerning the format and content essential for Applicant Governing Boards to demonstrate the capacities necessary to establish and operate a successful charter school; and
 - Requires Charter Applications to provide or describe all essential elements, as determined by the Authorizer, of proposed school plans;
- The timely submission of a completed Charter Application to the Authorizer; provided that a Charter Application for a Conversion Charter School must include certification and documentation that the Charter Application was approved by a majority of the votes cast by existing administrative, support, and teacher personnel, and parents of students at the existing Department School; provided that:
 - This vote must be considered by the Authorizer to be the primary indication of the existing administrative, support, and teaching personnel, and parents’ approval to convert to a charter school;

- The balance of stakeholders represented in the vote and the extent of support received in support of the conversion must be key factors, along with the applicant’s proposed plans, to be considered by the Authorizer when deciding whether to award a charter; and
- A breakdown of the number of administrative, support, and teaching personnel, and parents of students who constitute the existing Department School and the number who actually participated in the vote must be provided to the Authorizer;
- The timely review of the Charter Application by the Authorizer for completeness, and notification by the Authorizer to the Applicant Governing Board that the Charter Application is complete or, if the Authorizer determines that the application is incomplete, notification by the Authorizer to the Applicant Governing Board that the application is incomplete, providing a detailed listing of any missing elements of the application, and providing a reasonable opportunity for the Applicant Governing Board to cure any deficiency within the application period;
- Upon receipt of a completed Charter Application, the review and evaluation of the Charter Application by qualified persons including but not limited to:
 - An in-person interview with representatives from the Applicant Governing Board; and
 - An opportunity in a public forum for the public to provide input on each Charter Application;
- Following the review and evaluation of a Charter Application, approval or denial of the Charter Application by the Authorizer in a meeting open to the public and subsequent written notice to the applicant; provided that in the event of a denial, the notice must provide specific information to the applicant on the applicant’s right to appeal the decision to the State Board of Education, including but not limited to the number of days by which the applicant shall file an appeal with the State Board of Education and where to file an appeal;
- A provision for a final date by which a written decision to approve or deny a Charter Application will be made by the Authorizer to the applicant, upon receipt of a complete Charter Application; and
- A provision that no charter school may begin operation before obtaining Authorizer approval of its Charter Application and Charter Contract and fulfilling pre-opening requirements that may be imposed by the Authorizer, pursuant to Section 302D-14.5 of the Charter School Act.

A Charter Application to become a start-up or Conversion Charter School must meet the requirements of Sections 302D-13 and 302D-25 of the Charter School Act, and any other requirements set by the Authorizer. The Charter Application must, at a minimum: (a) include plans for a charter school that are likely to satisfactorily meet the academic, financial, organizational, and operational performance indicators, measures, and metrics set forth in the Authorizer’s performance framework, pursuant to Section 302D-16 of the Charter School Act; (b) include plans for a charter school that is in compliance with applicable laws; and (c) recognize the interests of the general public.

In reviewing a Charter Application under Section 302D-13 of the Charter School Act, an Authorizer must take into consideration the constitution of the Applicant Governing Board, terms of Applicant Governing Board members, and the process by which Applicant Governing Board members were selected.

In reviewing Charter Applications under Section 302D-13 of the Charter School Act, an Authorizer must develop a schedule to approve or deny a Charter Application by the end of the calendar year before the opening year of the proposed charter school for purposes of meeting any deadlines to request funding from the legislature; provided that nothing in Section 302D-13 of the Charter School Act may be construed as requiring an Authorizer to accept and review Charter Applications annually.

If a conflict between the provisions in Section 302D-13 of the Charter School Act and other provisions in the Charter School Act occurs, Section 302D-13 of the Charter School Act will control.

Pre-Contracting Criteria (Charter School Act § 302D-14.5)

The Authorizer may require an Applicant Governing Board whose Charter Application is approved by the Authorizer pursuant to Section 302D-13 of the Charter School Act to satisfactorily meet pre-contracting criteria set by the Authorizer before being allowed to enter into a Charter Contract.

An approved Applicant Governing Board that fails to satisfactorily meet the pre-contracting criteria and enter into a Charter Contract with its Authorizer within the period initially established or subsequently extended by the Authorizer will be considered to have withdrawn its application.

Pre-Opening Charter Schools (Charter School Act § 302D-14.5)

An Applicant Governing Board is not considered an entity of the State, but has the authority to execute the initial Charter Contract; provided that the term of duration of the initial Charter Contract may not exceed five years, not including the pre-opening period. Upon the execution of the initial Charter Contract, the Applicant Governing Board becomes the Governing Board of the newly established pre-opening charter school. A “pre-opening charter school” means a charter school that has not yet satisfactorily fulfilled the Authorizer’s pre-opening assurance as required under Section 302D-14.5 of the Charter School Act or has not yet commenced full operations as a charter school during its first full academic year. A pre-opening charter school that is a Conversion Charter School must be a separate entity of the State from the Department School from which it is converting during the start-up period.

The Authorizer is required to establish pre-opening criteria in order to ensure that a pre-opening charter school is prepared to successfully open and operate as a charter school. Until such time as the pre-opening school satisfactorily meets such pre-opening criteria and commences operations in its first full academic year, the pre-opening charter school: (a) is not entitled to receive funding under Sections 302D-26, 302D-28, 302D-29, or 302D-29.5 of the Charter School Act; (b) may not employ employees but may engage independent contractors; (c) is not subject to the performance framework under Section 302D-16 of the Charter School Act; and (d) may be granted temporary exemptions from provisions of the Charter Contract by the Authorizer.

The Charter Contract of a pre-opening charter school that fails to satisfactorily meet its pre-opening criteria within the start-up period initially established or subsequently extended by the Authorizer will be void. The pre-opening charter school will then be considered an approved charter applicant that has withdrawn its application.

An approved Applicant Governing Board that withdraws its application will not be allowed to execute a Charter Contract unless it reapplies and has its Charter Application approved by an Authorizer in accordance with the Charter School Act.

Appeals; Renewals or Revocations (Charter School Act § 302D-15)

The State Board of Education has the power to decide appeals of decisions by an Authorizer to deny the approval of a Charter Application, deny renewal of a Charter Contract, or revoke a charter school's Charter Contract. An appeal must be filed with the State Board of Education within twenty-one calendar days of the receipt of the notification of denial or revocation. Only a party whose Charter Application has been denied, whose Charter Contract renewal has been denied, or whose Charter Contract has been revoked may initiate an appeal for cause. The State Board of Education must review an appeal and issue a final decision within sixty calendar days of the filing of the appeal.

The State Board of Education serves as the final arbitrator of appeals authorized by Section 302D-15 of the Charter School Act.

A party is not entitled to a hearing before the State Board of Education under Section 302D-15 of the Charter School Act until it has exhausted all available administrative remedies.

The State Board of Education is required to adopt rules pursuant to Chapter 91 of the Hawai'i Revised Statutes to implement Section 302D-15 of the Charter School Act.

Performance Framework (Charter School Act § 302D-16)

The performance provisions within the Charter Contract must be based on a performance framework that clearly sets forth the academic, financial, organizational, and operational performance indicators, measures, and metrics that will guide the Authorizer's evaluations of each public charter school. The performance framework, as established by the Authorizer, includes indicators, measures, and metrics for, at a minimum: (a) student academic proficiency; (b) student academic growth; (c) achievement gaps in proficiency and growth between major student subgroups; (d) attendance; (e) enrollment variance; (f) postsecondary readiness, as applicable for high schools; (g) financial performance and sustainability; (h) performance and stewardship, including compliance with all applicable laws, rules, and terms of the Charter Contract; and (i) organizational viability, which means that means that a charter school: has been duly constituted and operates in accordance with its charter; has a Governing Board established in accordance with law and the charter school's charter; employs sufficient faculty and staff to provide the necessary educational program and support services to operate the facility in accordance with its charter; maintains accurate and comprehensive records regarding students and employees as determined by its Authorizer; meets appropriate standards of student achievement as defined by the State Board of Education pursuant to its duties under Article X, Section 3, of the Constitution of the State; cooperates with State Board of Education and Authorizer requirements in conducting its functions; complies with applicable federal, State, and county laws and requirements; in accordance with Authorizer guidelines and procedures, is financially sound and fiscally responsible in its use of public funds, maintains accurate and comprehensive financial records, operates in accordance with generally accepted accounting practices, and maintains a sound financial plan; operates within the scope of its Charter Contract and fulfills obligations and commitments of its charter; complies with all health and safety laws and requirements; complies with all Authorizer directives, policies, and procedures; and complies with all State Board of Education policies deemed applicable to charter schools by the State Board of Education.

Annual academic performance targets are required to be set by each public charter school in conjunction with its Authorizer, and must be designed to track each school in meeting applicable federal, state, and Authorizer expectations.

The performance framework must allow the inclusion of additional rigorous, valid, and reliable indicators proposed by a public charter school to augment external evaluations of its performance; provided that the Authorizer approves the quality and rigor of such school-proposed indicators, and the indicators are consistent with the purposes of the Charter School Act and the Charter Contract.

The performance framework must require the disaggregation of all student performance data by major student subgroups.

For each public charter school it oversees, the Authorizer is responsible for verifying and either maintaining or having access to all charter school data upon which the performance framework relies.

Multiple schools overseen by a single Governing Board are required to report their performance as separate, individual charter schools, and each charter school is held independently accountable for its performance.

Ongoing Oversight and Corrective Actions (Charter School Act § 302D-17)

An Authorizer is required to continually monitor the performance and legal compliance of the public charter schools it oversees, including collecting and analyzing data to support ongoing evaluation according to the Charter Contract. Every Authorizer has the authority to conduct or require oversight activities that enable the Authorizer to fulfill its responsibilities under the Charter School Act, including conducting appropriate inquiries, financial reviews, audits, and investigations, so long as those activities are consistent with the intent of the Charter School Act and adhere to the terms of the Charter Contract. Upon the request of its Authorizer, each public charter school must provide to the Authorizer full access to its fiscal and accounting books, documents, and files.

Each Authorizer must annually publish and provide, as part of its annual report to the State Board of Education and the State legislature, a performance report for each public charter school it oversees, in accordance with the performance framework set forth in the Charter Contract and Section 302D-16 of the Charter School Act. The Authorizer may require each public charter school it oversees to submit an annual report to assist the Authorizer in gathering complete information about each school. The annual report may include the status of the charter school's compliance with annual performance targets, as determined by the Charter Contract.

In the event that a public charter school's performance or legal compliance appears unsatisfactory, the Authorizer must promptly notify the public charter school of the perceived problem and provide reasonable opportunity for the charter school to remedy the problem, unless the problem warrants revocation in which case the revocation time frames set forth in Section 302D-18 of the Charter School Act apply.

Notwithstanding Section 302D-18 of the Charter School Act to the contrary, every Authorizer has the authority to take appropriate corrective actions or exercise sanctions short of revocation in response to apparent deficiencies in public charter school performance or legal compliance. Such actions or sanctions may include, if warranted: (a) requiring a school to develop and execute a corrective action plan within a specified time frame; and (b) reconstituting the Governing Board of the charter school; provided that the following conditions are met: (i) reconstitution occurs only under exigent circumstances, including the following: (1) unlawful or unethical conduct by Governing Board members; (2) unlawful or unethical

conduct by the charter school's personnel that raises serious doubts about the Governing Board's ability to fulfill its statutory, contractual, or fiduciary responsibilities; and (3) other circumstances that raise serious doubts about the Governing Board's ability to fulfill its statutory, contractual, or fiduciary responsibilities; (ii) the Authorizer will replace up to, but no more than, the number of Governing Board members necessary so that the newly appointed members constitute a voting majority in accordance with the Governing Board's bylaws; except that the Authorizer may replace the entire Governing Board if the alternative is the initiation of revocation of the charter school's Charter Contract and the Governing Board opts instead for reconstitution; and (iii) reconstitution occurs in accordance with processes set forth by the Authorizer that provide the charter school's personnel and parents with timely notification of the prospect of reconstitution.

The Authorizer has the authority to direct the Governing Board and the charter school to take appropriate action to immediately address serious health and safety issues that may exist at a charter school in order to ensure the health and safety of students and employees or mitigate significant liability to the State. The State Board of Education has the authority to direct the Authorizer to take appropriate action to immediately address serious health and safety issues that may exist at a charter school in order to ensure the health and safety of students and employees and mitigate significant liability to the State.

Charter Contract Renewals, Revocations, and Nonrenewal (Charter School Act § 302D-18)

A Charter Contract may be renewed for successive five-year terms of duration, although an Authorizer may vary the terms based on performance, demonstrated capacities, and particular circumstances of each charter school. An Authorizer may grant a renewal of a Charter Contract with specific conditions for necessary improvements to a charter school.

The Authorizer shall issue a charter school performance report and Charter Contract renewal application guidance to any charter school whose Charter Contract is in its final contract year. The performance report shall summarize the charter school's performance record to date, based on the data required by the Charter School Act and the Charter Contract, and shall provide notice of any weaknesses or concerns perceived by the Authorizer concerning the charter school that may jeopardize its position in seeking renewal.

The renewal application guidance must, at a minimum, provide an opportunity for the public charter school to: (a) submit any corrections or clarifications to the performance report; (b) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal; (c) describe improvements undertaken or planned for the school; and (d) detail the charter school's plans for the next charter term.

The renewal application guidance shall include or refer explicitly to the criteria that will guide the Authorizer's renewal decisions, which shall be based on the Charter Contract and be consistent with the Charter School Act.

No later than thirty days after the issuance of the performance report, the Governing Board of a charter school seeking renewal must submit a renewal application to the Authorizer pursuant to the renewal guidance issued by the Authorizer. The Authorizer must decide whether or not to renew the charter no later than forty-five days after the filing of the renewal application.

In making charter renewal decisions, every Authorizer is required to: (a) ground its decisions in evidence of the school's performance over the term of the Charter Contract in accordance with the performance framework set forth in the Charter Contract; (b) ensure that data used in making the renewal decisions are available to the charter school and the public; and (c) provide a public report summarizing the evidence and basis for each decision.

A Charter Contract may be revoked at any time or not renewed if the Authorizer determines that the charter school did any of the following or otherwise failed to comply with the provisions of the Charter School Act: (a) committed a material and substantial violation of any of the terms, conditions, standards, or procedures required under the Charter School Act or the Charter Contract; (b) failed to meet or make sufficient progress toward performance expectations set forth in the Charter Contract; (c) failed to meet generally accepted standards of fiscal management; or (d) substantially violated any material provision of law from which the charter school is not exempted.

An Authorizer is required to develop revocation and nonrenewal processes that: (a) provide Charter Contract holders with a timely notification of the prospect of revocation or non-renewal and the reasons for such possible closure; (b) allow Charter Contract holders a reasonable amount of time in which to prepare a response; (c) provide Charter Contract holders with an opportunity to submit documents and give testimony challenging the rationale for closure and supporting the continuation of the school at an orderly proceeding held for that purpose; provided that the proceeding are governed by the requirements set forth in Section 302D-18 of the Charter School Act and are not additionally subject to the requirements for an agency hearing under Chapter 91 of the Hawai'i Revised Statutes; (d) allow Charter Contract holders access to representation by counsel, subject to Section 28-8.3 of the Hawai'i Revised Statutes, and to call witnesses on their behalf; (e) permit the recording of proceedings described in paragraph (c) above; and (f) after a reasonable period for deliberation, require a final determination to be made and conveyed in writing to the Charter Contract holders.

If an Authorizer revokes or does not renew a Charter Contract, the Authorizer must clearly state in writing the reasons for the revocation or nonrenewal.

Within fifteen days of taking action to renew, not to renew, or to revoke a Charter Contract, the Authorizer must report to the State Board of Education the action taken, and simultaneously provide a copy of the report to the charter school. The report must set forth the action taken and reasons for the decision and assurances as to compliance with all the requirements set forth in the Charter School Act.

School Closure and Dissolution (Charter School Act § 302D-19)

Prior to any public charter school closure decision, an Authorizer is required to have developed a public charter school closure protocol to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets in accordance with the requirements of the Charter School Act. The protocol must specify tasks, timelines, and responsible parties, including delineating the respective duties of the school and the Authorizer. In the event of a public charter school closure for any reason, the Authorizer oversees and works with the closing school to ensure a smooth and orderly closure and transition for students and parents, as guided by the closure protocol.

In the event of a public charter school closure for any reason, the assets of the school, excluding facilities, are to be distributed first to satisfy outstanding payroll obligations for employees of the school, then to creditors of the school, and then to the State treasury to the credit of the general fund. If the assets of the school are insufficient to pay all parties to whom the school owes compensation, the prioritization of the distribution of assets may be determined by decree of a court of law.

In the event of a public charter school closure for any reason, if the public charter school received an appropriation for capital improvements to its facilities, the charter school or its Authorizer is required to negotiate with the expending agency for a lump sum or installment repayment to the State of the amounts appropriated. This restriction must be registered, recorded, and indexed in the bureau of conveyances or

with the assistant registrar of the land court as an encumbrance on the property. Amounts received from the repayment described in this paragraph must be deposited into the general fund.

In the event of a public charter school closure for any reason, other public charter schools have the right of first refusal for the closed public charter school's facilities, if the facilities are owned by the State. If no other public charter school exercises the right of first refusal, the facilities revert back to the State Department of Education and the State.

Charter Transfers (Charter School Act § 302D-20)

Transfer of a Charter Contract, and of oversight of that public charter school, from one Authorizer to another before the expiration of the charter term is not permitted except by special petition to the State Board of Education by a public charter school or its Authorizer. The State Board of Education will review such petitions on a case-by-case basis and may grant transfer requests in response to special circumstances and evidence that such a transfer would serve the best interests of the public charter school's students. The State Board of Education may adopt rules pursuant to Chapter 91 of the Hawai'i Revised Statutes to carry out the purposes described in this paragraph.

Annual Board Report (Charter School Act § 302D-21)

No later than the opening day of each regular session of the State legislature, the State Board of Education must issue to the State governor, the State legislature, and the public, an annual report on the State's public charter schools, drawing from the annual reports submitted by every Authorizer, as well as any additional relevant data compiled by the State Board of Education, for the school year ending in the preceding calendar year. The annual report must include: (a) the State Board of Education's assessment of the successes, challenges, and areas for improvement in meeting the purposes of the Charter School Act, including the board's assessment of the sufficiency of funding for public charter schools, and any suggested changes in State law or policy necessary to strengthen the State's public charter schools; (b) a line-item breakdown of all federal funds received by the department and distributed to Authorizers; (c) any concerns regarding equity and recommendations to improve access to and distribution of federal funds to public charter schools; (d) a summary of the criteria used by the charter school facilities funding working group, established pursuant to Section 302D-29.5 of the Charter School Act, in allocating facilities funding; (e) a detailed breakdown of the allocation of funding through general funds and bond funds; (f) a detailed list of the projects funded by general funds and bond funds; (g) the status of funding for projects previously awarded; and (h) a discussion of all State Board of Education policies adopted in the previous year, including a detailed explanation as to whether each policy is or is not applicable to charter schools.

Minimum Educational Data Reporting Standards (Charter School Act § 302D-23)

The State Board of Education is required to establish educational reporting standards that include minimum standards for reporting fiscal, personnel, and student data, by means of electronic transfer of data files from charter schools to the State Department of Education. The minimum standards established by the State Board of Education must include but not be limited to data required for the State Department of Education, as the State education agency, to meet all applicable federal reporting requirements.

Occupancy and Use of Facilities of Department Schools (Charter School Act § 302D-24)

When the State Department of Education considers whether to close any particular Department School, the State Department of Education must submit a notice of possible availability of a Department School or notice of vacancy of a Department School to the State Board of Education pursuant to Section

302A-1151.5(b) of the Hawai‘i Revised Statutes; provided that the State Department of Education has not elected to use the Department School to support education programs.

If a charter school exclusively or jointly occupies or uses buildings or facilities of a Department School immediately prior to converting to a charter school, upon conversion that charter school will be given continued exclusive or joint use of the buildings or facilities; provided that: (a) the State may reclaim some or all of the buildings or facilities if it demonstrates a tangible and imperative need for such reclamation; and (b) the State and the Conversion Charter School voluntarily enter into an agreement detailing the portion of those buildings or facilities that will be reclaimed by the State and a timetable for the reclamation. If a timetable cannot be reached, the State may petition the State Board of Education for the reclamation, and the board may grant the petition only to the extent that it is not possible for the Conversion Charter School and the State to jointly occupy or use the buildings or facilities.

Upon receipt of a notice pursuant to Section 302A-1151.5(b) of the Hawai‘i Revised Statutes, the State Board of Education will solicit applications from charter schools interested in using and occupying all or portions of the facilities of the Department School by: (a) promptly notifying all charter schools that the Department School is being considered for closure; and (b) affording each charter school an opportunity to submit an application with a written explanation and justification of why the charter school should be considered for possible occupancy and use of the facilities of the Department School.

After fully considering each charter school’s application and based on the applications received and on other considerations, the State Board of Education must: (a) provide a written response to each charter school’s application after each application has been fully considered; (b) compile a prioritized list of charter schools; and (c) make a final determination of which charter school, if any, is authorized to use and occupy the Department School facilities.

Upon the selection of a charter school to use a vacant Department School facility or portion of a Department School facility, the department and the charter school’s Authorizer must enter into necessary agreements within ninety days of the selection to carry out the purposes of Section 302D-24 of the Charter School Act; provided that any agreement between the Authorizer and the State Department of Education must stipulate that a charter school that uses and occupies a Department School facility or portion of a Department School facility is responsible for the full or pro rata share of the repair and maintenance costs for that facility or portion of the facility, as the case may be.

The State Board of Education is required to adopt policies and procedures necessary to carry out the purposes of Section 302D-24 of the Charter School Act, including but not limited to: (a) procedures for charter schools to apply in writing to use vacant Department School facilities; (b) criteria for the State Board of Education to use in determining which charter schools to include on the prioritized list to be submitted to the State Department of Education; and (c) for the State Board of Education to notify charter school applicants that are granted or denied the use of vacant Department School facilities.

Applicability of State Laws (Charter School Act § 302D-25)

Charter schools are exempt from Chapters 91 and 92 of the Hawai‘i Revised Statutes and all other State laws in conflict with the Charter School Act, except those regarding: (a) collective bargaining under Chapter 89 of the Hawai‘i Revised Statutes; provided that: (i) the exclusive representatives as defined in Chapter 89 of the Hawai‘i Revised Statutes and the Governing Board of the charter school may enter into supplemental agreements that contain cost and noncost items to facilitate decentralized decision-making; (ii) the agreements must be funded from the current allocation or other sources of revenue received by the charter school; provided that collective bargaining increases for employees are allocated by the State department of budget and finance (the “*State Department of Budget and Finance*”) to the charter school’s

Authorizer for distribution to the charter school; and (iii) these supplemental agreements may differ from the master contracts negotiated with the State Department of Education; (b) discriminatory practices under Section 378-2 of the Hawai'i Revised Statutes; and (c) health and safety requirements.

Charter schools, the State Charter School Commission, and Authorizers are exempt from Chapter 103D of the Hawai'i Revised Statutes, but are required to develop internal policies and procedures for the procurement of goods, services, and construction, consistent with the goals of public accountability and public procurement practices. Charter schools, the State Charter School Commission, and Authorizers are encouraged to use the provisions of Chapter 103D of the Hawai'i Revised Statutes where possible; provided that the use of one or more provisions of Chapter 103D of the Hawai'i Revised Statutes will not constitute a waiver of the exemption from Chapter 103D of the Hawai'i Revised Statutes and will not subject the charter school, the State Charter School Commission, or Authorizer to any other provision of Chapter 103D of the Hawai'i Revised Statutes. Charter schools, the State Charter School Commission, and Authorizers must account for funds expended for the procurement of goods and services, and this accounting must be available to the public.

Charter schools and their employees, the State Charter School Commission and its employees, and Governing Boards and their members are subject to Chapter 84 of the Hawai'i Revised Statutes.

Any charter school, prior to the beginning of the school year, may enter into an annual contract with any department for centralized services to be provided by that department.

Notwithstanding any law to the contrary, as public schools and entities of the State, a charter school, including its Governing Board, the State Charter School Commission, and any Authorizer may not bring suit against any other entity or agency of the State.

Charter schools, the State Charter School Commission, and Authorizers are exempt from Section 302A-1401 of the Hawai'i Revised Statutes.

For purposes of statutory delegation of authority to department heads by other State agencies, the executive director is deemed the department head of the State Charter School Commission and charter schools unless otherwise specifically provided.

Civil Service Status; Employee Rights (Charter School Act § 302D-26)

Civil service employees of Department Schools retain their civil service status upon the conversion of their school to a Conversion Charter School. Positions in a Conversion Charter School that would be civil service in a Department School are civil service positions and subject to Chapter 76 of the Hawai'i Revised Statutes. An employee with civil service status at a Conversion Charter School who transfers, is promoted, or takes a voluntary demotion to another civil service position is entitled to all of the rights, privileges, and benefits of continuous, uninterrupted civil service. Civil service employees of a Conversion Charter School have civil service status in the State Department of Education's civil service system and are entitled to all rights, privileges, and benefits as other civil service employees employed by the State Department of Education. Exempt employees as provided in Section 76-16(b)(11)(B) of the Hawai'i Revised Statutes of a Conversion Charter School have support services personnel status in the State Department of Education's support services personnel system and are entitled to all rights, privileges, and benefits as other exempt employees employed by the State Department of Education in their support services personnel system.

The State must afford administrative, support, and instructional employees in charter schools full participation in the State's systems for retirement, workers' compensation, unemployment insurance,

temporary disability insurance, and health benefits in accordance with the qualification requirements for each.

The State Department of Education, to the extent possible, must provide its position listings to Authorizers and any interested Governing Board of any charter school.

The State Department of Education, in conjunction with Authorizers, must facilitate the movement of instructional personnel between the State Department of Education and charter schools; provided that: (a) comparable and verifiable professional development and employee evaluation standards and practices, as determined and certified by the Authorizers, are in place in charter schools for instructional staff; (b) licensed charter school teachers, as determined by the State teacher standards board, who are not yet tenured in the department and are entering or returning to the State Department of Education after employment at a charter school, are subject to a probationary period in the State Department of Education pursuant to policies and practices as determined by the State Department of Education, the State Board of Education, and collective bargaining agreements; and (c) tenured State Department of Education licensed teachers, as determined by the State Department of Education, who transfer to charter schools are subject to the appropriate collective bargaining agreement.

The State Department of Education is required to establish a process that permits employees of State Department of Education public schools that become Conversion Charter Schools pursuant to Section 302D-13 of the Charter School Act to transfer to a State Department of Education public school governed by Chapter 302A of the Hawai'i Revised Statutes.

Administration of Workers' Compensation (Charter School Act § 302D-27)

The State department of human resources development (the "*State Department of Human Resources Development*") administers workers' compensation claims for employees of charter schools, who are covered by the same self-insured workers' compensation system as other public employees. The State Department of Human Resources Development is required to process, investigate, and make payments on claims; provided that: (a) charter schools compile the preliminary claim form and forward it to the State Department of Human Resources Development; and (b) the State Department of Human Resources Development receives no more than 0.07 per cent of the EDN 600 appropriation to process these workers' compensation claims.

Funding and Finance (Charter School Act §§ 302D-28 through 302D-29.5)

Non-Facilities Funding (Charter School Act § 302D-28)

Beginning with fiscal year 2012-2013, and each fiscal year thereafter, the non-facility general fund per-pupil funding request for charter school students must be the same as the general fund per-pupil amount to the State Department of Education in the most recently approved executive budget recommendation for the State Department of Education and must be based upon reasonable projected enrollment figures for all charter schools. The general fund per-pupil request for each regular education and special education student must: (a) include all general fund regular education cost categories, including comprehensive school support services, but excluding special education services, adult education, and the after-school plus program; provided that these services are provided and funded by the State Department of Education; and (b) exclude fringe benefit costs and debt service.

Fringe benefit costs for charter school employees, regardless of the payroll system utilized by a charter school, must be included in the State Department of Budget and Finance's annual budget request. No fringe benefit costs may be charged directly to or deducted from the charter school per-pupil allocations.

The State legislature must make an appropriation based upon the budget request; provided that the State legislature may make additional appropriations for facility and other costs.

The State governor, pursuant to Chapter 37 of the Hawai‘i Revised Statutes, may impose restrictions or reductions on charter school appropriations similar to those imposed on Department Schools.

Notwithstanding any law to the contrary, to ensure non-facility per-pupil general fund amounts allocated for the State Department of Education and charter school students are equal on an annualized fiscal year basis, each year the director of finance of the State Department of Education (the “*Director of Finance*”) is required to: (a) determine the sum of general fund appropriations made for State Department of Education and charter school student non-facility costs described in the first and second paragraphs under this heading “Per-Pupil Funding”; (b) determine the sum of State Department of Education and charter school student enrollment based on reviewed and verified student enrollment counts as of October 15; (c) determine a per-pupil amount by dividing the sum of general fund appropriations determined under subparagraph (a) above by the sum of student enrollment determined under subparagraph (b) above; (d) transfer a general fund amount between the State Department of Education and charter schools that will provide each with a per-pupil allocation equal to the amount determined on an annualized fiscal year basis under subparagraph (c) above; and (e) annually account for all calculations and transfers made pursuant to the requirements described in this paragraph in a report to the State legislature, State governor, State Department of Education, and charter schools. The requirements described in this paragraph do not limit the ability of the Director of Finance to modify or amend any allotment pursuant to Chapter 37 of the Hawai‘i Revised Statutes.

Charter schools are eligible for all federal financial support to the same extent as Department Schools. The State Department of Education must provide all Authorizers with all state-level federal grant proposals submitted by the State Department of Education that include charter schools as potential recipients and timely reports on State-level federal grants received for which charter schools may apply or are entitled to receive. Federal funds received by the State Department of Education for charter schools will be transferred to Authorizers for distribution to the charter schools they authorize in accordance with the federal requirements. If administrative services related to federal grants are provided to the charter school by the State Department of Education, the charter school must reimburse the State Department of Education for the actual costs of the administrative services in an amount that do not exceed six percent (6%) of the charter school’s federal grants.

Any charter school is eligible to receive any supplemental federal grant or award for which any Department School may submit a proposal, or any supplemental federal grants limited to charter schools; provided that if State Department of Education administrative services, including funds management, budgetary, fiscal accounting, or other related services, are provided with respect to these supplemental grants, the charter school must reimburse the State Department of Education for the actual costs of the administrative services in an amount that shall not exceed six percent (6%) of the supplemental grant for which the services are used.

All additional funds generated by the Governing Boards, that are not from a supplemental grant, must be held separate from allotted funds and may be expended at the discretion of the Governing Boards.

Authorizers must calculate a general fund per-pupil amount based upon the amount of general funds appropriated by the State legislature and released by the State governor and the projected enrollment amount used to calculate the general funds appropriated as described in the first paragraph under this heading “Per-Pupil Funding.”

Authorizers must submit a report to the State legislature no later than twenty days prior to the convening of each regular session that contains each charter school's current school year projection that is used to submit the budget request, the updated May 15 enrollment projection, the actual October 15 enrollment count, the Authorizer's reviewed and verified enrollment count, and the November 15 enrollment count.

To enable charter schools to access State funding prior to the start of each school year, foster their fiscal planning, enhance their accountability, and avoid over-allocating general funds to charter schools based on self-reported enrollment projections, Authorizers must: (a) provide sixty percent (60%) of a charter school's per-pupil allocation based on the charter school's projected student enrollment no later than July 20 of each fiscal year; provided that the charter school must have submitted to its Authorizer a projected student enrollment no later than May 15 of each year; (b) provide an additional thirty percent (30%) of a charter school's per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the Authorizer; provided that the school is in compliance with all financial reporting requirements; and (c) retain no more than the balance of the remaining ten percent (10%) of a charter school's per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year; provided that Authorizers may make adjustments in allocations based on noncompliance with Charter Contracts and the State Board of Education may make adjustments in allocations based on noncompliance with State Board of Education policies made in the State Board of Education's capacity as the State education agency, State Department of Education directives made in the State Department of Education's capacity as the State education agency, the State Board of Education's administrative procedures, and State Board of Education-approved accountability requirements.

The State Department of Education is required to provide appropriate transitional resources to a Conversion Charter School for its first year of operation as a charter school based upon the State Department of Education's allocation to the school for the year prior to the conversion.

No charter school may assess tuition; provided that a charter school may assess and collect special fees and charges from students for co-curricular activities. Any special fees and charges collected as described in this paragraph must be deposited into insured checking or savings accounts and expended by each individual charter school.

A summary of the State's budgeted funds and expenditures for public schools (including charter schools) for the fiscal years ending June 30, 2016 through 2020 (the most recent year that such data has been made available) are set forth in the table below.

Table A-1

Budgeted Funds, Expenditures, Enrollment and Number of Schools⁽¹⁾					
Funds	2015-16	2016-17	2017-18	2018-19	2019-20
<i>Appropriated funds:</i>					
General funds	2,493	2,584	2,773	2,930	3,078
Federal funds	260	267	275	272	277
Special funds	97	84	84	84	87
Trust funds	18	18	16	16	16
Total	2,868	2,953	3,148	3,302	3,458
<i>Expenditures:</i>					
General funds	2,446	2,511	2,727	2,883	2,956
Federal funds	217	260	222	257	282
Special funds	47	44	52	47	40
Trust Funds	7	7	11	15	5
Total	2,717	2,822	3,012	3,202	3,283
<i>Enrollment⁽²⁾:</i>					
Department schools	169,987	169,268	168,095	168,152	167,454
Charter schools	10,422	10,634	11,160	11,546	11,877
Total	180,409	179,902	179,255	179,698	179,331
<i>Number of schools:</i>					
Department schools	256	256	256	256	256
Charter schools	34	34	36	36	37
Total	290	290	292	292	293

⁽¹⁾ Appropriated funds and expenditures in millions of dollars. Enrollment and number of schools are counts. Fiscal year ending June 30.

⁽²⁾ Based on official fall enrollment.

Source: State Department of Education, Office of the Superintendent, records based on the State Department of Education Data Book, Fiscal Years 2016 through 2020, and calculations by the Hawai'i State Department of Business, Economic Development & Tourism.

A summary of the State's per-pupil non-facilities funding expenditures for public schools (including charter schools) for the fiscal years ending June 30, 2014 through 2018 (the most recent year that such data has been made available) are set forth in the table below.

Table A-2

Per-Pupil Non-Facilities Funding Expenditures	
Funds	Amount
2017-18	\$16,883
2016-17	15,210
2015-16	14,938
2014-15	13,741
2013-14	13,326

Source: State Department of Education, Office of the Superintendent, records based on the State Department of Education Data Book, Fiscal Years 2016 through 2020, and calculations by the Hawai'i State Department of Business, Economic Development & Tourism.

A summary of the State Charter School Commission's allocation of funds to the State's charter schools for the fiscal years ending June 30, 2017 through June 30, 2021 (the most recent year that such data has been made available) are set forth in the table below.

Table A-3

Funding Allocations to State Charter Schools					
Funds	2016-17	2017-18	2018-19	2019-20	2020-21
General	\$77,675,809	\$85,686,481	\$90,501,123	\$94,786,566	\$98,674,031
Title I	3,839,679	4,598,004	7,052,951	6,249,557	7,304,756
Title II	254,317	417,444	205,489	161,483	262,110
Title III	785	3,040	1,643	-	8,079
Pre-K	635,492	2,150,306	4,535,128	5,717,373	2,388,047
Impact Aid	2,504,014	2,709,050	3,104,909	3,594,293	11,928,694
CARES/ESSER	-	-	-	2,208,686	-
SpEd	424,226	507,421	627,294	662,808	708,840
Other	-	562,801	841,431	206,865	243,054
Total	\$85,334,322	\$96,634,547	\$106,869,968	\$113,587,631	\$121,517,611
Charter schools in operation	34	36	36	37	37

Source: State Public Charter School Commission Annual Report 2016-17 through 2020-21.

Financial Insolvency (Charter School Act § 302D-28.5)

In the event that any public charter school becomes financially insolvent, the school will be deemed to have surrendered its charter. For purposes of the requirements described in this paragraph, a school will be determined to be financially insolvent when it is unable to pay its staff when payroll is due.

In the event that any public charter school becomes financially insolvent, the Authorizer must adopt a closure protocol as described under Section 302D-19(a) of the Charter School Act.

Weighted Student Formula (Charter School Act § 302D-29)

Notwithstanding Section 302D-28 of the Charter School Act, charter schools are required to elect whether to receive allocations calculated according to the State Department of Education's procedures and methodology used to calculate the weighted student formula allocation adopted pursuant to Section 302A-

1303.6 of the Hawai‘i Revised Statutes; provided that: (a) all charter schools, as a group, with each Governing Board being accorded one vote, must elect, by greater than two-thirds agreement among the Governing Boards, whether to receive allocations calculated through the State Department of Education’s procedures and methodology for the weighted student formula; provided that a nonprofit organization that governs more than one Conversion Charter School may cast one vote representing each school it governs; and (b) any election by charter schools to receive allocations, or not to receive allocations, calculated through the procedures and methodology for the State Department of Education’s weighted student formula must be made by September 1 of each even-numbered year, and the election must apply to the fiscal biennium beginning July 1 of the following year.

The charter schools, through their Authorizer, may propose to the State Board of Education an alternative weighted student formula, approved by more than two-thirds of the Governing Boards, with each Governing Board being accorded one vote, to be administered by the State Charter School Commission and to apply to the per-pupil allocation for charter schools.

Facilities Funding (Charter School Act § 302D-29.5)

Beginning with the 2016-2017 fiscal year, and each fiscal year thereafter, the State legislature is required to consider making an appropriation and bond authorization to the State Charter School Commission for the design, planning, construction, repair, and maintenance of public charter school improvements to address issues of health, safety, and legal compliance; expand or improve instructional space; provide for food services; or provide restroom facilities. The appropriation and bond authorization for charter schools must be separate from, and in addition to, any appropriation made to charter schools pursuant to this Sections 302D-29.5 and 302D-28 of the Charter School Act. These amounts must be prioritized for allocation by the charter school facilities funding working group.

The State governor, pursuant to Chapter 37 of the Hawai‘i Revised Statutes, may impose restrictions or reductions on appropriations for charter schools similar to those imposed on Department Schools.

The facilities funding provisions of Section 302D-29.5 of the Charter School Act described herein do not limit the ability of the Director of Finance to modify or amend any allotment pursuant to Chapter 37 of the Hawai‘i Revised Statutes.

There is established a charter school facilities funding working group within the State Department of Education, which consists of the following members, or their designees: (a) the chairperson of the State Charter School Commission; (b) the executive director of the State Charter School Commission; (c) the Director of Finance; (d) the comptroller; (e) the superintendent of education; (f) an individual with expertise in real estate, to be appointed by the chairperson of the State Charter School Commission; and (g) an individual with expertise in finance, to be appointed by the chairperson of the State Charter School Commission.

The State Charter School Commission is required to develop criteria to determine the distribution of funds appropriated as described in the first paragraph under this heading “Facilities Funding” to the charter schools. The criteria must include distribution based on the need and performance of the charter schools, overall benefit to the surrounding community, amount of risk and availability of recourse to the State, and whether a particular charter school received facilities funding through other State funding, including grants-in-aid or a separate appropriation.

The charter school facilities funding working group is exempt from Chapter 92 of the Hawai‘i Revised Statutes and is required to act in an advisory capacity to prioritize the allocation of general fund

appropriations and bond proceeds for public charter schools to expend based on the criteria established by the State Charter School Commission.

Nothing in Section 302D-29.5 of the Charter School Act may be construed as restricting the authority of the State Charter School Commission to support the facilities needs of the charter schools through other means.

Responsibilities of the State Department of Education; Special Education Services (Charter School Act § 302D-30)

The State Department of Education is required to collaborate with each Authorizer to develop a system of technical assistance related to compliance with federal and State laws and access to federal and State funds. The State Department of Education must collaborate with each Authorizer to develop a list of central services that the State Department of Education may offer for purchase by a charter school at an annual cost to be negotiated between an individual charter school and the State Department of Education. The State Department of Education must enter into a contract with a charter school to provide these services, which must be renegotiated on an annual basis.

The State Department of Education is responsible for the provision of a free appropriate public education. Any charter school that enrolls special education students or identifies one of its students as eligible for special education is responsible for providing the educational and related services required by a student's individualized education program. The programs and services for the student must be determined collaboratively by the student's individualized education program team, which includes the student's parents or legal guardians.

If the charter school is unable to provide all of the required services, then the State Department of Education must provide the student with services as determined by the student's individualized educational program team. The State Department of Education must collaborate with the State Charter School Commission to develop guidelines related to the provision of special education services and resources to each charter school. The State Department of Education must review all of the current individualized education programs of special education students enrolled in a charter school and may offer staff, funding, or both, to the charter school based upon a per-pupil weighted formula implemented by the State Department of Education and used to allocate resources for special education students in the Department Schools.

Athletics (Charter School Act § 302D-31)

The State Department of Education is required to provide students at charter schools, including students enrolled at charter schools whose curriculum incorporates virtual education, with the same opportunity to participate in athletics as is provided to students at Department Schools. If a student at any charter school wishes to participate in a sport for which there is no program at the charter school, the State Department of Education must allow that student to participate in a comparable program at the Department School in the service area in which the student resides. All charter school students participating in athletics must abide by all rules, regulations, and policies of the athletic league, association, and program applicable to the Department School in whose athletic program the student is participating.

Annual Audit (Charter School Act § 302D-32)

Each charter school is required to annually complete an independent financial audit that complies with the requirements of its Authorizer and the State Department of Education. The Authorizer must

provide to each charter school it oversees a list of approved independent auditors, from which the charter school must select one independent auditor to comply with the requirements described in this paragraph.

Criminal History Record Checks (Charter School Act § 302D-33)

The Authorizer must require charter schools to obtain verifiable information regarding the criminal history of persons who are employed or seeking employment in any position, including teacher trainees, that places them in close proximity to children, including criminal history record checks in accordance with Section 846-2.7 of the Hawai'i Revised Statutes. Information obtained pursuant to the requirements described in this paragraph are to be used exclusively by the charter school for the purpose of determining whether a person is suitable for working in close proximity to children. All such decisions are subject to applicable federal laws and regulations.

The employer or prospective employer may: (a) refuse to allow or continue to allow teacher training; (b) terminate the employment of any employee; or (c) deny employment to an applicant, if the person has committed a crime, and if the employer or prospective employer finds by reason of the nature and circumstances of the crime, that the person poses a risk to the health, safety, or well-being of children. Refusal, termination, or denial may occur only after appropriate investigation and notification to the employee or applicant of the results and planned action and after the employee or applicant is given an opportunity to meet and rebut the findings. Nothing in Section 302D-33 of the Charter School Act abrogates any applicable rights under Chapter 76 or 89 of the Hawai'i Revised Statutes, or any administrative rule of the State Charter School Commission.

Notwithstanding any other law to the contrary, for purposes of Section 302D-33 of the Charter School Act, the State Charter School Commission is exempt from Section 831-3.1 of the Hawai'i Revised Statutes and is not required to conduct investigations, notifications, or hearings in accordance with Chapter 91 of the Hawai'i Revised Statutes.

Enrollment (Charter School Act § 302D-34)

A public charter school may not discriminate against any student or limit admission based on race, color, ethnicity, national origin, religion, gender, sexual orientation, income level, disability, level of proficiency in the English language, need for special education services, or academic or athletic ability.

A Start-up Charter School: (a) must be open to any student residing in the State who is entitled to attend a Department School; (b) must enroll all students who submit an application, unless the number of students who submit an application exceeds the capacity of a program, class, grade level, or building; provided that a student who is currently enrolled in a charter school that has been notified of the prospect of revocation in accordance with Section 302D-18 of the Charter School Act, or is closing in accordance with Section 302D-19 of the Charter School Act, whichever occurs first, may be given first priority to enroll at another charter school to which the student applies, or placed at the top of the waitlist for enrollment; (c) must select students through a public lottery if, as described in subparagraph (b) above, capacity is insufficient to enroll all students who have submitted a timely application; (d) may give an enrollment preference to students within a given age group or grade level and may be organized around a special emphasis, theme, or concept as stated in the charter school's application and as approved by the charter school's Authorizer; (e) may give an enrollment preference to students enrolled in the charter school during the previous school year and to siblings of students already enrolled at the charter school; (f) may give an enrollment preference through a weighted lottery to educationally disadvantaged students; (g) may give any other enrollment preference permitted by the charter school's Authorizer, on an individual charter school basis, if consistent with law; provided that the requirements described in this paragraph do not preclude the formation of a Start-up Charter School whose mission is focused on serving students with disabilities, who

are of the same gender, who pose such severe disciplinary problems that they warrant a specific educational program, or who are at a risk of academic failure.

For purposes of subparagraph (f) in the paragraph immediately above: “educationally disadvantaged students” means students who are economically disadvantaged, students with disabilities, migrant students, limited English proficient students, neglected or delinquent students, and homeless students; and “weighted lottery” means any lottery that gives additional weight to individual students who are identified as part of a specified set of students but does not reserve or set aside seats for individual students or sets of students.

A Conversion Charter School: (a) must enroll any student who resides within the school’s former geographic service area pursuant to Section 302A-1143 of the Hawai‘i Revised Statutes, for the grades that were in place when the Department School converted to a charter school; provided that the State Department of Education may consult with a Conversion Charter School every three years to determine whether realignment of the charter school’s service area is appropriate given population shifts and the State Department of Education’s overall service area reviews; and (b) is subject to the requirements described in the second paragraph under this heading “Enrollment”: (i) for grades that were not in place when the school converted to a public charter school; and (ii) for any seats still available at the charter school after the enrollment of all students desiring to attend the charter school who reside within the school’s former geographic service area pursuant to Section 302A-1143 of the Hawai‘i Revised Statutes.

Use of Vacant Department Facilities (Charter School Act § 302D-35)

When any department considers whether to close any particular facility, it shall give reasonable consideration to making all or portions of the facility available to public charter schools and early learning programs that are affiliated with a public charter school.

Each department must provide notice to the superintendent and State Charter School Commission identifying suitable unused facilities that may be appropriate for: (a) public charter schools; and (b) early learning programs, including the pre-plus program, that are affiliated with a public charter school.

The State department of accounting and general services (the “*State Department of Accounting and General Services*”) is required to inventory the suitable facilities, and, in determining suitability for educational reuse, priority will be given to facilities on sites with sufficient space for three or more classrooms.

The State Department of Accounting and General Services must conduct biennial surveys of all departments concerning any unused facilities, or in the case of the State Department of Education any under utilized Department Schools, that meet the conditions under the second paragraph under this heading “Use of Vacant Department Facilities” and maintain an inventory of all such unused or under utilized facilities. The State Department of Accounting and General Services provides biennial reports on the inventory maintained under the requirements described in this paragraph to the State Charter School Commission.

The State Department of Accounting and General Services is required to adopt rules pursuant to Chapter 91 of the Hawai‘i Revised Statutes necessary to carry out the purposes of the requirements described under this heading “Use of Vacant Department Facilities.”

For purposes of the requirements described under this heading “Use of Vacant Department Facilities,” a “department” means all of the departments listed in Section 26-4 of the Hawai‘i Revised Statutes.

Upon receipt of a notice pursuant to the second paragraph under this heading “Use of Vacant Department Facilities,” the State Charter School Commission must: (a) solicit applications from public charter schools or early learning programs that are affiliated with a public charter school, respectively, that are interested in using and occupying all or portions of the facilities; and (b) submit a prioritized list of public charter schools or early learning programs that are affiliated with a public charter school, respectively, to the State Department of Accounting and General Services for final determination of which public charter schools or early learning programs that are affiliated with a public charter school, if any, is authorized to use and occupy the facilities.

Youth Suicide Awareness and Prevention Protocol (Charter School Act § 302D-36)

Each charter school must provide a youth suicide awareness and prevention training program and risk referral protocol to school personnel who work directly with students in kindergarten through grade twelve on an annual basis in accordance with Section 302A-856 of the Hawai‘i Revised Statutes. By September 15 of each year, each charter school must report to the State Department of Education on prior school year training prevention activities completed as described under Section 302A-856 of the Hawai‘i Revised Statutes. Neither the State Department of Education nor any of its agencies, boards, members, personnel, designees, agents, or volunteers shall be liable in civil damages to any party for any act or omission of an act relating to the provision of, participation in, or implementation of the components of the training program or protocol required by this section unless that act or omission amounts to gross negligence, willful and wanton conduct, or intentional wrongdoing

Standardized Assessment for Students Entering Kindergarten (Charter School Act § 302D-37)

Commencing July 1, 2023, the State Charter School Commission is required to adopt the kindergarten entry assessment adopted by the State Board of Education pursuant to Section 302A-1165(a) of the Hawai‘i Revised Statutes to assess all charter school students entering kindergarten within the first thirty days of admission into kindergarten. The State Charter School Commission may waive the requirements of the uniform kindergarten entry assessment on a case-by-case basis.

The State Charter School Commission must share the information gathered from public charter schools pursuant to the requirements described under this heading “Standardized Assessment for Students Entering Kindergarten” with the State Department of Education, the State department of human services (the “*State Department of Human Services*”), and State executive office on early learning (the “*State Executive Office on Early Learning*”) to the extent not otherwise prohibited by administrative rule or law.

Prior Early Learning Programs Attendance Disclosure (Charter School Act § 302D-38)

Commencing July 1, 2023, at least one parent or guardian of each child entering kindergarten must disclose to the public charter school at which the child is enrolled the name and address of the early learning program that the child attended during the previous academic year. Each public charter school must provide to the State Charter School Commission the information disclosed pursuant to the requirements described in this paragraph. The State Charter School Commission may also require the disclosure of any other information not otherwise prohibited by law that would assist the State Department of Education, the State Department of Human Services, and the State Executive Office on Early Learning in developing, assessing, and implementing strategies to meet the early learning needs of children in the State. The State Charter School Commission and the State Executive Office on Early Learning shall use the information to assist the State Department of Human Services and State Executive Office on Early Learning in determining the levels of prekindergarten attendance and need for child care in geographic regions of the State and identify the highest priority regions requiring prekindergarten programs and child care to meet the needs of unserved or underserved eligible children and shall provide the information to the State Department of Human

Services. The State Charter School Commission may include a request for the information required by subsection on a kindergarten enrollment form or any other appropriate form used at all public charter schools. The State Charter School Commission must share the information gathered pursuant to the requirements described in this paragraph with the State Department of Education, State Department of Human Services, and State Executive Office on Early Learning to the extent not otherwise prohibited by administrative rule or law.

Public Early Learning and Preschool Programs; Administrative Authority (Charter School Act § 302D-39)

The State Charter School Commission has administrative authority over all State-funded early learning programs and private partnership-funded preschool programs in public charter schools except for special education and Title I-funded prekindergarten programs.

The early learning programs in charter schools may enroll no more than a maximum of twenty children per classroom who are three- or four-years-old on or before July 31 of the school year, as aligned with the State Department of Education's kindergarten age entry requirements.

Subject to the availability of funding, the State Charter School Commission is required to implement an application process for schools to establish an early learning program.

Each early learning program and preschool program must meet the following requirements: (a) the availability of a classroom and outdoor play area that meet State Department of Human Services requirements for the health and safety of three- and four-year-old children and is exempt from Section 346-161 of the Hawai'i Revised Statutes as a public preschool provider; (b) the commitment of the principal to implementing an early learning program, including through active participation in professional development sessions offered through the State Charter School Commission, and promoting continuity and alignment between and across other early learning programs in the community and other grade levels in the school to ensure the positive outcomes of children are sustained; (c) the inclusion of students with disabilities based on individualized education program placement; provided that: (i) the in-classroom ratio of students with disabilities must be based on the inclusion of children with disabilities in proportion to the general population of the school; (ii) subparagraph (i) does not anticipate or permit imposing caps or quotas on the number of children with disabilities in a program or not individualizing services for children with disabilities under the Individuals with Disabilities Education Act of 2004 (20 U.S.C. 1400 et seq., as amended); (iii) the State Department of Education must collaborate with the charter school to coordinate services for students with disabilities who are placed in the classroom offered through the program; and (iv) funding for all costs associated with the implementation of the individualized education program of students must be provided through the State Department of Education; (d) enrollment in the program must be free and voluntary; (e) the enrollment must not exceed twenty children per classroom; and (f) the incorporation of standards that are research-based and developmentally-appropriate practices associated with improved educational outcomes for children, such as: (i) positive teacher-child interactions that will be evaluated through observations conducted by the State Charter School Commission using a research-based tool at least twice a year, for the purposes of professional development; provided that the observations may not be used for the purposes of teacher evaluation; (ii) the early learning environment must be assessed using a tool that measures its effectiveness and be conducted at least two times per school year by a certified observer who is employed or contracted by the State Charter School Commission; provided that the teaching staff must use the assessment data and feedback to improve the quality of the learning environment; provided further that observations must be used for the purposes of professional development and not be used for the purposes of teacher evaluation; (iii) use of individual child formative assessments that are used for ongoing planning relating to all areas of child development and learning including cognitive, linguistic, social emotional approaches to learning, and health and physical development; (iv)

family engagement in partnership with charter schools, including conducting outreach for enrollment and engagement of families in their children’s education in recognition of families’ role as their child’s first and most important teacher; (v) alignment with the State’s early learning and development standards, State Department of Education standards, State content and performance standards, and general learner outcomes for grades kindergarten to twelve to facilitate a seamless educational experience for children; (vi) requirements that any teacher have coursework in early childhood education pursuant to State teacher standards board licensing requirements for a prekindergarten teacher or be enrolled in a State-approved teacher education program and be working toward satisfying the State’s teacher standards board licensing requirements; and (vii) requirements that any educational assistant has a current child development associate credential, coursework for a certificate that meets the requirements for child development associate credential preparation, or be enrolled in and working toward completing a program that prepares the individual to obtain the credential.

The State Charter School Commission monitors the implementation of the educational experience for children.

The State Charter School Commission provides support to incorporate the standards developed as described in the fourth paragraph under this heading “Public Early Learning and Preschool Programs; Administrative Authority,” including support related to teacher-child interactions, early childhood learning environment, individual child assessments, and family engagement.

Teaching staff participating in a program established pursuant to the requirements under this heading “Public Early Learning and Preschool Programs; Administrative Authority” are required to participate in coaching and mentoring and professional development opportunities offered through the State Charter School Commission; provided that the State Charter School Commission must cover the associated travel and substitute teacher costs, contingent upon funding availability. The State Charter School Commission may extend this support, excluding travel and substitute teacher costs, to individuals who are not participating in the program to promote alignment between all grade levels, programs, and settings.

School leaders must attend professional development sessions related to P-3 (preschool to grade three) alignment offered through the State Charter School Commission. The State Charter School Commission covers the costs associated with travel and substitute teacher expenditures, contingent upon the availability of funding. The State Charter School Commission may extend this support, excluding travel and substitute teacher costs, to individuals who are not participating in the program to promote alignment between all grade levels, programs, and settings.

The State Charter School Commission works with each charter school to develop and annually update a written three-year plan that promotes, within the school and community, alignment of and transitions between learning experiences, and report on the progress made toward the plan by the end of the school year.

The State Charter School Commission coordinates with other agencies and programs to facilitate comprehensive services for early learning.

The State Charter School Commission promotes the development of a cohesive, comprehensive, and sustainable early learning system. The State Charter School Commission coordinates with other early learning providers, including those providing the programs and services, to promote alignment between prekindergarten and elementary school programs and to support children and their families in making successful transitions from prekindergarten into kindergarten.

Each early learning program and preschool program may use available classrooms for public preschool programs statewide.

The State Charter School Commission is required to submit a report to the State legislature no later than twenty days prior to the convening of each regular session regarding state-funded early learning programs in charter schools. The report must include, as related to each type of program: (a) the number and location of classrooms; (b) sources of funding for each classroom; (c) aggregated data reflecting the quality of teacher-child interactions relating to emotional support, classroom organization, and instructional support; (d) aggregated data reflecting the quality of the early learning environment and the teacher-child interactions that maximize the learning opportunities of the environment; and (e) aggregated student outcomes related to all areas of child development and learning, including cognitive, linguistic, social and emotional approaches to learning and health and physical development, as assessed using a formative assessment tool selected or approved by the State Charter School Commission. This reported data is to be compiled from the previously State-funded school year.

Computer Science (Charter School Act § 302D-40)

Beginning with the 2024-2025 school year, each public charter school that serves elementary, middle, intermediate, or high school students is required to offer computer science courses or computer science content at a frequency that allows a student to enroll in a computer science course or receive computer science content at least once while the student is at each of the elementary school, middle or intermediate school, and high school levels. For the purpose of the requirements described in this paragraph, “offer” has the same meaning as in Section 302A-323 of the Hawai‘i Revised Statutes.

Public Information (State Charter School Commission Administrative Rules § 8-502-8)

Unless otherwise provided by statute, rule, or order of the State Charter School Commission, all information contained in any pleading, submittal, petition, statement, recommendation, report, or other document filed with the State Charter School Commission pursuant to the requirements of a statute or rule or order of the State Charter School Commission must be available for inspection by the public.

Confidential treatment may be requested where authorized by statute. For good cause shown, the State Charter School Commission must grant the request.

Matters of public record may be inspected in the office of the State Charter School Commission during regular office hours. Copies of matters of public record must be furnished to any person upon request and upon payment of the actual cost thereof as set forth in Section 8-501-5(b) of the State Charter School Commission Administrative Rules.

Commission Decision (State Charter School Commission Administrative Rules § 8-502-9)

All final orders, opinions or rulings entered by the State Charter School Commission in a proceeding and rules adopted by the State Charter School Commission must be certified and served upon the parties or persons participating in the proceeding by regular mail or personal delivery by the State Charter School Commission and released for general publication. Copies of published materials must be available for public inspection in the office of the State Charter School Commission or may be obtained upon request and upon payment of charges, if any.

Emergency Rulemaking (State Charter School Commission Administrative Rules § 8-503-4)

Notwithstanding Sections 8-503-1 through 8-503-4 of the State Charter School Commission Administrative Rules, if the State Charter School Commission finds that an imminent peril to public health, safety, or morals requires the adoption, amendment, or repeal of a rule upon less than thirty days' notice of hearing, and states in writing its reason for the finding, it may proceed without prior notice or hearing or upon abbreviated notice and hearing as it finds practicable to adopt an emergency rule to be effective for a period of not longer than one hundred twenty days without renewal.

Petitions for Adoption, Amendment, or Repeal of Rules (State Charter School Commission Administrative Rules § 8-503-5)

Any interested person, organization, or agency may petition the State Charter School Commission for the adoption, amendment, or repeal of any rule, which is designed to implement, interpret, or prescribe law, policy, organization, procedure, or practice requirements of the State Charter School Commission.

Petitions for rulemaking must conform to the requirements of Section 8-502-2 of the State Charter School Commission Administrative Rules. A petition for rulemaking must set forth the text of any proposed rule or amendment or specify the rule proposed to be repealed; state concisely the nature of petitioner's interest in the subject matter and petitioner's reasons for seeking the adoption, amendment, or repeal of the rule; and include any facts, views, arguments, and data deemed relevant by the petitioner. A request for the adoption, amendment, or repeal of a rule which does not conform to the requirements described in this paragraph may not be considered by the State Charter School Commission.

Petitions for rulemaking will be given a docket number and become matters of public record upon filing. The State Charter School Commission, within thirty days following the filing of the petition, must either deny the petition in writing or initiate public rulemaking proceedings as set forth in Sections 8-503-1 to 8-503-4 of the State Charter School Commission Administrative Rules. No public hearing or other proceedings will be held with respect to the determination whether to deny the petition or initiate public rulemaking proceedings. Where the State Charter School Commission determines that the petition does not disclose sufficient reasons to justify the institution of public rulemaking proceedings, or where the petition for rulemaking fails, in material respect, to comply with the requirements of these rules, the State Charter School Commission will deny the petition and the petitioner will be so notified together with the grounds for denial.

The provisions described under this heading "Petitions for Adoption, Amendment, or Repeal of Rules," however, will not operate to prevent the State Charter School Commission, on its own motion, from acting on any matter disclosed in any petition.

APPENDIX B

CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY

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General

DreamHouse, Inc. (the “**Borrower**”) is a State of Hawai‘i (the “**State**”) nonprofit corporation, incorporated on January 2, 2014 under the Hawai‘i Nonprofit Corporation Act, Title 23, Chapter 414D of the Hawai‘i Revised Statutes (the “**Nonprofit Corporation Act**”). The Borrower received a 501(c)(3) determination letter from the Internal Revenue Service, dated September 22, 2014 and effective January 12, 2014, classifying the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code). The Borrower was incorporated for the primary purpose of supporting the provision of public education by DreamHouse ‘Ewa Beach Public Charter School (the “**School**”). Capitalized terms not otherwise defined in this Appendix B shall have the same meanings as set forth in the body of this Limited Offering Memorandum.

The School is a State public charter school, organized under Title 18, Chapter 302D of the Hawai‘i Revised Statutes, as amended (the “**Charter School Act**”). The School operates under a Public Charter School Contract, last dated October 25, 2018 (the “**Charter Contract**”), between the School and the Hawai‘i State Public Charter School Commission (the “**State Charter School Commission**”). The Charter Contract’s term commenced on July 13, 2017 and, pursuant to its terms and applicable State law, the Charter Contract’s term will expire five years from July 1, 2019 (*i.e.*, July 1, 2024). See “Charter Contract” below.

The School began operations in the 2019-20 school year with 77 students as of the official enrollment count on October 15, 2019 and 100 students as of the end of the school year in grade 6. Since that time, the School’s enrollment has grown, as of the official enrollment count on October 15, 2021, the School enrolled 258 students in grades 6-8. As of May 1, 2022, the School’s enrollment increased to 300 students in grades 6-8. The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. Under the Charter Contract, the School is authorized for up to 700 students.

Under the Charter School Act, the School is subject to regulation and ongoing oversight by the State Charter School Commission as the School’s authorizer. Such oversight involves collecting and analyzing data to annually provide a performance report regarding the School to the Hawai‘i State Board of Education (the “**State Board of Education**”) and the State legislature. See “APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS – Charter School Authorizers – *Oversight of Public Charter School Authorizers*” and “– Ongoing Oversight and Corrective Actions” in this Limited Offering Memorandum.

Facilities

Leased Facilities

Leased Middle School Facilities

The School currently operates grades 6-8 in leased charter school facilities located at 91-1245 Franklin D Roosevelt Ave – A, Kapolei, Hawai‘i (the “**Leased Middle School Facilities**”) as a sublessee pursuant to a Lease Agreement, last dated February 27, 2019, as last amended by a Fourth Amendment to Lease Agreement, dated February 9, 2022 (the “**Middle School Facilities Lease**”), between the Borrower and Wakea Garden Apartments, LLC, a Hawai‘i limited liability company (the “**Middle School Facilities Lessor**”). The current term of the Middle School Facilities Lease commenced on July 1, 2020 and is set to expire on August 1, 2029. The monthly lease payment required under the Middle School Facilities Lease will be \$25,276.49 for the 2022-23 fiscal year, increasing at approximately 3.0% per annum. Upon the

completion of the Series 2022 Facility (as defined below), the School’s high school operations (ultimately grades 9-12) will be moved to the Series 2022 Facility; however, the School’s middle school operations (grades 6-8) will continue at the Leased Middle School Facilities pursuant to the Middle School Facilities Lease. The Middle School Facilities Lease includes the lease of temporary portable classrooms at the Lease Middle School Facilities to house students in grade 9. Once the Series 2022 Facility is completed, the portables will be removed.

The Series 2022 Bonds are not secured by a mortgage or other lien on the Leased Middle School Facilities.

Leased High School Facilities

Beginning in August 2022 and until the Series 2022 Facility is completed, the School will operate the high school grades (commencing with grade 9 for the 2022-23 school year) in leased charter school facilities located at 590 Farrington Highway, Kapolei, Hawai‘i (the “**Leased High School Facilities**”) as a sublessee pursuant to a Shopping Center Lease, effective as of January 1, 2022 (the “**High School Facilities Lease**”), among Kapolei Marketplace, LLC, a Delaware limited liability company and Kapolei-57, LLC, a Delaware limited liability company (together, the “**High School Facilities Lessor**”) and the Borrower. The current term of the High School Facilities Lease commenced on January 1, 2022 and is set to expire on June 30, 2024. The monthly lease payment required under the High School Facilities Lease is \$19,860 commencing on July 1, 2022 through December 31, 2022. Commencing on January 1, 2023 through December 31, 2023, the monthly lease payment required under the High School Facilities Lease will be \$10,525 and will increase to \$22,309 per month from January 1, 2024 through June 30, 2024.

The Series 2022 Bonds are not secured by a mortgage or other lien on the Leased High School Facilities.

Land, Building, and Developer Improvements

The Series 2022 Facility will be constructed on an approximately 67,130 square foot site located on the north side of Kama‘aha Avenue near the intersection with Manawai Street in Kapolei, Hawai‘i (the “**Land**”). Kapolei 60, LLC, a Hawai‘i limited liability company (the “**Developer**”), which is the owner of the Land, will construct an approximately 37,500 square foot, three-story building on the Land (the “**Building**”). Pursuant to the terms of that certain Agreement to Lease; Agreement to Construct and Sell Improvements, dated as of January 18, 2022 (the “**Agreement to Lease**”), and a Lease, to be dated on or about the Closing Date (the “**Facility Lease**”), each between the Developer and the Borrower, the Developer has agreed to lease to the Borrower approximately 27,000 square feet of space within the Building consisting of (a) all of the space on the second floor and the third floor of the Building, (b) a dedicated lobby area of approximately 2,000 square feet on the first floor of the Building, and (c) restrooms, stairwells, elevators, and any other space in the Building that is for the exclusive use of the Borrower (collectively, the “**Leased Developer Facilities**”). The Facility Lease will also include a lease by the Developer to the Borrower of the exclusive use of 60 parking stalls on the Land. The Developer will own and operate the remaining space on the first floor of the Building and the improvements to be constructed by the Developer thereon (the “**Developer Improvements**”). The Developer Improvements will consist of retail space as permitted in the Agreement to Lease. As the School’s enrollment continues to grow in future years, the School may seek to acquire the improvements to the first floor of the Building; however, the School has no imminent plans to do so.

The City of Kapolei is referred to as O‘ahu’s “Second City” and has been designed with such intention under iterations of master plans, the latest being the Kapolei Urban Design Plan. Having originally started in 1955, the preparation and development of the area is significant. This means zoning aligns with

intended use, utilities are readily available, and infrastructure has been built and, in many cases, already dedicated to the City for public use.

The Land is situated on a four-unit (units of land parcels) development that was acquired in 2005 by the Developer. Construction of the Building is phase 3 of a four-phase plan, the Land has already been graded and Phase 1 and 2 developed by Avalon Development Company, LLC as a private preschool/daycare facility and as the U.S. Social Security Administration, respectively. All offsite work has been completed and all that is left is onsite roadways. There is no concern for unexpected assessments on the development. The Developer is staying within the allowable uses under the current zoning, public roadways are completed, sitework has been done so there are no archaeological concerns, and the project is fully entitled for traffic, utilities, and stormwater access for a maximum gross floor area (density) of 335,303 square feet for the overall development.

The Series 2022 Bonds are not secured by a mortgage or other lien on the Developer’s fee simple interest in the Land, Building, and the Developer Improvements; however, the Series 2022 Bonds are secured by a lien on the Borrower’s leasehold interest in the Leased Developer Facilities as set forth in the Mortgage.

Series 2022 Facility

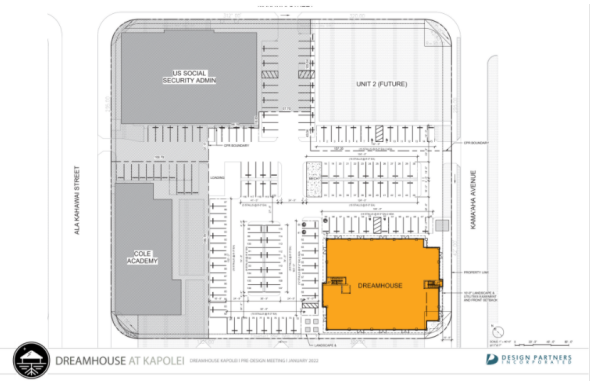
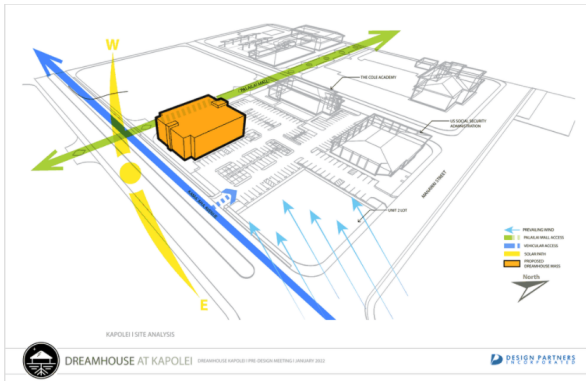
Pursuant to the Agreement to Lease and the Facility Lease, the Developer will construct certain charter school facility improvements to the Leased Developer Facilities (the “**Series 2022 Facility**”). The Series 2022 Facility will be known as “DreamHouse Center” and will consist of two open layout floors that will resemble flexible co-working space, glass-encased break-out space, state of the art technology and innovative furniture design layouts, and a stadium seating-type, open air auditorium built into the stairwell. The Borrower will own all of the furniture and equipment used in connection with the School’s operation of the Series 2022 Facility.

The Series 2022 Bonds are secured by the Borrower’s leasehold interest in the Series 2022 Facility as set forth in the Mortgage.

The following map shows the location of the Series 2022 Facility and the surrounding areas.



The following images show the expected site plan and renderings of the Building.



Construction Project and Schedule

The Developer is a subsidiary of the Avalon Group (“*Avalon*”). Based in downtown Honolulu, Hawai‘i, Avalon is a full-service real estate development, consulting, and sales company with over 25 years of real estate development experience that focuses entirely on real estate projects in the State. Avalon owns and manages approximately \$350 million in valuation and over 1.5 million square feet of residential and commercial real estate projects. Avalon has developed five school projects, including projects for Cole Academy (an early childhood education and childcare facility for children ages 6 weeks through 6 years old), Na Maka Prep Preschool, and Hawai‘i Tech Academy.

The Developer has agreed to construct the Building and the Series 2022 Facility pursuant to the terms and conditions set forth in the Agreement to Lease. Under the Agreement to Lease, the Developer has agreed (i) to construct the Series 2022 Facility for a price equal to \$17,375,000, which amount will be increased through an amendment to the Agreement to Lease to be delivered on or prior to the Closing Date upon a final determination of the cost to obtain payment and performance bonds relating to the construction of the Series 2022 Facility (together with such increase, the “***Purchase Price***”) and (ii) that the Series 2022 Facility will be substantially completed on or before June 30, 2024. The Purchase Price is to be funded incrementally in accordance with the funding schedule set forth in the table below.

Table B-1

Purchase Price Funding Schedule		
Construction Activity	Required Deliverable	Amount
Closing Date of Series 2022 Bonds	N/A	\$2,417,000.00
Submit plans to the Department of Planning and Permitting, City and County of Honolulu (“DPP”)	Digital copy of plans submitted to DPP with evidence of DPP receipt	651,000.00 ⁽¹⁾
Mechanical, electrical and plumbing certification	Copy of certification letter from Developer’s third-party review consultant	519,000.00
Grading permit obtained/grading begins	Copy of grading permit	3,690,000.00
Building construction begins	Copy of letter from Developer’s architect confirming that the grading work has been completed	5,490,000.00
Building enclosure construction begins	Copy of letter from Developer’s architect confirming that the structural system for the Building, including the roof structure, has been completed	3,738,000.00
Temporary Certificate of Occupancy obtained	Copy of Temporary Certificate of Occupancy	870,000.00
Total		\$17,375,000.00⁽²⁾

⁽¹⁾ Grading/sitework plans were submitted to the DPP on April 14, 2022 and comments were received on April 29, 2022. 50% building plans were submitted to the DPP on April 6, 2022, and 100% building plans were submitted to the DPP on May 30, 2022. Accordingly, such amount will also be due to the Developer on the closing date of the Series 2022 Bonds.

⁽²⁾ Such amount will be increased through an amendment to the Agreement to Lease to be delivered on or prior to the Closing Date upon a final determination of the cost to obtain payment and performance bonds relating to the construction of the Series 2022 Facility.

Source: The Borrower.

In an effort to meet its obligations to deliver the Building and subsequently grant physical access to the Borrower and the School by June 30, 2024, the Developer initiated the design and permitting process for the Building in January 2022, ahead of the funding of a portion of the Purchase Price from proceeds of the Series 2022 Bonds.

Pursuant to the Indenture, for any amounts to be disbursed from the Project Fund after the Closing Date, the Borrower is required to deliver a requisition to the Trustee to pay the amounts set forth in the foregoing table. As applicable, such requisitions are to include evidence of the required deliverables set forth in the foregoing table. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – INDENTURE – EXHIBIT B FORM OF REQUISITION FROM THE PROJECT FUND.”

According to information provided by the Developer, under the regular building permit review process, applications are submitted to the DPP and enter the queue for review. Agencies that review the initial application include, but are not limited to, the Honolulu Board of Water Supply, DPP Wastewater Branch, DPP Civil Engineering Branch, DPP Zoning Regulations, DPP Traffic Review Branch, the Honolulu Fire Department and the Department of Health. Once all comments are submitted, the application is typically sent back and forth for revisions and resubmittal before being granted approval.

Due to the extensive review process that typically takes over a year for large commercial developments, the Honolulu City Council introduced supplementary processes designed to expedite the process. As of September 2019, Bill 24 (Ordinance 19-21) was signed into law by the Mayor of Honolulu to help expedite the construction of projects by establishing a process called Special Assignment Inspections (“*SAI*”). SAI allows some construction activity to begin while building permit applications are still being reviewed. The process is initiated once the building permit application has been under review for at least 30 days and the fee is paid. At this point, third-party reviewers consisting of qualified engineers and architects certified by the City and County of Honolulu review the plans for building code compliance as it pertains to building, structural, electrical, plumbing/mechanical, and life fire safety.

At the time of SAI submittal, compliance certification and a grading permit is in hand. This replaces the process of agency review and expedites approvals so that sitework can begin while the building permit is reviewed. SAI and third-party review will be utilized by the Developer in order to complete the construction of the Series 2022 Facility by June 2024.

The expected key construction dates for the construction and improvement of the Building and the Series 2022 Facility are set forth in the table below.

Table B-2

Estimated Construction Schedule	
Construction Activity	Date
Submit plans to the DPP ⁽¹⁾	May 31, 2022
Mechanical, electrical and plumbing certification	August 1, 2022
SAI Issued	February 28, 2023
Grading permit obtained/grading begins	March 1, 2023
Building construction begins	July 1, 2023
Building enclosure construction begins	November 1, 2023
Building permit obtained	December 31, 2023
Temporary Certificate of Occupancy obtained	June 30, 2024

Source: The Borrower.
⁽¹⁾ Grading/sitework plans were submitted to the DPP on April 14, 2022 and comments were received on April 29, 2022. 50% building plans were submitted to the DPP on April 6, 2022, and 100% building plans were submitted to the DPP on May 30, 2022.

While the Borrower believes that the foregoing schedule is reasonable and attainable, there are several risks that could lead to delays in the schedule. Shortages in various labor trades or materials due in whole or in part to the impacts of COVID-19 present likely risks to the construction schedule. There can be no assurance that construction issues or delays of the type described above, or other issues, will not frustrate the planned completion of any part of the construction of the Series 2022 Facility. Any delays in the completion of construction and improvement of the Series 2022 Facility beyond the estimated construction period may impact the ability of the School to commence its operations at the Series 2022 Facility at the beginning of the 2024-25 school year. Pursuant to the Loan Agreement, the Borrower covenants to deliver certain construction updates within 15 days after receipt thereof from the Developer. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LOAN AGREEMENT – Section 5.08 Additional Covenants of the Borrower.”

Under the terms of the Agreement to Lease, if at any time prior to June 30, 2024, the Developer does not have a good faith belief that it will achieve Substantial Completion of the Series 2022 Facility by June 30, 2024, the Developer, at its option, may (i) notify the Borrower of the same in writing, and (ii) within sixty (60) days of the date of such written notice, rent temporary space to be occupied by the

Borrower, at the Developer’s sole cost and expense, which temporary space shall be located in the ‘Ewa region of O‘ahu (west of Fort Weaver Road) and shall be approximately 27,000 square feet of interior space. Furthermore, under the terms of the Agreement to Lease, the Developer is obligated to pay the Borrower liquidated damages in the amount of \$1,000 per day in the event construction on the Series 2022 Facility is not completed by June 30, 2024; provided that the total amount of liquidated damages may not exceed \$365,000. No assurance can be given that the Series 2022 Facility will be completed on time or that the School would be able to extend the High School Facilities Lease. Construction delays could delay the School’s occupancy of the Series 2022 Facility. See “RISK FACTORS – Construction Costs; Completion of the Series 2022 Facility.”

Although the Developer expects to obtain its own financing in connection with the construction of the Building, the Facility Lease provides for a right of quiet enjoyment by the Borrower to ensure that the Facility Lease remains in place should the Developer default under the terms of its financing documents.

Pursuant to the Loan Agreement, the Borrower covenants to deliver payment and performance bonds to the Trustee prior to the commencement of construction (including any grading or sitework activities) of the Series 2022 Facility.

Facilities Maintenance

Upon completion of the Series 2022 Facility, the Borrower expects to employ one or more maintenance directors or a maintenance company that will be charged with maintaining the Series 2022 Facility and who will make certain repairs and perform certain maintenance at the Series 2022 Facility, though the Borrower expects to also hire third-party vendors to make repairs as necessary. The Borrower will contract with a third-party vendor for all custodial needs.

Environmental Report

Central Planet Repair, LLC (the “***Environmental Consultant***”) has conducted a Phase I Environmental Site Assessment (Revision 1) with respect to the Land and summarized its findings and conclusions in a report, dated May 18, 2022 (the “***Phase I Report***”). The Phase I Report concluded that no known or suspect recognized environmental conditions (“***RECs***”) are likely present or were present on the subject property. RECs are defined in the Phase I Report as the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment). In addition, the Phase I Report concluded that there were no de minimis environmental conditions present on the subject property (conditions determined to be de minimis are not RECs. De minimis conditions generally do not present a threat to human health or the environment and generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies). Based on the findings of the Phase I Report, Environmental Consultant provided its opinion that no additional environmental actions are warranted for the subject property at the date of the Phase I Report.

Property Tax Exemption

Under Chapter 8, Article 10, Section 10 of the Revised Ordinances of Honolulu, real property, or a portion thereof, owned in fee simple, leased, or rented for a period of one year or more, by a charter school may be exempt from property taxes. If the property, or a portion thereof, for which exemption is claimed is leased or rented, the lease or rental agreement must be in force and recorded in the bureau of conveyances or filed in the office of the assistant registrar of the land court. Furthermore, the charter school must carry on a program of instruction meeting the requirements of the compulsory school attendance law, Section

302A-1132 of the Hawai'i Revised Statutes; provided, that any claim for exemption based on any of the foregoing uses must be accompanied by a certificate issued by or under the authority of the Hawai'i State Department of Education (the "*State Department of Education*") stating that the foregoing requirements are met.

The Borrower covenants in the Loan Agreement to apply, or cause the School to apply, for real property tax exemption with respect to the Series 2022 Facility by September 30, 2022. Assuming no change in State law, the Borrower expects that the Series 2022 Facility will receive an exemption from real property tax. If the Series 2022 Facility does not receive an exemption from real property tax, the Series 2022 Facility would be taxed at the commercial property tax rate, which is currently 1.24%. See "RISK FACTORS – Tax Related Issues – *Exemption from Property Taxes.*"

Transportation

The School does not offer transportation to its students.

Purpose of the Series 2022 Bonds

Series 2022 Facility being Constructed

As described above, a portion of the proceeds of the Series 2022 Bonds in an amount equal to \$17,375,000, which amount will be increased through an amendment to the Agreement to Lease to be delivered on or prior to the Closing Date upon a final determination of the cost to obtain payment and performance bonds relating to the construction of the Series 2022 Facility, will be used by the Borrower in accordance with the purchase price funding schedule set forth in Table B-1 above, in respect of the construction and improvement of the Series 2022 Facility. An additional \$625,000* will be used to finance furniture, fixtures and equipment (FF&E), utility connections, and related improvements not covered under the Agreement to Lease to make the Series 2022 Facility ready for the 2024-25 school year. The Borrower will lease the Series 2022 Facility to the School pursuant to the terms of a Sublease Agreement, to be dated on or about the Closing Date (the "*School Lease*"), between the Borrower and the School.

Additional Uses

A portion of the proceeds of the Series 2022 Bonds will also be used to finance capitalized interest on the Series 2022 Bonds through June 1, 2025*, fund a debt service reserve fund, fund a rent reserve for the Facility Lease, and pay certain issuance expenses as further described in the Limited Offering Memorandum.

* Preliminary, subject to change.

Mission and Focus

Mission

The School's mission is to empower homegrown leaders through values-driven leadership development, bold 21st century skill building, and a passionate commitment to the School's island community.

Core Beliefs

- All Students – *All students can achieve. It is the School's responsibility to help each child reach the child's fullest potential.*
- Parents & Families – *Parents, guardians, and families are the School's partners. Parents, guardians, families, and the School are a team, in support of every child.*
- Community – *The community is an asset. The School is resource-based and solutions-oriented.*
- Leadership – *Leadership is key. Individual leadership, agency, and empowerment can change life outcomes.*
- Identity – *Identity must be honored. All individuals are unique, and the School must support and respect individuality.*

Academic Values

- High Expectations – *High expectations and a rigorous academic environment will benefit the School's students.*
- Ownership of Outcomes – *Ownership of all outcomes, by students and educators, instills a culture of responsibility.*
- Growth-Oriented – *Growth-oriented 21st Century skill development leads to mindfulness, progress, and success.*
- Empathy – *Empathy builds skills and dispositions necessary to learn, grow, and lead.*
- Leadership & Identity Affirmation – *Leadership and identity affirmation will unlock academic potential in unprecedented ways.*

Core Competencies

- Voice – *The School's students are taught to know, own, and believe in their voice. Their words and the way they speak and communicate are grounded in the identity they have chosen for themselves, and they communicate from a place of knowledge, purpose, and humility.*
- Identity Affirmation – *The School's students are taught to know and live their values and beliefs in a way that shapes their identity. They speak for and respect themselves and know*

that each one of them is the person they choose to be. They are committed to exploring differences and navigating change while leaning on these values and beliefs.

- *Servant Leadership – The School’s students are taught to be leaders. They are responsible for making a positive impact on people and situations and see their leadership as an integral part of their life. They are committed to continuously reflecting and improving to be the best, most authentic version of themselves, in service to their community.*
- *Commitment to Community – The School’s students are taught to be committed to knowing, serving, and affecting positive change in their local community. They believe that all challenges and obstacles have solutions, and they see themselves as a local leader who is responsible for being part of these solutions.*
- *Consciousness – The School’s students are taught to be awake and mindful of the very real issues in their community, islands, and world. They speak and act to shed light on and address injustice and inequity in a solutions- and partnership-oriented manner.*

Curriculum and Programs

Proprietary Curriculum

The School developed a curriculum through different learning and development frameworks that accentuates leadership development and identity transformation. The curriculum involves three major elements:

- Project, place-based;
- Interdisciplinary and competency-based;
- Aligned to the School’s mission, vision, and values.

The School works closely to hire and train teachers who can develop curriculum, from scratch, that focuses on local leadership and community impact. The School uses Common Core Standards, Hawai‘i State Performance Standards, Next Generation Science Standards, and other applicable standards and frameworks that ensure alignment to the expectations of the State Charter School Commission, as well as State and federal requirements. In addition, the School’s students take multiple assessments throughout the year in and outside of content areas to benchmark progress, growth, and achievement.

Beyond core courses, the School holds daily student-led learning tutorials as well as a dedicated leadership and identity development block called “LEAD.”

Special Education Programs

The School provides special education programs and related services for students who are eligible for special education. The School uses an inclusive, “push-in” model of education for its students so that its high needs and non-high needs students are learning alongside of and with each other. The School has one special educator per grade level, as well as a high needs special educator, and counselor and special projects coordinator, and a member of the School’s leadership team who oversees the School’s vision and implementation of its special education plan to ensure compliance, but also manifest success for students

in a unique, inclusive environment model. As of October 15, 2021, the School had 29 students enrolled in its special education programs.

College Credit Programs

High school students enrolled in the School are offered opportunities to earn college credit. In partnership with the University of Hawai'i system, the School has designed Early College and Running Start opportunities for students that will begin in the summer of 2022, prior to their 9th grade year.

Extracurricular Programs

All high school students enrolled in the School are eligible to play sports at their home State Department of Education school. See "APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS – Athletics" in this Limited Offering Memorandum. The School seeks to organize connections and conversations with coaches from local high schools in order for the School's students to participate in those teams. Currently, the School does not own or lease any athletic facilities and does not have or sponsor any of its own athletic teams.

Additionally, the School provides opportunities for leadership development for its students which include, but are not limited to the following: teacher assistant positions at the middle school, classes at the University of Hawai'i West O'ahu Campus, student council and government, student-led events and projects, student-led clubs, participation with local organizations, and internships.

Technology

The School utilizes a broad range of technology devices to serve the mission of education for its students. The School is the first in the State to provide 100% of students with 1:1 iPads and to additionally ensure children have access to Apple Airplay-equipped TVs, a dedicated internet access line (1GB hyper fast speeds), coding software, and multiple online subscriptions that are free for all students. The School integrates Apple devices and wireless capabilities across its facilities to enhance the academic, administrative, and other aspects of its operations.

National School Lunch Program

The School does not participate in the National School Lunch Program as of the 2021-22 school year. The School outsources its school lunch services to a local meal delivery company called Flo's Kitchen.

Accreditation and Awards

Accreditation

The School plans to seek accreditation by Western Association of Schools and Colleges once eligible.

Awards and Recognitions

The School is the newest and fastest-growing public charter school in the State. On January 7, 2022, the School was awarded the Congressional App Challenge from U.S. Congressman Ed Case's office. In addition, the School was awarded the State's only replication and expansion grant from the U.S. Department of Education's Office of Innovation in 2021, a \$1,000,000 grant over the course of five years. The School

continues to be recognized locally and nationally through media, podcasts, and educational networks, which amplifies the work the School is committed to achieving.

Charter Contract

The School operates under the Charter Contract and pursuant to the requirements of the Charter School Act. The Charter Contract's term commenced on July 13, 2017 and, pursuant to its terms and applicable State law, the Charter Contract's term will expire five years from July 1, 2019 (*i.e.*, July 1, 2024). The Charter Contract may be renewed at the end of the contract term, subject to the terms of the Charter Contract; however, the State Charter School Commission, as the School's authorizer, may choose not to renew the Charter Contract under grounds specified in the Charter Contract and the Charter School Act. During the term of the Charter Contract, the State Charter School Commission, as the School's authorizer, may also revoke the Charter Contract if the State Charter School Commission determines that the School did any of the following or otherwise failed to comply with the provisions of the Charter School Act: (a) committed a material and substantial violation of any of the terms, conditions, standards, or procedures required under the Charter School Act or the Charter Contract; (b) failed to meet or make sufficient progress toward performance expectations set forth in the Charter Contract; (c) failed to meet generally accepted standards of fiscal management; or (d) substantially violated any material provision of law from which the School is not exempted. See "APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS – Charter Contract Renewals, Revocations, and Nonrenewal" in this Limited Offering Memorandum.

Pursuant to the Charter Contract, the School primarily receives funding from the State Charter School Commission based on per-pupil allocations (such per-pupil funding is referred to herein as the "**Charter Revenues**"), as follows: (a) sixty percent (60%) of the School's per-pupil allocation based on the School's projected student enrollment no later than July 20 of each fiscal year; provided that the School must have submitted to the State Charter School Commission a projected student enrollment no later than May 15 of each year; (b) an additional thirty percent (30%) of the School's per-pupil allocation no later than December 1 of each year, based on the October 15 student enrollment, as reviewed and verified by the State Charter School Commission; provided that the School is in compliance with all financial reporting requirements; and (c) no more than the balance of the remaining ten percent (10%) of the School's per-pupil allocation, as a contingency balance to ensure fiscal accountability and compliance, no later than June 30 of each year; provided that the State Charter School Commission may make adjustments in allocations based on noncompliance with the Charter Contract and the State Board of Education may make adjustments in allocations based on noncompliance with State Board of Education policies made in the State Board of Education's capacity as the State education agency, State Department of Education directives made in the State Department of Education's capacity as the State education agency, the State Board of Education's administrative procedures, and State Board of Education-approved accountability requirements. The Charter Revenues are contingent upon legislative appropriation and allocation of funds. Pursuant to the Charter Contract, if the State legislature fails to appropriate sufficient monies or if the appropriation reduced by the State governor or by any other means and the effect of such non-appropriation or reduction is to provide insufficient monies for the continuation of the School, the Charter Contract will terminate on the last day of the fiscal year for which sufficient funds are available. The rent (which will primarily consist of Charter Revenues) paid by the School to the Borrower is expected to be the primary source of payment of principal of, premium, if any, and interest on the Series 2022 Bonds; however, the Charter Revenues are not pledged by the School to the Trustee to secure its obligations under the School Lease.

The School believes that it is substantially in compliance with all contractual provisions and requirements of the Charter Contract, as well as all applicable laws, ordinances, and regulations. The School has not received any notice of noncompliance or similar notice from the State Charter School Commission, the State Board of Education, the State Department of Education, or any other State or federal agency.

Pursuant to a letter dated May 9, 2022 from the State Charter School Commission, the State Charter School Commission stated that the School is in full compliance with the Charter School Contract and has had no compliance deficiencies.

Governance and Administration

Borrower Governing Board

The Borrower is a State nonprofit corporation and operates in accordance with the Nonprofit Corporation Act, its Articles of Incorporation, dated December 18, 2013 and filed with the State on January 2, 2014 (the “***Borrower Articles***”), and its Bylaws, dated January 15, 2014 (the “***Borrower Bylaws***”). Under the Borrower Articles, the Borrower is organized to operate exclusively for charitable, religious, literary, educational and scientific purposes, within the meaning of Section 501(c)(3) of the Code, including for such purposes, the making of distributions to organizations that qualify as tax-exempt organizations under Section 501(c)(3) of the Code.

The Borrower Articles and Borrower Bylaws require that the governing board of the Borrower (the “***Borrower Board***”) consist of at least three directors appointed by the Borrower Board. The current members of the Borrower Board are set forth in the table below.

Table B-3

Borrower Board Composition		
Name	Current Term	Position
Jacob Noh	2019-22	Chair
Aimee Curre	2019-22	Vice Chair
Edward Cordasco	2020-23	Treasurer
Meghan Kakuhihewa Akim	2020-23	Secretary
Dr. Roger Kiyomura	2021-24	Member
Brook Emanuel	2021-24	Member

Source: The Borrower.

Brief biographical information for the current Borrower Board members is set forth below.

Jacob Noh, Chair. Born and raised in Honolulu, Jacob Noh is a Human Resources Consultant at SimplicityHR by ALTRES. Since 2011, Jacob has been serving small to large businesses throughout the State with his experience and expertise in providing knowledge-based solutions for employer related topics and issues. For over seven years, he has been a trusted resource in advising organizations on the complexities in employee benefits, payroll, human resources, risk management, and safety. In 2019, Jacob was named to the “40 Under 40” list by Pacific Business News. Jacob currently serves as a board member for Catholic Charities Hawai‘i – one of the largest social services agencies in the State with over 30 programs statewide assisting over 40,000 children, families, seniors, and immigrants. Jacob also serves as the Chair for the Chamber of Commerce Hawai‘i Young Professionals Program and as a board member for the Chamber of Commerce Hawai‘i.

Aimee Curre, Vice Chair. Aimee Curre is an Assistant Vice President and Senior Planning Manager at Bank of Hawai‘i. As part of the Branch Banking division, she is responsible for driving strategic initiatives and overseeing the planning and execution of branch projects. Aimee was born in Seoul and raised in New York where she graduated with her Bachelor of Fine Arts in Industrial Design from the Rochester Institute of Technology. She worked in various management roles prior to relocating to the State in 2014, and was recently selected to be a member of the 2021-2022 Patsy T. Mink Leadership Alliance.

Aimee currently serves as President of the Korean Adoptees of Hawai‘i and is a member of the West Honolulu Rotary Club. Prior to her current roles, she was a board member for ‘Ohana Komputer and a volunteer with Junior Achievement of Hawai‘i.

Edward Cordasco, Treasurer. Edward Cordasco III was born in Yuma, Arizona. Growing up in a Marine Corps family, he has been able to live and learn from cultures all around the world. He is currently an MBA candidate at Chaminade University and is focusing on science and technology innovation that aims to connect his biomedical research background to his future business endeavors. Edward has helped build Practical Biotechnology, an immuno-therapy cancer start-up and has co-founded Altext, an education-tech start-up that plans to reduce the cost of textbooks thus making quality education more accessible. Edward is a Business Development Manager for Makai HR, a human resources tech start-up that serves the local small business community by aggregating human resources processes.

Meghan Kakuhihewa Akim, Secretary. Born and raised on O‘ahu, Meg Akim has always been an educator at heart and an advocate for children and adolescents. From an early age she has had a passion for teaching and communicating with students, helping them find their confidence and voice in both academics and social skills. Meg was educated at Punahou School and attended Duke University, majoring in Neuroscience, where her academic focus was brain science – learning, memory and emotions. She has tutored students throughout her high school and college years and to the present day. She currently is a flight attendant with Hawai‘ian Airlines and a photographer specializing in school photography, as well as a private tutor.

Dr. Roger Kiyomura, Member. Dr. Roger Kiyomura is the Director of Education at Hawai‘i Pacific University. He has over 18 years of experience in secondary and higher education. Dr. Kiyomura earned his Doctorate in Education at University of Southern California, specializing in Educational Leadership. Dr. Kiyomura is an instructor of Teacher Education at Hawai‘i Pacific University in the School of Education. In this program, he equips and empowers future teachers with new technologies and strategies to impact academic excellence in the classrooms. He is also an instructor at the East-West Center in the Leadership Certificate Program, where he teaches global leadership to graduate degree fellows from various Asian countries. Roger previously spent 9 years teaching biology and coaching basketball in Los Angeles Unified School District in California.

Brook Emanuel, Member. Brook Emanuel is an experienced executive and entrepreneur who is committed to improving the lives of O‘ahu residents, families, and children. A former college athlete at San Diego State University and MBA graduate of Oklahoma State University, Brook holds FINRA licenses (Series 7, 66), serves on multiple local boards, and has numerous companies. He is an active and current co-founder and key member of Hele Fitness, Activiter, and Kai Capital Group, three companies that serve the State’s fitness, hospitality, and business communities, respectively. Brook brings a deep background in entrepreneurship, consulting, and innovation that will support the growth and impact of the Borrower and the School for years to come.

Charter School Governing Board

The School is a State public charter school and operates in accordance with the Charter School Act, the Charter Contract, and its Bylaws, approved by the School’s governing board (the “***School Board***”) on January 20, 2017 and the State Charter School Commission on July 13, 2017 (the “***School Bylaws***”). The School Bylaws require that the School Board consist of not less than seven nor more than fifteen trustees. The trustees must be divided into three groups of approximately equal size and serve staggered terms with the term of one group expiring in each successive year. The School Board has governance and control over all of the general policies, operations, assets, and affairs of the School, including appointing and evaluating the school director, managing the financial affairs of the School, and approving the annual budget.

Pursuant to the Charter Contract, the School Board must notify the State Charter School Commission within 14 business days of any membership changes on the School Board. Further, the School Board must make the following documents available at a publicly accessible area in its office so as to be available for review during regular business hours, and on its website, and by the respective due dates: (a) a list of the current names and contact information by the School Board’s members and officers, (b) the schedule of School Board meetings by September 1 of each year, (c) School Board meeting notices and agendas as specified in Section 302D-12 of the Charter School Act, and (d) School Board meeting minutes as specified in Section 302D-12 of the Charter School Act.

Pursuant to 302D-17 of the Charter School Act, the State Charter School Commission has the authority to take appropriate corrective actions or exercise sanctions short of revocation in response to apparent deficiencies in public charter school performance or legal compliance. Such actions or sanctions may include, if warranted, reconstituting the School Board; provided that the following conditions are met: (i) reconstitution occurs only under exigent circumstances, including the following: (1) unlawful or unethical conduct by School Board members; (2) unlawful or unethical conduct by the School’s personnel that raises serious doubts about the School Board’s ability to fulfill its statutory, contractual, or fiduciary responsibilities; and (3) other circumstances that raise serious doubts about the School Board’s ability to fulfill its statutory, contractual, or fiduciary responsibilities; (ii) the State Charter School Commission will replace up to, but no more than, the number of School Board members necessary so that the newly appointed members constitute a voting majority in accordance with the School Bylaws; except that the State Charter School Commission may replace the entire School Board if the alternative is the initiation of revocation of the Charter Contract and the School Board opts instead for reconstitution; and (iii) reconstitution occurs in accordance with processes set forth by the State Charter School Commission that provide the School’s personnel and parents with timely notification of the prospect of reconstitution.

The current members of the School Board are set forth in the table below.

Table B-4

School Board Composition		
Name	Current Term	Position
Dr. Tammy Jones	2019-22	Chair
Dr. Eric D. Hieger	2019-22	Vice Chair
Dr. Ku‘ulei Serna	2019-22	Treasurer
Shaylan Arneho	2019-22	Secretary/Clerk
Mike Sarmiento	2021-24	Member
Dr. Dale Fryxell	2022-25	Member

Source: The School.

Brief biographical information for the current School Board members is set forth below.

Dr. Tammy Jones, Chair. Dr. Tammy Jones is a Project Coordinator for PALS/PLACES at the University of Hawai‘i at Mānoa, supporting teachers on the Waianae Coast to develop place-based curriculum. She is also the curriculum developer and co-facilitator of Try Think, a program run in the State correctional facilities and sponsored by the Hawai‘i Council for the Humanities. Tammy spent the first ten years of her career in education as an English teacher and Literacy Coach at James Campbell High School in ‘Ewa Beach. In 2014 she transitioned into the role of middle school teacher at the School for Examining Essential Questions of Sustainability, a public charter school focused on examining essential questions of ecological systems. Since beginning her graduate studies at the University of Hawai‘i at Mānoa in 2003, Tammy has worked closely with Dr. Thomas Jackson and the Uehiro Academy for Philosophy and Ethics in Education to promote the Philosophy for Children Hawai‘i (p4cHI) approach to thinking and learning.

She earned her MEdT in 2005 and her PhD in Curriculum Studies in 2012, both from the University of Hawai‘i at Mānoa.

Dr. Eric D. Hieger, Vice Chair. Eric Hieger is responsible for leading efforts to improve the performance and potential of KP Hawai‘i talent through individual, team, and organizational development. Eric and team create and implement strategies to improve the employee experience and enhance the people, performance, and culture of KP Hawai‘i, improving the total health of employees, members, patients, and the community. During his career, Eric has specialized in the areas of peak performance, leadership, teamwork, executive development, change leadership, communications, and strategic organizational development. Eric has been frequently published and quoted in professional and trade journals and regularly speaks on leadership, teamwork, coaching, change and organizational development, presenting in local, regional, and national venues. Eric earned his Doctoral Degree in psychology from the California Institute of Integral Studies in San Francisco, California, and a B.A. in psychology from Adelphi University in New York.

Dr. Ku‘ulei Serna, Treasurer. Dr. Ku‘ulei Serna is an associate professor and incoming Director for the Institute of Teacher Education, Elementary Education Program. In addition to teacher education, her research interests vary in the areas of Native Hawai‘ian well-being, social and cultural contexts for learning, and school health programs. In 2014, Dr. Serna was selected to participate in the University of Hawai‘i President’s Emerging Leadership Program, which develops future campus and system leaders. Previous to working at the University of Hawai‘i at Mānoa, she was a State Department of Education state resource teacher in the Office of Curriculum Instruction and Student Support. She also taught math and was a Peer Education Program coordinator at Waipahu Intermediate School. Born and raised on the island of O‘ahu, Ku‘ulei currently resides in ‘Ewa.

Shaylan Arneho, Secretary. Shaylan Arneho is a lifetime resident of ‘Ewa Beach. As a graduate of the Hawai‘ian Studies program at the University of Hawai‘i at Mānoa, she feels that recognizing native identity is important for the future of the State. She firmly lives by the Hawai‘ian proverb, "E mālama ‘ia nā pono o ka ‘āina e nā ‘ōpio. The traditions of the land are perpetuated by its youth." In this saying, she is positive that the School will develop skilled leaders who will empower the State and its people.

Mike Sarmiento, Member. Mike Sarmiento, has spent most of his career as an educator working in many models of education including private, public, and charter schools. Through this work he has experienced the roles of teacher, curriculum developer, coach, and administrator. Mike is currently working as a Community Project Manager for Kamehameha Schools and a Program Director for Purple Mai‘a Foundation. Both of these jobs allow him to stay connected to his community and his passion for education. He has served as board president for Hoa ‘Āina o Makaha and is currently on the board of EA Ecoversity and supporting their development of a homegrown micro-credentialing program.

Dr. Dale Fryxell, Member. Dr. Fryxell is the Dean of Education and Behavioral Sciences and a Professor of Psychology at Chaminade University where in addition to his administrative work, he teaches both undergraduate and graduate psychology, counseling, and education courses. At Chaminade, Dr. Fryxell is responsible for the psychology, criminal justice, behavioral sciences, and education programs including the PSYD Clinical Psychology program, the Masters level counseling and education programs, and the EDD in Organizational Leadership program. He received his Master of Arts degree in Teaching from St. Thomas University, and Master’s and Doctoral degrees in Psychology from the University of Hawai‘i. He has conducted research on and developed programs related to youth mentoring, suicide prevention, childhood anger and violence, family strengthening, drug abuse prevention, working with children, adolescents, and adults who have severe and challenging behaviors, and mentoring children who have incarcerated parents. He has been a consultant for the State Department of Education’s Primary School Adjustment Program (PSAP) for over 25 years.

Embezzlement Case Involving Former Chair

In March 2021, Hanalei Aipoalani, who served as the Chair of the School Board from July 1, 2020 to March 27, 2021, plead guilty in an embezzlement case relating to Mr. Aipoalani's involvement as a board member of AmeriCorps. The case did not involve Mr. Aipoalani's role as the Chair of the School Board and neither the School nor the Borrower has been investigated by any governmental authorities in connection with the embezzlement case involving Mr. Aipoaloani.

School Administration

The administration employed by the School (the "***School Administration***") oversees all aspects of the School's operations. The School Administration is charged with implementing and developing the mission and vision of the School. It ensures that the School is in compliance with State regulations and its Charter Contract. The School Administration ensures that students are physically safe and progressing educationally. It also ensures that teachers are meeting the needs of students, that the curriculum is effective, and that the School is continually improving. The School Administration sees that the needs of teachers are being met through regular trainings as well as professional development opportunities. The School Administration is on campus to build positive relationships with the students, families, and staff. The School Administration strives to promote a community of educational excellence at the School.

Brief biographical information for current key School Administration members, who are all employees of the School, is set forth below.

Alex Teece, Chief Education Officer and School Leader. Alex Teece is the Chief Education Officer and School Leader of the School. A member of the founding team, Alex has worked closely with community leaders, educators, parents, children, and stakeholders to launch the School. He is responsible for overseeing the academic, organizational, and financial performance of the School, working closely with the School Administration, the School Board, and the Borrower to ensure student and School success. Alex brings educational leadership, non-profit, finance (Bank of Hawai'i and Morgan Stanley), fundraising, and teaching experience (Teach for America and Hawai'i School District) to the School, holds masters degrees from the University of Hawai'i at Mānoa, the University of Rochester, and Harvard University, and earned a doctorate in educational leadership from the University of Hawai'i at Mānoa in July 2020, with his dissertation focusing on starting new charter schools in the State.

Ryan Mandado, Chief Academic Officer. Ryan Mandado is the Chief Academic Officer of the School. Prior to this position, he was the Special Education Department Head at James Campbell High School in 'Ewa Beach, Hawai'i. In his role, he supported 30 special education teachers who serviced 300 students in special education across multiple settings from medically fragile facilities to inclusion. Prior to his Department Head role, he taught English, language arts, social studies/history, and science. He also taught Competency-Based Programs at Waipahu Community School for Adults. Growing up low-income in Kalihi taught him the value of service leadership. He continues to be a strong community advocate and was Chairman of the Kalihi-Palama Neighborhood Board for 5 years. Ryan has a Master of Science in Education degree from Johns Hopkins University and he is currently a full-time doctoral student in education leadership at the University of Hawai'i at Mānoa.

Amber Leon Guerrero, Chief Student Success Officer. Amber Leon Guerrero is the Chief Student Success Officer of the School. Amber has long worked in social and human services by establishing partnerships with Atherton YMCA Keiki Outreach Initiative, Hawai'i Pacific University Nursing Department, Department of Education Homelessness Concerns and Community Liaisons to provide a safe and nurturing space for children of all ages experiencing economic hardship. Prior to her advocacy efforts,

Amber worked in special education and After School Programs in Long Beach, California. Amber received a wide range of training from various providers such as Parents Inc, Mental Health Kokua and is a recent graduate of Parent Leadership Institute Training.

Darlene Flores, Chief Financial Officer and Chief Operations Officer. Darlene Flores is the Chief Financial and Chief Operations Officer of the School. Born and raised in Kapolei, Darlene is a graduate of Kapolei High School as part of the first graduating class. She continues her trailblazing path by joining the School founding school leadership team to open, lead, and grow the State’s newest charter school. She brings her educational background and professional experience from working as a management analyst at one of the State’s largest non-profit organizations.

No Management Company

Neither the Borrower nor the School employs a third-party management company in connection with the administration of the School.

Community Council

The School’s Community Council (“***Community Council***”) is the organization that represents the parents and community at the School. The Community Council brings together parents and supporters of the School, similar to a booster club or a steering committee, and collaborates to create new initiatives, projects, and opportunities to help energize the School. The Community Council has no governance control over the Borrower or the School.

School Staff and Faculty

Employee Data

As of May 1, 2022, the School’s employment statistics are set forth in the table below.

Table B-5

Number of Employees			
Position	Full-Time	Part-Time	Total
Teachers	17	0	17
Teaching Aides	0	0	0
Administrators	3	1	4
Support Staff	3	0	3
Total	23	1	24

Source: The School.

Educational Qualifications of Employees

As of May 1, 2022, the degrees held by the School’s employees are set forth in the table below.

Table B-6
Degrees Held by Employees

Position	Bachelor’s Degree	Master’s Degree	Doctoral Degree
Teachers	17	15	0
Teaching Aides	N/A	N/A	N/A
Administrators	4	3	1
Support Staff	3	2	0
Total	24	20	1

Source: The School.

Teacher Retention Rates

The School’s teacher retention rates over the past two years, shown as a percentage of employees that were employed at the end of the school year and continued to be employed by the School at the beginning of the next school year, are set forth in the table below.

Table B-7
Employee Retention

School Year	% Retained	Dismissals	Voluntary Leaves
2019-20	91%	0	1
2020-21	75%	0	5
Average	83%	0	6

Source: The School.

Student-Teacher Ratios

The School’s student-to-teacher ratios over the past three years are set forth in the table below.

Table B-8
Student-Teacher Ratios by Grade

Grade	2019-20⁽¹⁾	2020-21⁽¹⁾	2021-22⁽²⁾
6	20:1	20:1	20:1
7	-	16.7:1	16.7:1
8	-	-	16.7:1
Total Students	100	200	300
Total Faculty	5	11	17
Average	20:1	18.2:1	17.7:1

⁽¹⁾ As of the end of the school year.

⁽²⁾ As of May 1, 2022.

Source: The School.

Employee Salary and Benefits

For the 2020-21 school year, the average teacher salary at the School was \$50,330. All full-time employees are eligible to participate in the School's offered benefits, which include, through the State's offered plans, health care, dental plans, vision plans, group term life insurance plans, and retirement offered to State employees.

Labor Relations

Teachers are employed on an at-will basis pursuant to annually renewable contracts approved by the State Charter School Commission. As state employees, the School's employees are Bargaining Unit 05 members and are represented by the Hawai'i State Teachers Association ("**HSTA**"). The School has a supplemental agreement with HSTA that deviates from the master collective bargaining agreement used by HSTA and allows the School more flexibility in compensation, development, promotion, and hiring decisions.

School Enrollment

Enrollment Policy

The School's enrollment policy abides by State laws governing admission, enrollment, waitlist, and lottery procedures of charter schools. The School may not charge tuition, nor discriminate against any student or limit admission based on race, color, ethnicity, national origin, religion, gender, sexual orientation, income level, disability, level of proficiency in the English language, need for special education services, or academic or athletic ability.

As a non-sectarian, tuition-free public school, the School will admit all grade-level eligible pupils who wish to attend up to the enrollment capacity under its Charter Contract (100 students per grade per year), in accordance with State law. If the number of students who wish to attend the School exceeds the School's authorized enrollment capacity, admission will be determined by a public random drawing or "lottery" in accordance with State law. Section 302D-34 of the Charter School Act provides certain exemptions to the lottery system, such as allowing preference to be given to students that have been enrolled at the School or have siblings enrolled at the School.

Expansion and Caps on Enrollment

The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. Under the Charter Contract, the School is limited to an enrollment of 100 students per grade per year. Additionally, the maximum physical enrollment capacity at the Leased Middle School Facilities is 400 students, at the Leased High School Facilities is 100, and at the Series 2022 Facility will be over 300 students. Enrollment growth is also capped by the Charter Contract at a combined enrollment of 700 students.

Historical Enrollment

The School's historical enrollment statistics by grade for school years 2019-20 through 2021-22 are set forth in the table below.

Table B-9

Historical Enrollment by Grade			
Grade	2019-20	2020-21	2021-22
<i>As of the official October 15 enrollment count:</i>			
6	77	84	86
7	-	90	89
8	-	-	83
Totals	77	174	258
<i>As of the end of the school year⁽¹⁾:</i>			
6	100	100	100
7	-	100	100
8	-	-	100
Totals	100	200	300

⁽¹⁾ For 2021-22, as of May 1, 2022.

Source: The State Department of Education and the School.

Projected Enrollment

The School expects to add grade 9 for the 2022-23 school year, grade 10 for the 2023-24 school year, grade 11 for the 2024-25 school year, and grade 12 for the 2025-26 school year. The School’s projected enrollment by grade through the 2026-27 school year is set forth in the table below. The School expects to attain these enrollment projections based on its increasing waitlist statistics (see “Waitlist” below), its consistency in enrollment year over year, and the progression of its current students through the high school grades. The enrollment projections set forth in the table below are “forward-looking statements” and are subject to the general qualifications and limitations described under “CAUTIONARY

STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM” contained in the Limited Offering Memorandum with respect to such statements.

Table B-10

Projected Enrollment by Grade					
Grade	2022-23	2023-24	2024-25	2025-26	2026-27
6	100	100	100	100	100
7	100	100	100	100	100
8	100	100	100	100	100
9	100	100	100	100	100
10	-	100	100	100	100
11	-	-	100	100	100
12	-	-	-	100	100
Totals	400	500	600	700	700

Source: The School.

Geographic Enrollment

The cities and towns in which students at the School resided for the 2020-21 school year are set forth in the table below.

Table B-11

Geographic Enrollment		
City/Town and Zip Code	Number Of Students⁽¹⁾	% Of Total Students
‘Ewa Beach (96706)	125	42%
Kapolei (96707)	117	39%
Waianae (96792)	18	6%
Waipahu (96797)	8	3%
Other	30	10%
Total	300	100%

⁽¹⁾ As of May 1, 2022.

Source: The School.

Student Retention

The School’s historical student retention rates, presented as a percentage of students enrolled as of the first day of each school year listed below who re-enrolled in the School after being enrolled at the end of the prior school year, are set forth in the table below.

Table B-12

Historical Student Retention Rates by Grade		
Grade	2020-21	2021-22
6	90%	90%
7	-	90%
Average	90%	90%

Source: The School.

Waitlist

The School’s waitlist statistics by grade are set forth in the table below.

Table B-13

Historical Waitlist Statistics by Grade				
Grade	2019-20⁽¹⁾	2020-21⁽¹⁾	2021-22⁽¹⁾	2022-23⁽²⁾
6	6	0	53	67
7	-	78	44	107
8	-	-	38	27
9	-	-	-	58
Totals	6	78	135	259

⁽¹⁾ As of the first day of each school year.

⁽²⁾ As of May 1, 2022.

Source: The School.

Demographic Information

The Series 2022 Facility will be located in Kapolei, Hawai‘i. Certain demographic information for Kapolei and the State is set forth in the table below.

Table B-14

Demographic Statistics			
City of Kapolei		State of Hawai‘i	
Educational Attainment (Pop. 25 years and over)		Educational Attainment (Pop. 25 years and over)	
Less than 9th grade	2.6%	Less than 9th grade	3.5%
9th to 12th grade, no diploma	2.8%	9th to 12th grade, no diploma	4.1%
High School graduate (or equivalency)	25.8%	High School graduate (or equivalency)	27.3%
Some college, no degree	20.8%	Some college, no degree	20.8%
Associate degree	12.6%	Associate degree	10.9%
Bachelor’s degree	26.7%	Bachelor’s degree	21.9%
Graduate or professional degree	8.7%	Graduate or professional degree	11.6%
School Enrollment (Population 3 years and over enrolled in school)		School Enrollment (Population 3 years and over enrolled in school)	
Nursery school, preschool	6.8%	Nursery school, preschool	6.9%
Kindergarten	8.6%	Kindergarten	5.1%
Elementary school (grades 1-8)	43.3%	Elementary school (grades 1-8)	39.9%
High school (grades 9-12)	19.2%	High school (grades 9-12)	19.2%
College or graduate school	22.1%	College or graduate school	28.8%

Source: U.S. Census Bureau 2020 ACS 5-Yr. Selected Social Characteristics.

The table below provides population estimates for Kapolei, certain of its neighboring communities, and the State from 2018 through 2020.

Table B-15

Population Estimates					
Year	Kapolei	‘Ewa Beach	Makakilo	‘Ewa Gentry	State
2020	21,541	13,808	19,565	26,358	1,420,074
2019	21,674	14,479	19,775	25,641	1,422,094
2018	21,474	14,717	20,920	25,752	1,422,029

Source: U.S. Census Bureau 2020 ACS 5-Yr. Selected Social Characteristics.

Service Area and Competing Schools

The State Department of Education acts as the only school district in the State. Within the State Department of Education, public schools are regionally organized into what is known as a “complex” – a high school and the elementary and middle schools that feed into it. Anywhere from two to four complexes are grouped into a complex area, which has its own complex area superintendent and support staff.

The School is the first charter school and the only charter school serving middle school grades in the area known as the “Campbell-Kapolei Complex,” which is the State’s largest complex with over 17,000 students. There is one other charter school in the Campbell-Kapolei Complex serving grades 9-12.

Department Schools

The School teaches students residing primarily within the boundaries of the Campbell-Kapolei Complex. As of October 15, 2021, the State Department of Education served approximately 171,600 students in 294 schools (including 37 charter schools) for the 2021-22 school year.

As set forth in the table below, there are currently ten State Department of Education non-charter schools located within the Campbell-Kapolei Complex that have roughly similar grade offerings and class sizes, and are representative of the State Department of Education non-charter schools with which the School competes (or will compete) for students.

Table B-16

Competing Department Schools			
School	Approximate Distance from Series 2022 Facility (In Miles)	Grades	Approximate Enrollment
Campbell High	6.4	9-12	2,775
Ewa Makai Middle	4.6	6-8	1,165
Holomua Elementary	4.5	K-6	1,006 (132 in grade 6)
Honouliuli Middle	3.1	6-7	389
Ilima Int	5.9	7-8	581
Iroquois Point Elementary	9.1	K-6	615 (87 in grade 6)
Kaimiloa Elementary	6.4	K-6	598 (102 in grade 6)
Kapolei High	1.0	9-12	1,788
Kapolei Middle	2.2	6-8	821
Pohakea Elementary	6.1	K-6	425 (65 in grade 6)

Source: The State Department of Education.

Charter and Private Schools

As set forth in the table below, there are currently one other charter school and six private schools located within the Campbell-Kapolei Complex that have roughly similar grade offerings and class sizes, and are representative of the charter and private schools with which the School competes for students.

Table B-17

Competing Charter and Private Schools				
School	Type	Approximate Distance (In Miles)	Grades	Approximate Enrollment
American Renaissance Academy	Private	2.2	K-12	89 (47 in grades 6-12)
Corvid Academy	Private	1.0	K-12	Not available
Friendship Christian Schools	Private	3.6	P-12	236 (76 in grades 6-12)
Island Pacific Academy	Private	1.0	K-12	541 (294 in grades 6-12)
Kapolei Charter School	Charter	1.8	9-12	142
Lanakila Baptist School	Private	3.6	7-12	64
Our Lady of Perpetual Help School	Private	6.7	K-8	114 (44 in grades 6-8)

Source: The State Department of Education (charter schools) and National Center for Education Statistics (private schools).

Although the School views the schools listed above as representative of the Department schools, charter school, and private schools with which the School competes for students, there are many schools within the general service area, all of which have different curricula and enrollment sizes, different emphases and special features, different results with respect to test scores, and other differences as compared to the School. Further, there is nothing to prevent additional charter schools, public schools, or private schools from opening in or near the service area. See “RISK FACTORS – Competition for Students; School Choice Initiatives.”

Academic Achievement Indicators

Strive HI Performance System Report

The State Department of Education implements a school accountability and performance system known as the “Strive HI Performance System” that tracks student achievement, growth, reduction in the achievement gap between high-needs students and their peers, chronic absenteeism, and graduation rates (as applicable). The report tracks progress on federally-required indicators under the Every Student Succeeds Act, in addition to State-adopted measures focused on student equity, achievement, and success.

Participation

The Strive HI Performance System report provides the percentage of students that participated in Statewide testing for each school year. For the 2019-20 school year, no statewide tests under the Strive HI Performance System were administered due to COVID-19. For the 2020-21 school year, State public schools administered a shortened version of the statewide assessment, a skip-year growth methodology was used, and participation rate penalties were waived as approved by the U.S. Department of Education. Accordingly, the Strive HI Performance System report results set forth below relate only to the 2020-21 school year (the only year for which testing data is available for the School).

The School, certain of its most proximate competitors, and the State’s Strive HI Performance System participation results for the 2020-21 school year are set forth in the table below.

Table B-18

Strive HI Performance System Participation Results for the 2020-21 School Year			
School	Participation %		
	All Students	High Needs⁽¹⁾	Non-High Needs⁽²⁾
Language Arts			
DreamHouse ‘Ewa Beach (School)	97%	94%	98%
Honouliuli Middle	98%	97%	100%
Kapolei Middle	81%	78%	85%
State ⁽³⁾	82%	78%	87%
Math			
DreamHouse ‘Ewa Beach (School)	96%	92%	97%
Honouliuli Middle	98%	97%	100%
Kapolei Middle	81%	78%	85%
State ⁽³⁾	82%	79%	87%
Science			
DreamHouse ‘Ewa Beach (School)	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾
Honouliuli Middle	N/A ⁽⁵⁾	N/A ⁽⁵⁾	N/A ⁽⁵⁾
Kapolei Middle	81%	75%	87%
State ⁽³⁾	80%	76%	85%

⁽¹⁾ High Needs includes English learners, economically disadvantaged, and students receiving special education services.

⁽²⁾ Non-High Needs includes all students that are not classified as High Needs.

⁽³⁾ For ease of comparison, the State results shown include only grades 6 and 7 (the same grades offered by the School during the 2020-21 school year).

⁽⁴⁾ The School’s science results are not available because the School will take its first standardized test that includes science results for 8th grade in spring 2022.

⁽⁵⁾ Information not reported by the State Department of Education.

Source: The State Department of Education.

Proficiency

The Strive HI Performance System report also provides Statewide proficiency testing to determine how students are performing in the subjects of language arts, math, and science. The testing results measure the percentage of students meeting the standard/who are proficient in state assessments.

The School, certain of its most proximate competitors, and the State’s Strive HI Performance System proficiency results for the 2020-21 school year are set forth in the table below. The School’s first “regular” round of standardized testing occurred in spring 2022 (though the results will not be made available to the School until late summer/early fall 2022), as all public schools in the State were offered waivers for 2019-20 school year and the State test was optional for the 2020-21 school year. The School views the optional and volunteer nature of standardized testing in spring 2021, as well as the entire year being remote or hybrid, to be driving factors in scores and externally reported proficiency rates. Nearly all

of the School’s students participate in standardized tests including, but not limited to the Smarter Balanced Assessment.

Table B-19

Strive HI Performance System Proficiency Results for the 2020-21 School Year			
School	Proficiency %		
	All Students	High Needs⁽¹⁾	Non-High Needs⁽²⁾
Language Arts			
DreamHouse ‘Ewa Beach (School)	40%	23%	47%
Honouliuli Middle	45%	33%	57%
Kapolei Middle	55%	37%	73%
State ⁽⁴⁾	50%	N/A ⁽³⁾	N/A ⁽³⁾
Math			
DreamHouse ‘Ewa Beach (School)	16%	14%	17%
Honouliuli Middle	19%	8%	30%
Kapolei Middle	29%	16%	43%
State ⁽⁴⁾	27%	N/A	N/A
Science			
DreamHouse ‘Ewa Beach (School)	N/A ⁽⁵⁾	N/A ⁽³⁾	N/A ⁽³⁾
Honouliuli Middle	N/A	N/A ⁽³⁾	N/A ⁽³⁾
Kapolei Middle	34%	N/A ⁽³⁾	N/A ⁽³⁾
State ⁽⁴⁾	33%	N/A ⁽³⁾	N/A ⁽³⁾

⁽¹⁾ High Needs includes English learners, economically disadvantaged, and students receiving special education services.

⁽²⁾ Non-High Needs includes all students that are not classified as High Needs.

⁽³⁾ Information not reported by the State Department of Education.

⁽⁴⁾ For ease of comparison, the State results shown include only grades 6 and 7 (the same grades offered by the School during the 2020-21 school year).

⁽⁵⁾ The School’s science results are not available because the School will take its first standardized test that includes science results for 8th grade in spring 2022.

Source: The State Department of Education.

Growth

The Strive HI Performance System also implements the Smarter Balanced Assessments (“**SBA**”) in language arts and math, which are designed to measure whether students are “on track” for readiness in college and careers. These are State-mandated assessments given to students in grades 3-8 and 11.

The School and certain of its most proximate competitors’ Strive HI Performance System SBA results for the 2020-21 school year are set forth in the table below. Due to COVID interrupting the 2019-20 testing cycle, the growth metrics for each student is relative to the nearly 40 local elementary schools that feed into the School, and the School cannot comment on the State Board of Education practices or data validity from each of the Department Schools. Given the results below were based on voluntary testing, the School believes its relatively lower growth rates are associated with it being the first middle school-based standardized test that the School’s students have taken, and offers the School a baseline and one data point through which the School can gauge proficiency going forward.

Table B-20

Strive HI Performance System SBA Results for 2020-21	
School	Growth %
Language Arts	
School	38%
Honouliuli Middle	58%
Kapolei Middle	54%
Math	
	2020-21
School	35%
Honouliuli Middle	47%
Kapolei Middle	58%

Source: The State Department of Education.

Absenteeism

The Strive HI Performance System report also provides Statewide absenteeism data, measured as the percentage of students that missed 15 or more days of school during the school year.

The School, certain of its most proximate competitors, and the State’s Strive HI Performance System absenteeism results for the 2020-21 school year are set forth in the table below.

Table B-21

Strive HI Performance System Absenteeism Results for 2020-21	
School	Absenteeism %
School	19%
Honouliuli Middle	7%
Kapolei Middle	29%
State	17%

Source: The State Department of Education.

Climate

In addition, the Strive HI Performance System also measures the percentage of students reporting a positive school climate as measured by the Panorama Student Survey by school level.

The School, certain of its most proximate competitors, and the State’s Strive HI Performance System positive school climate results for the 2020-21 school year are set forth in the table below.

Table B-22

Strive HI Performance System Absenteeism Results for 2020-21	
School	Positive Report %
School	75%
Honouliuli Middle	79%
Kapolei Middle	61%
State	63%

Source: The State Department of Education.

Panorama Student Survey

The State Department of Education also provides students in grades 3-12 with the option of participating in the Panorama Student Survey each fall. The Panorama Student Survey measures student perceptions of teaching and learning, culture and climate, and student experience in the classroom and school. The School's Panorama Student Survey results, along with a comparison against the State's results, for the 2020-21 school year are set forth in the table below.

Table B-23

Panorama Student Survey Results		
Topic Description	DreamHouse 'Ewa Beach (School)	State
Emotion Regulation (How well students regulate their emotions)	50%	49%
Grit (How well students are able to persevere through setbacks to achieve important long-term goals)	57%	54%
Growth Mindset (Student perceptions of whether they have the potential to change those factors that are central to their performance in school)	49%	49%
Self-Efficacy (How much students believe they can succeed in achieving academic outcomes)	51%	44%
Self-Management (How well students manage their emotions, thoughts, and behaviors in different situations)	71%	68%
Sense of Belonging (How much students feel that they are valued members of the school community)	61%	44%
Social Awareness (How well students consider the perspectives of others and empathize with them)	68%	62%

Source: The School.

Budgeting and Accounting Principles

The School has adopted financial management policies and procedures to maintain appropriate governance and management procedures and controls relating to budgets, accounting policies and procedures, payroll procedures, and internal control procedures for receipts, disbursements, purchases, payroll, inventory, and fixed assets.

The School presently employs Jay Miyaki, CPA, LLC, Honolulu, Hawai'i, as its auditor, and the School's audited financial statements for the fiscal years ending June 30, 2021 and 2020, are attached as

“APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020.”

Debt

The School uses best practices as recommended by the State Board of Education for all financial practices. All indebtedness is approved and voted on in a public board meeting. Additionally, the Borrower is exploring options to refinance its current debt once nearer to maturity, or sell the modulars.

The Borrower’s outstanding debt obligations are set forth in the table below.

Table B-24

Borrower’s Schedule of Indebtedness					
Creditor	Original Balance	Outstanding Balance	Purpose	Maturity	Interest Rate
Charter School Development Corporation	\$1,000,000	\$1,000,000	Modular development	3/1/2026	6%

Source: The Borrower.

The School currently does not have any outstanding long-term debt obligations.

See “Facilities – *Leased Facilities*” above for a description of the Borrower and School’s existing lease obligations.

Upon the issuance of the Series 2022 Bonds, the Borrower has no immediate plans for additional indebtedness and the School has no immediate plans to enter into contractual obligations to support the payment of any such indebtedness.

Continuing Disclosure

The Borrower adopted Continuing Disclosure Procedures on May 9, 2022 to ensure that the Borrower will adhere to the continuing disclosure and other reporting covenants as outlined in the Continuing Disclosure Agreement as described in the Limited Offering Memorandum. The Borrower has not previously entered into any continuing disclosure undertaking pursuant to Rule 15c2-12.

The School has adopted Continuing Disclosure Procedures on May 11, 2022 to ensure that the School will adhere to the continuing disclosure and other reporting covenants as outlined in the Continuing Disclosure Agreement as described in the Limited Offering Memorandum. The School has not previously entered into any continuing disclosure undertaking pursuant to Rule 15c2-12.

Conflicts of Interest

The School has adopted a Conflict of Interest Policy (the “*COI Policy*”) to govern related party transactions. Under the COI Policy, (a) it is acknowledged that each member of the School Board is subject to the Hawai‘i State Ethics Code (Chapter 84 of the Hawai‘i Revised Statutes); (b) members of the School Board who are engaged in business with the School must do so in a manner that avoids the appearance of a conflict; (c) no member of the School Board may knowingly take any action or make any statement intended to influence the conduct of the School in such a way as to confer any benefit on such member or on any for-profit corporation in which s/he has significant interest as stockholder, director, or officer; (d) in the event that a matter for consideration or decision comes before the School Board that raises a potential

conflict of interest for any member of the School Board, the member must disclose the conflict of interest to the chair of the School Board as soon as s/he becomes aware of it; the chair must disclose any conflict of interest to the vice chair of the School Board as s/he becomes aware of it; any member of the School Board or officer of the School who is aware that s/he may have a potential conflict of interest with respect to any matter before the School Board must disclose all relevant information, and the disclosure must be recorded in the minutes of the applicable meeting(s); (e) the chair of the School Board may request the covered person not be present for any deliberation on that matter, or counted for purposes of a quorum; the vice chair may request the chair not be present should the chair be the covered person; (f) any member of the School Board who is aware of a potential conflict of interest with respect to any matter coming before the School Board may be asked to refrain from voting in connection with the matter; (g) the member may be asked to recuse themselves and not be physically present during the School Board's final discussion and vote on the issue; (h) exceptions to this policy require prior approval by the chair of the School Board; all exceptions must be reported to the School Board; (i) suspected violations of this policy should be reported to the chair of the School Board; (j) these guidelines may not be construed as preventing or discouraging any member of the School Board from disclosing relevant information with respect to any matter as to which s/he has knowledge or from answering questions or stating his/her position with respect to any such matter; (k) all members of the School Board will be asked to declare and sign an Annual Declaration of Conflict of Interest and Principles of Ethical Conduct form; (l) as new members join the School Board and new officers are elected, s/he must complete the Annual Declaration of Conflict of Interest and Principles of Ethical Conduct form.

Succession Plan

The School adopted a Board Member and Administration Succession Plan (the "***Succession Plan***") on May 11, 2022. Pursuant to the Succession Plan, the School Board will ensure that School Board members' terms are staggered, and that a majority of the School Board members' terms do not expire in any one year. Further, the Succession Plan implements the following procedures for the planned departure of key management:

- Key management personnel desiring to resign from their position must notify the School Board in writing of such intention no less than three (3) months prior to the intended resignation effective date
- The School Board will create and adopt a timeline for the prompt replacement of the departing key management personnel.
- Within thirty (30) days of receiving a key management personnel's resignation notice, the School Board will appoint a search committee consisting of School Board members, school administrators or a combination. Upon the appointment of the search committee, the School Board will have a discussion with the search committee to ensure that the School Board and the search committee are unified in their understanding of: (i) the School's mission; (ii) the School's strategic direction, (iii) the roles and responsibilities of the key management personnel's position, and (iv) the key competencies of an effective replacement for the departing key management personnel.
- The search committee will develop a search process, including a timeline, strategies, plans, and objectives, to present to the full School Board for approval.
- During the search process, the School Board will ensure adequate oversight over the School by: (i) meeting regularly with the acting management and administration; and (ii)

reviewing reports about the progress of the School and its programs, the performance of the organization, the financial condition of the school, and personnel issues.

- Upon the School Board’s approval of the search process, the search committee will: (i) prepare written documents regarding the search; (ii) solicit applications from both the school community and the broader community; (iii) use the results of prior School Board discussions to develop a list of priority attributes to guide the search process and evaluate candidates against these attributes; (iv) identify a short list of applicants to interview; and (v) establish and undertake a process for interviewing and evaluating the short list of candidates.
- The search committee must recommend up to three (3) candidates to the School Board of its consideration.
- The School Board will interview the final candidates. Interviews of prospective School Board members will seek to determine whether the individual possesses desirable experience and expertise to effectively lead the School and accomplish the School’s mission and goals.
- The new key management personnel will be selected by a majority vote of the School Board members.

If a key management personnel’s departure is unplanned or occurs in advance of the completion of the search process, the School Board will appoint an acting key management personnel. The School Board may also decide that it is in the School’s best interest to identify individuals outside the School to provide additional short-term administrative assistance to the School during the search process. The Succession Plan will be considered and updated regularly.

The leadership team is built from administrators, teachers, and experienced educators who carry out projects and decisions closely in a collaborative, shared method of management. As individuals move on from being employed at the School, the School has mid-level leaders who can fill in on projects and leadership roles that have become vacant. As the School’s team grows, and as more individuals emerge into leadership roles, the School continues to strengthen a culture of shared, distributed leadership. As the School matures, key members of the leadership team continue to coach, develop, and mentor individuals to be able to take over projects and areas of leadership upon the departure of key leadership personnel.

Insurance

The Borrower protects against loss and liability by maintaining certain insurance coverages. The Borrower believes the present insurance coverage to be adequate and in compliance with the Loan Agreement. However, there can be no assurance that the Borrower’s insurance policies can sufficiently cover the costs of any related incidents or casualties. See “APPENDIX E – SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS – LOAN AGREEMENT – Section 4.03 Insurance Required.”

Cybersecurity

The risk of cyberattacks against commercial enterprises, including educational institutions, has become more prevalent in recent years. A cyberattack could cause the informational systems of the Borrower and the School to be compromised, could limit operational capacity for short or extended lengths of time, and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidents

and reputational damage. As of the date of this Limited Offering Memorandum, neither the Borrower nor the School has experienced a cyberattack that led to any data breach or similar incident. The Borrower and the School believe they have made all reasonable efforts to ensure that any such attack is not successful and that the Borrower and the School's information systems are secure. For example, the School has adopted a Student Data Privacy and Security Policy, which includes measurements to secure sensitive content, personal, and financial data, as well as procedures on how to respond to a breach. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the Borrower or the School's information systems or other challenges.

School Responses to COVID-19 Pandemic

In 2020, in response to official State actions related to the COVID-19 pandemic, the School implemented a distance learning plan to educate its students through the remainder of the 2019-20 school year. In response to guidance from the State governor and the State Board of Education, the School reopened for the 2020-21 school year under a hybrid model involving both in-person and remote learning.

For the 2021-22 school year, the School opened under a 100% in-person learning model and implemented the following measures to ensure the health and safety of its students, employees, and visitors:

- Infrared temperature scan, visual wellness check, COVID-19 questionnaire, and sanitization station at entrance.
- Masks required by 100% of individuals inside the building 100% of the time.
- Increased cleaning supplies, accessibility, and materials.
- Increased transition times to clean, sanitize, and allow for air exchange.
- Custodial team sanitation and disinfection of all surfaces daily.

As of March 31, 2022, the School has received or has been awarded ESSER I & II/CARES Program funds of approximately \$158,747.

The CARES Act authorized Small Business Administration's Paycheck Protection Program, as amended by the Paycheck Protection Flexibility Act (collectively, the "**PPP**"), to provide stimulus to individuals and business impacted by COVID-19. The School did not receive any PPP or EIDL funds.

There can be no assurances that the spread of COVID-19 or other highly contagious or epidemic diseases will not adversely impact the School. While the School does not anticipate that COVID-19 will affect its ability to make rental payments to the Borrower (representing the Borrower's source of debt service repayment on the Series 2022 Bonds), the extent to which COVID-19 impacts the School and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the School, including the extent or duration of the outbreak. The spread of COVID-19 could also have negative impacts on the collection of taxes by the State, or other related factors that may affect the Borrower and the School's budget and cash flows. The State's finances may be materially adversely affected by the continued spread of COVID-19, which could affect the amount or timing of State aid appropriated to public education. In addition, the School cannot fully predict the increased costs associated with an infectious disease outbreak such as operational costs incurred to clean, sanitize, and maintain its facilities either before or after an outbreak of an infectious disease.

No Litigation

In connection with the issuance of the Series 2022 Bonds, the Borrower expects to deliver a certificate substantially to the effect that, as of the date of this Limited Offering Memorandum and as of the closing date, no action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the Borrower's knowledge, threatened, affecting the validity of the Indenture, the Loan Agreement, the School Lease, the Agreement to Lease, the Facility Lease, or the Series 2022 Bonds, or contesting the corporate existence or powers of the Borrower. There is presently no material litigation pending or, to the best of its officers' knowledge, overtly threatened against the Borrower.

In connection with the issuance of the Series 2022 Bonds, the School expects to deliver a certificate substantially to the effect that, as of the date of this Limited Offering Memorandum and as of the closing date, no action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the School's knowledge, threatened, affecting the validity of the Indenture, the Loan Agreement, the School Lease, or the Series 2022 Bonds, or contesting the corporate existence or powers of the School. There is presently no material litigation pending or, to the best of its officers' knowledge, overtly threatened against the School.

Historical Financial Information

Borrower's Historical Financial Information

The Borrower currently has limited financial operations and does not have any audited financial statements. Historically, the Borrower's primary sources of revenues are financial contributions to support School programs and rental income received from the School to make lease payments for the Leased Middle School Facilities and the Leased High School Facilities.

The Borrower's unaudited statement of financial activities for the fiscal years ending June 30, 2020 through 2021 is set forth in the table below.

Table B-25

Summary Statement of Financial Activities of the Borrower for the Fiscal Years Ending June 30, 2020 and 2021		
	2020 (Audited)	2021 (Audited)
Revenues		
Contributions	268,160	113,553
Investment Income	11	2
Government Grants	-	151,033
Rental Income	-	329,247
Other	-	(1,306)
Total Revenues	268,171	592,529
Expenses		
Program Services	336,557	-
Management and General	12,649	-
Grants and Other Assistance	-	194,167
Office Expenses	-	206
Occupancy	-	273,130
Travel	-	124
Insurance	-	12,379
Other	-	3,368
Development Fundraising	-	3,317
Bank Charges	-	980
Dues, Licenses, Permits	-	701
Other Expenses	-	208
Total Operating Expenses	349,206	488,580
Operating Income (Loss)	(81,035)	103,949
Changes	30,725	-
Net Position - Beginning of Year	67,050	16,740
Net Position - End of Year	16,740	120,689

Source: The Borrower.

The Borrower’s unaudited statement of financial position for the fiscal years ending June 30, 2020 through 2021 is set forth in the table below.

Table B-26

Summary Statement of Financial Position of the Borrower for the Fiscal Years Ending June 30, 2020 and 2021		
	2020 (Audited)	2021 (Audited)
Assets		
Cash - Non-Interest Bearing	57,050	16,740
Pledges And Grants Receivable, Net	10,000	
Total Assets	67,050	16,740
Liabilities		
Net Assets Without Donor Restrictions	67,050	16,740
Total Liabilities	67,050	16,740
Net Position		
Unrestricted	-	-
Total Net Position	-	-

Source: The Borrower.

School’s Historical Financial Information

The School has two years of audited financial statements and the Borrower’s financial results were reviewed with notes as a component of the School. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020.”

The School’s primary source of revenues is education aid (provided by the State for all public schools) which the School receives for operating the School from the State. The amount of State aid received with respect to any individual school is based on a variety of factors, including the School’s enrollment. It is anticipated that such amounts the School receives for operating the School will be sufficient to allow it to make the required payments under the Facility Lease and the School Lease, and to pay its operation and maintenance costs. See “APPENDIX A – CERTAIN PROVISIONS OF STATE LAWS REGARDING CHARTER SCHOOLS – Funding and Finance” in this Limited Offering Memorandum.

The School's statement of financial activities for the fiscal years ending June 30, 2020 through 2021 is set forth in the table below.

Table B-27

Summary Statement of Financial Activities of the School for the Fiscal Years Ending June 30, 2020 and 2021		
	2020 (Audited)	2021 (Audited)
Operating Revenues		
State Per-Pupil Allocation	723,656	1,519,310
Grants Passed Through from DreamHouse, Inc.	284,410	194,167
Federal and Other Funding	114,304	377,503
Contributions	7,400	50,207
Other Income	3,961	1,221
Total Operating Revenues	1,133,731	2,142,408
Operating Expenses		
Salaries and Wages	677,925	1,133,956
Rent	81,089	366,723
Supplies	95,288	39,977
School Meals	100,953	70,008
Depreciation		58,179
Contract Services	38,208	53,339
Facilities and Maintenance	12,448	38,135
Student Services	4,080	8,482
Recruitment	4,712	5,765
Development and Training	2,077	2,135
Community Outreach	5,675	1,614
Travel	2,026	16
Transportation Services	3,292	-
Other Expenses	2,165	8,911
Grants Passed Through to DreamHouse 'Ewa Beach PCS	-	-
Total Operating Expenses	1,029,938	1,787,240
Operating Income (Loss)	103,793	355,168
Net Position - Beginning of Year	-	103,793
Net Position - End of Year	103,793	458,961

Source: Audited financial statements of the School. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020."

The School's unaudited statement of financial activities for the period beginning July 1, 2021 and ending May 31, 2022 is set forth in the table below.

Table B-28

Summary Statement of Financial Activities of the School for the Month Ending May 31, 2022	
	5/31/2022 (Unaudited)
Income	
State Per Pupil	\$2,160,582.00
State	139,223.62
State Reimbursable	78,842.17
US Dept. of Education	292,264.67
E-Rate	5,998.50
Corp Grants/Revenue	2,006.10
Foundation Grants	25,000.00
Individual Donations	18,780.39
Student Activities Revenue	3,515.36
Bank Interest	821.36
Sales	1,461.00
Total Income	2,728,495.17
Expenses	
Vacation	-8,291.06
School Leadership- Salaries Professional	132,316.13
Business & Finance- Salaries Professional	82,108.79
Other Admin- Salaries Clerical	33,049.48
Instructional Services- Professional	167,763.93
Classroom & Specialist Teachers- Salaries Teachers, Aides	721,050.25
Classroom & Specialist Teachers- Salaries Teachers, Specialist	24,343.24
Payroll Tax Burden & Benefits	87,262.40
Human Resources- Contracted Services	6,640.79
Legal Services- Contracted Services	5,816.00
Info. Mgmt & Tech- Contracted Services	19,119.05
Business & Finance- Contracted Services	44,973.55
Instructional Leadership - Contracted Services	49,619.55
IT- Supplies & Materials	732.98
Other Administration-Supplies & Materials	51,209.12
Materials, Equip, & Tech- Textbooks & Related Media	5,320.15
Materials, Equip, & Tech- Instructional Equip & Tech Hardware	456.24
Supplies & Materials- General Instructional Supplies	13,003.45
Materials, Equip, & Tech- Instructional Software	4,406.38
Custodial Supplies	3,145.30
Accumulated Depreciation	46,179.03
Professional Dev- Instructional Leadership	12,142.48
Professional Development- Admin	33,687.88
Other Admin- Dues, Licenses, Permits	1,409.40
Other Admin- Travel Airfare	623.00
Pupil Services- Student Transportation	11,574.00
Printing & Publication- Yearbooks	5,755.59
Printing	5,401.54
Other Admin- Recruitment/Advertising	4,598.14
Postage	1,429.01
Pupil Services-Food Services	73,867.02
Program Activities	8,898.79
Utilities	-9,185.93
Opps & Maint- Rental/Lease of Building & Grounds	465,700.76
Opps & Maint- Maintenance of Building & Grounds	52,151.18
Opps & Maint- Maintenance of Equip	1,691.87
Initial Design Team, Permits, Etc	57,372.54
Opps & Maint- Networking and Telecommunications	23,745.35
Opps & Maint- Rental/Lease of Equip	18,024.82

Development- Fundraising	202.99
Cultural Expenses	25,139.13
Total Expenses	2,284,454.31
Net Operating Income	444,040.86
Other Taxes and Fees	3,140.00
Net Other Income	-3,140.00
Net Income	\$440,900.86

Source: The School.

Table B-29

Summary Statement of Financial Activities of the School for the Fiscal Years Ending June 30, 2020 and 2021		
	2020 (Audited)	2021 (Audited)
Operating Revenues		
State Per-Pupil Allocation	723,656	1,519,310
Grants Passed Through from DreamHouse, Inc.	284,410	194,167
Federal and Other Funding	114,304	377,503
Contributions	7,400	50,207
Other Income	3,961	1,221
Total Operating Revenues	1,133,731	2,142,408
Operating Expenses		
Salaries and Wages	677,925	1,133,956
Rent	81,089	366,723
Supplies	95,288	39,977
School Meals	100,953	70,008
Depreciation		58,179
Contract Services	38,208	53,339
Facilities and Maintenance	12,448	38,135
Student Services	4,080	8,482
Recruitment	4,712	5,765
Development and Training	2,077	2,135
Community Outreach	5,675	1,614
Travel	2,026	16
Transportation Services	3,292	-
Other Expenses	2,165	8,911
Grants Passed Through to DreamHouse 'Ewa Beach PCS	-	-
Total Operating Expenses	1,029,938	1,787,240
Operating Income (Loss)	103,793	355,168
Net Position - Beginning of Year	-	103,793
Net Position - End of Year	103,793	458,961

Source: Audited financial statements of the School. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020."

The School's statement of financial position for the fiscal years ending June 30, 2020 through 2021 is set forth in the table below.

Table B-30

Summary Statement of Financial Position of the School for the Fiscal Years Ending June 30, 2020 and 2021		
	2020 (Audited)	2021 (Audited)
Assets		
Cash	50,761	96,792
Grants Receivable		53,187
Other Assets	135,852	70,563
Reimbursement Receivable	12,414	-
Capital Assets	-	-
Office And Computer Equipment	-	98,100
Furniture And Equipment	-	379,175
Accumulated Depreciation	-	(58,179)
Total Capital Assets - Net	-	419,096
Total Assets	199,027	639,638
Liabilities		
Accrued Expenses	7,411	30,161
Accrued Payroll	15,040	102,969
Accrued Vacation	26,781	47,547
Unearned Revenue	46,002	-
Total Liabilities	95,234	180,677
Net Position		
Unrestricted	103,793	29,865
Invested In Capital Assets	-	419,096
Restricted	-	10,000
Total Net Position	103,793	458,961

Source: Audited financial statements of the School. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020."

The School's unaudited statement of financial position for the period beginning July 1, 2021 and ending May 31, 2022 is set forth in the table below.

Table B-31

Summary Statement of Financial Position for the Month Ending May 31, 2022	
	5/31/2022 (Unaudited)
Assets	
CPB Debit Card	\$584,308.80
Accounts Receivable (A/R)	1,461.00
A/R- State Charter Commission	16,924.47
A/R- State Per Pupil	0.00
A/R - Federal Grants	36,916.25
Prepaid Expenses	1,594.83
Security Deposit	22,352.20
Office Furniture	517,237.40
Office Equipment	126,189.93
Accum Depr - Office Furniture	-91,173.09
Accum Depr - Office Equipment	-13,185.34
Total Assets	\$1,202,626.45
Liabilities and Equity	
2000 Accounts Payable (A/P)	11,071.43
Accrued Revenue	0.00
Deferred Revenue	184,925.00
Accrued Expenses	11,000.00
Accrued Payroll	53,654.79
Accrued Vacation	39,256.11
Payroll Taxes FICA/Med Payable	-627.01
Union Dues-HSTA	922.21
Union Dues-HGEA	433.05
EUTF (Medical)	503.48
ERS (ASO Custodies ER)	211.22
HSTA VEBA	-22.50
NBS ASO	1,695.49
FSA	0.00
Total Liabilities	303,023.27
Equity	
Retained Earnings	458,702.32
Net Income	440,900.86
Total Equity	899,603.18
Total Liabilities and Equity	\$1,202,626.45

Source: The School.

APPENDIX C

FINANCIAL PROJECTIONS

The financial projections set forth in the table below are “forward-looking statements” and are subject to the general qualifications and limitations described under “CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM” contained in the Limited Offering Memorandum with respect to such statements. Such projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2022 Bonds will be outstanding.

The School has prepared the following projections with the assistance of the Underwriter and the Financial Advisor, but none of the Underwriter, the Financial Advisor, or the Authority have independently verified the following projections, and they make no representation nor give any assurances that such projections or the assumptions underlying them are complete or correct. The financial projections are based on assumptions made by the School (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues, and expenses will be consistent with such assumptions. Actual operating results of the School may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced payments from the State, or otherwise), employee relations, changes in taxes, changes to applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE SCHOOL WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS REPRESENTING DEBT SERVICE ON THE SERIES 2022 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “RISK FACTORS” AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER, THE FINANCIAL ADVISOR, AND THE AUTHORITY MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN, OR AS TO THE ASSUMPTION ON WHICH THE PROJECTIONS ARE BASED.

Projected Revenues and Expenses, Debt Service Coverage, and Days Cash on Hand						
	2021-22 (Budgeted)	2022-23 (Projected)	2023-24 (Projected)	2024-25 (Projected)	2025-26 (Projected)	2026-27 (Projected)
Enrollment	300	400	500	600	700	700
Grades	6,7,8	6,7,8,9	6,7,8,9,10	6,7,8,9,10,11	6,7,8,9,10,11,12	6,7,8,9,10,11,12
Revenues⁽¹⁾						
State of Hawaii Per Pupil Allotment	\$2,409,900	\$3,309,596	\$4,261,105	\$5,266,726	\$6,328,849	\$6,518,714
CSP	204,027	200,000	200,000	200,000	200,000	200,000
Philanthropy (projected)	200,000	200,000	200,000	200,000	200,000	200,000
Federal	-	-	-	-	-	-
Bank interest	500	500	-	-	-	-
Projected Impact Aid	88,385	160,000	200,000	240,000	280,000	280,000
FICA Reimbursement	70,804	91,785	108,289	125,287	142,796	147,080
E-Rate	31,584	16,416	30,000	30,000	30,000	30,000
Total Revenue	3,005,200	3,978,297	4,999,394	6,062,013	7,181,645	7,375,794
Expenses⁽²⁾						
Administration	447,202	594,298	636,933	659,921	683,298	697,079
Instructional Services	1,248,584	1,551,662	1,887,843	2,242,829	2,607,624	2,679,523
Pupil Services	101,000	107,067	165,000	198,000	231,000	231,002
Utilities	33,000	33,000	45,000	100,000	100,000	100,000
Maintenance of Buildings & Grounds	40,000	40,000	50,000	50,000	50,000	50,000
Maintenance of Equipment	500	500	5,000	5,000	5,000	5,000
Networking and Telecommunications	27,360	27,360	50,000	50,000	50,000	50,000
Kalaeloa (grades 6,7)	393,183	420,000	420,000	432,000	444,000	444,000
Modulars (grade 8)	117,102	117,102	117,102	117,102	117,102	117,102
Temp (grade 9)	-	122,736	122,736	-	-	-
Ground Lease - Avalon	-	-	-	187,000	187,000	187,000
Pro Rata Share of Common Area Expenses	-	-	-	187,557	187,557	187,557
Rental/Lease of Equipment	17,532	35,064	25,000	30,000	40,000	40,000
Other: Tenant Share of Improvement	-	30,000	-	-	-	-
Other: Site Development Costs	-	10,000	-	-	-	-
Other: Custodial supplies & services	7,200	7,200	15,000	25,000	25,000	25,000
Other: Furniture	206,000	54,000	24,000	24,000	24,000	24,000
Benefits and Other Fixed Charges	70,804	70,804	108,289	125,287	142,796	147,080
Community Services	9,000	9,000	12,000	12,000	12,000	12,000
Non-Operating Expenses	10,000	10,000	10,000	10,000	10,000	10,000
Total Expenses	2,728,467	3,239,793	3,693,903	4,455,696	4,916,377	5,006,344
Net Income	276,733	738,504	1,305,491	1,606,317	2,265,268	2,369,450
Debt Service*	-	-	-	684,069	1,661,550	1,661,863
Capitalized Interest*	-	-1,311,633	-1,426,550	-742,481	-	-
Principal Amortization*	-	-	-	-	235,000	250,000
Interest Expense*	-	-	-	1,426,550	1,426,550	1,411,863
Debt Service Coverage*	-	-	-	2.35	1.36	1.43
Unrestricted Cash	400,000	951,504	2,256,995	3,179,243	3,782,961	4,490,549
Funding Rent Reserve / Balance*	-	187,000	187,000	187,000	187,000	187,000
Pro Forma DCOH*	54	128	241	239	220	256

⁽¹⁾ State Revenues increased at 3% per annum; FICA is reimbursable costs; all other revenues not inflated.

⁽²⁾ Expenses increased at 3% per annum; new finance employee in FY2023; assumes 5 new teachers each year.

Source: The School.

* Preliminary, subject to change.

APPENDIX D

**AUDITED FINANCIAL STATEMENTS OF THE SCHOOL FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND JUNE 30, 2020**

[See attached]

APPENDIX E

SUBSTANTIALLY FINAL FORMS OF PRINCIPAL DOCUMENTS

[See attached]

APPENDIX F

SUBSTANTIALLY FINAL FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of June 1, 2022 (this “**Disclosure Agreement**”), is executed and delivered by and among DreamHouse, Inc., a Hawai‘i nonprofit corporation (the “**Borrower**”), DreamHouse ‘Ewa Beach Public Charter School, a Hawai‘i public charter school (the “**School**”), and Wilmington Trust, National Association, as dissemination agent, (the “Dissemination Agent”), in connection with the issuance by the Public Finance Authority (the “**Authority**”) of its Education Revenue Bonds (DreamHouse) Series 2022A in the aggregate principal amount of \$23,185,000* (the “**Series 2022A Bonds**”) and its Education Revenue Bonds (DreamHouse) Series 2022B (Taxable) in the aggregate principal amount of \$780,000* (the “**Series 2022B Bonds**”) and together with the Series 2022A Bonds, the “**Series 2022 Bonds**”). The Series 2022 Bonds are being issued by the Authority pursuant to (i) a resolution of the governing body of the Authority, and (ii) an Indenture, dated as of June 1, 2022 (the “**Indenture**”), each between the Authority and Wilmington Trust, National Association, as trustee (the “**Trustee**”). Capitalized terms used but not otherwise defined in this Disclosure Agreement shall have the meanings assigned thereto in the Indenture.

1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the School for the benefit of the Beneficial Owners of the Series 2022 Bonds and to assist the Underwriter in complying with the Rule.

2. Defined Terms.

“**Annual Report**” means the financial information and operating data required to be provided by the Borrower and the School to the Dissemination Agent pursuant to Section 3(a)(1) of this Disclosure Agreement.

“**Authority**” means the Public Finance Authority, its successors and assigns.

“**Beneficial Owner**” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bonds for federal income tax purposes.

“**Borrower**” means DreamHouse, Inc., a Hawai‘i nonprofit corporation, its successors and assigns.

“**Dissemination Agent**” means Wilmington Trust, National Association, as dissemination agent under this Disclosure Agreement, its successors and assigns.

“**EMMA**” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

“**Financial Obligation**” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Indenture**” means the Indenture, dated as of June 1, 2022, between the Authority and the Trustee.

* Preliminary, subject to change.

“**Listed Events**” means the notices required to be given by the Borrower or the School pursuant to Section 5 of this Disclosure Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board, located at 1300 I St., Number 1000, Washington, DC 20005, its successors and assigns.

“**Limited Offering Memorandum**” means the Limited Offering Memorandum, dated June __, 2022, relating to the Series 2022 Bonds.

“**Operations Report**” means the financial information and operating data required to be provided by the School to the Dissemination Agent pursuant to the Section 3(a)(3) of this Disclosure Agreement.

“**Quarterly Report**” means the financial information and operating data required to be provided by the School to the Dissemination Agent pursuant to the Section 3(a)(2) of this Disclosure Agreement.

“**Repository**” means EMMA.

“**Rule**” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“**School**” means DreamHouse ‘Ewa Beach Public Charter School, a Hawai‘i public charter school, its successors and assigns.

“**SEC**” means the Securities and Exchange Commission, its successors and assigns.

“**Series 2022 Bonds**” means the Authority’s Education Revenue Bonds (DreamHouse) Series 2022A and its Education Revenue Bonds (DreamHouse) Series 2022B (Taxable).

“**Trustee**” means Wilmington Trust, National Association, its successors and assigns.

“**Underwriter**” means D.A. Davidson & Co., as original purchaser of the Series 2022 Bonds, its successors and assigns.

3. Provision of Annual Reports, Quarterly Reports, and Operating Data.

(a) (1) *Annual Reports.* Not later than December 31 of each year, commencing December 31, 2022, the Borrower and the School shall each provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower or the School, as applicable, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. Each of the Borrower and the School may change its current fiscal year, but must notify the Authority and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(2) *Quarterly Reports.* Not later than sixty (60) days after the end of each fiscal quarter (each a “*Quarterly Submission Date*”), commencing with the quarter ending June 30, 2022, the Borrower and the School shall each provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, certain financial information relating to each of the Borrower and the School as specified in Section 4(b) hereof (the “*Quarterly Reports*”). In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(3) *Operations Reports.* Not later than sixty (60) days after adoption by the governing board of each of the Borrower and the School, the Borrower and the School shall each provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, a copy of each of the Borrower’s and the School’s adopted annual budget for the present fiscal year.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the “*Disclosure Reports*”), the Borrower and the School shall provide each Disclosure Report to the Dissemination Agent. The Dissemination Agent shall, at the Borrower’s cost, transmit the information contained in the Disclosure Reports in accordance with the requirements of Section 7 hereof.

(c) Subject to Section 8 hereof, if either the Borrower or the School does not provide to the Dissemination Agent a copy of an Annual Report or the Quarterly Report by the applicable dates required in Section 3(a) above, the Dissemination Agent in a timely manner shall send a notice to the Borrower, the School, the Repository, and the Underwriter, in substantially the form attached as EXHIBIT C. In the event that the either the Borrower or the School files the Disclosure Reports directly with the Repository on or before the dates required in Section 3(a) above, the Borrower or the School, as applicable, shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of each Repository; and

(i) provided the Annual Report has been provided to the Dissemination Agent by each of the Borrower and the School, file a report with the Borrower and the School, and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

4. Content of Annual Reports and Quarterly Reports.

(a) *Annual Reports.* The Annual Report shall contain or include by reference the audited financial statements of the Borrower or the School, as applicable, for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time. If the Borrower’s or the School’s, as applicable, audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements that have not been reviewed in a format similar to the Borrower’s or the School’s, as applicable, audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the Borrower, the Annual Report for the Borrower shall also include a certificate substantially in the form attached hereto as EXHIBIT A that provides certain Borrower data and demonstrates the Borrower's compliance with certain operating covenants contained in the Loan Agreement.

To the extent not included in the audited financial statements of the School, the Annual Report for the School shall also include (i) updates to the information (or substantially similar information) in the Limited Offering Memorandum found in the table(s) under the heading "APPENDIX D – FINANCIAL PROJECTIONS" and tables B-9, B-10, B-12, B-13, B-18, B-19, B-20, B-21, and B-22 under the heading "APPENDIX B – CERTAIN INFORMATION REGARDING THE BORROWER, THE SCHOOL, AND THE SERIES 2022 FACILITY"; and (ii) a certificate substantially in the form attached hereto as EXHIBIT B that provides certain School data and demonstrates the School's compliance with certain operating covenants contained in the School Lease.

(b) *Quarterly Reports.* The Quarterly Report shall contain unaudited financial statements of the Borrower or the School, as applicable, for such fiscal quarter consisting of at least statements of financial position (balance sheets and income statements) as of the end of such quarter and statements of activities for such fiscal quarter and year to date, each prepared in accordance with generally accepted accounting principles, as in effect from time to time (subject to year-end adjustments and except such financial statements may omit footnotes that would be required by generally accepted accounting principles), consistently applied, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles beyond the reasonable control of the Borrower or the School, as applicable, noting the discrepancies therefrom and the effect thereof.

(c) Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Borrower or the School, as applicable, is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

5. Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower or the School shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2022 Bonds in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event:

- (i) principal and interest payment delinquencies with respect to the Series 2022 Bonds;
- (ii) non-payment related defaults with respect to the Series 2022 Bonds, if material;
- (iii) unscheduled draws on any debt service reserve reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;

- (vii) modifications to rights of holders of the Series 2022 Bonds, if material;
- (viii) (1) bond calls, if material, and (2) tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Borrower or the School;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Borrower or the School or the sale of all or substantially all of the assets of the Borrower or the School, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) the incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the Borrower or the School obtains knowledge of the occurrence of a Listed Event, the Borrower or the School, as applicable, shall as soon as possible determine if such event would be material under applicable federal securities laws; provided, however, that any listed event under subsections (a)(i), (iii), (iv), (v), (vi) (viii)(2), (ix), (xi), (xii), and (xvi) will always be deemed to be material.

(c) If the Borrower or the School determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Borrower or the School, as applicable, shall promptly provide the Dissemination Agent with a notice of such occurrence so that the Dissemination Agent shall, in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB.

6. EMMA. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

7. Dissemination Agent. The Borrower and the School have engaged the Dissemination Agent to assist the Borrower and the School in disseminating information hereunder. The Borrower and the School shall send all Disclosure Reports required by Section 3 hereof, and Listed Events required by Section 5 hereof, to the Dissemination Agent. The Dissemination Agent shall, within thirty (30) days of receipt of such Disclosure Report and within ten (10) days of receipt of notice from the Borrower or the School of the occurrence of a Listed Event requiring a notice, forward such information to (i) the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate; (ii) the Authority; (iii) the Underwriter; and (iv) any Registered or Beneficial Owner of the Series 2022 Bonds identified in writing by the Underwriter. The Borrower agrees to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2022 Bonds. The Borrower and the School may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials.

8. Deemed Satisfaction. Notwithstanding any other provision of this Disclosure Agreement to the contrary, any obligation of the Borrower or the School with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement shall be deemed satisfied to the extent that the contents of such reports, notices, or disclosures are provided by either the Borrower or the School.

9. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Borrower's and the School's obligation to provide the Disclosure Reports and any Listed Events notice, as set forth in this Disclosure Agreement, shall terminate if and when the Borrower or the School no longer remains an obligated person with respect to the Series 2022 Bonds, which shall occur upon either payment of the Series 2022 Bonds in full or the legal defeasance of the Series 2022 Bonds in accordance with the Indenture.

10. Enforceability and Remedies. This Disclosure Agreement is intended to be for the sole benefit of the Registered Owners of the Series 2022 Bonds (for such purpose beneficial owners of the Series 2022 Bonds shall also be considered Registered Owners of the Series 2022 Bonds), the Authority, and the Underwriter and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Registered Owner of the Series 2022 Bonds, provided that the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 25% of the aggregate outstanding principal amount of the Series 2022 Bonds. This Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Series 2022 Bonds by the Trustee, and the Trustee may, and upon the written direction of (i) the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Series 2022 Bonds or (ii) the Underwriter shall, proceed to protect and enforce the rights of the Registered Owners of the Series 2022 Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions. Prior to proceeding at the request or direction of the Underwriter the Trustee may require the same types of indemnification and related protections from the Underwriter to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners under the terms of the Indenture. Any failure by the Borrower or the School to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement, the School Lease, or the Indenture.

The Beneficial Owners' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Borrower and the School to perform the Borrower's and the School's respective obligations under this

Disclosure Agreement, and each of the Borrower and the School, its directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

11. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Borrower, the School, and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the Beneficial Owners but with the consent of the Trustee, under the following conditions:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Borrower or the School, or type of business conducted;

(b) This Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the original issuance of the Series 2022 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of Beneficial Owners of the Series 2022 Bonds, as determined either by parties unaffiliated with the Borrower or the School (which shall include the Trustee or Bond Counsel, or any other party determined by any of them to be unaffiliated), or by approving vote of Beneficial Owners of the Series 2022 Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Borrower and the School shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial annual financial or operating information provided by the Borrower or the School after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument. To the fullest extent permitted by applicable law, electronically submitted or facsimile signatures shall constitute original signatures for all purposes under this Disclosure Agreement.

13. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Hawai'i, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

14. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

15. Other Instruments. The Borrower, the School, and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

16. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

17. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

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

DREAMHOUSE, INC., a Hawai‘i nonprofit corporation, as Borrower

By: _____
Name: _____
Title: _____

DREAMHOUSE ‘EWA BEACH PUBLIC CHARTER SCHOOL, a Hawai‘i public charter school, as School

By: _____
Name: _____
Title: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

**BORROWER FORM OF CERTIFICATE FOR
ANNUAL FILING OF CERTAIN OPERATING COVENANTS**

Name of Authority: Public Finance Authority

Name of Bond Issues: Public Finance Authority Education Revenue Bonds
(DreamHouse) Series 2022A and Public Finance Authority
Education Revenue Bonds (DreamHouse) Series 2022B
(Taxable)

Name of Dissemination Agent: Wilmington Trust, National Association

Name of Borrower: DreamHouse, Inc.

Name of School: DreamHouse ‘Ewa Beach Public Charter School

Date of Issuance: June __, 2022

NOTICE IS HEREBY GIVEN that the Borrower is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of June 1, 2022 (the “*Disclosure Agreement*”), among the Dissemination Agent, the Borrower, and the School. The Disclosure Agreement requires that the Borrower provide this information to the Dissemination Agent by no later than December 31 of each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Indenture, dated as of June 1, 2022 (the “*Indenture*”), between the Authority and Wilmington Trust, National Association, as trustee. The information contained below is unaudited.

As of June 30, 20 __, the Borrower’s:

- The amount on deposit in the Repair and Replacement Fund is \$_____.
- The amount on deposit in the Rent Reserve Fund is \$_____.
- The Borrower’s Debt Service Coverage Ratio for fiscal year 20__ was ___x.

Dated: _____

DREAMHOUSE, INC., a Hawai‘i nonprofit
corporation, as Borrower

By: _____

Name: _____

Title: _____

EXHIBIT B

SCHOOL FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN OPERATING COVENANTS

Name of Authority: Public Finance Authority

Name of Bond Issues: Public Finance Authority Education Revenue Bonds
(DreamHouse) Series 2022A and Public Finance Authority
Education Revenue Bonds (DreamHouse) Series 2022B
(Taxable)

Name of Dissemination Agent: Wilmington Trust, National Association

Name of Borrower: DreamHouse, Inc.

Name of School: DreamHouse 'Ewa Beach Public Charter School

Date of Issuance: June __, 2022

NOTICE IS HEREBY GIVEN that the School is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of June 1, 2022 (the "**Disclosure Agreement**"), among the Dissemination Agent, the Borrower, and the School. The Disclosure Agreement requires that the School provide this information to the Dissemination Agent by no later than December 31 of each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Sublease Agreement, dated as of June __, 2022 (the "**School Lease**"), between the Borrower and the School. The information contained below is unaudited.

As of June 30, 20 __, the School's:

- Cash on Hand was equal to \$_____.
- Days Cash on Hand was ____ days.
- The School's coverage ratio (Net Income Available for Facility Payments divided by the Annual Facility Payment Requirement) for fiscal year 20__ was ____ x.

Dated: _____

**DREAMHOUSE 'EWA BEACH PUBLIC
CHARTER SCHOOL**, a Hawai'i public charter school,
as School

By: _____

Name: _____

Title: _____

EXHIBIT C

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL OR QUARTERLY REPORT

Name of Authority: Public Finance Authority

Name of Bond Issues: Public Finance Authority Education Revenue Bonds
(DreamHouse) Series 2022A and Public Finance Authority
Education Revenue Bonds (DreamHouse) Series 2022B
(Taxable)

Name of Dissemination Agent: Wilmington Trust, National Association

Name of Borrower: DreamHouse, Inc.

Name of School: DreamHouse ‘Ewa Beach Public Charter School

Date of Issuance: June __, 2022

NOTICE IS HEREBY GIVEN that the [Borrower][School] has not provided an [Annual Report][Quarterly Report] with respect to the above-named Series 2022 Bonds as required by the Continuing Disclosure Agreement, dated as of June 1, 2022, among the undersigned Dissemination Agent, the Borrower, and the School. The [Borrower][School] anticipates that the [Annual Report][Quarterly Report] will be filed by _____.

Dated: _____

**WILMINGTON TRUST, NATIONAL
ASSOCIATION**, as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: DreamHouse, Inc.
DreamHouse ‘Ewa Beach Public Charter School
D.A. Davidson & Co.
Public Finance Authority

APPENDIX G

SUBSTANTIALLY FINAL FORM OF OPINION OF BOND COUNSEL

Public Finance Authority
Madison, Wisconsin

Public Finance Authority
Education Revenue Bonds (DreamHouse)
Series 2022A and Series 2022B (Taxable)

 (Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Public Finance Authority (the “Issuer”) in connection with the issuance of \$ _____ aggregate principal amount of Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022A (the “Series 2022A Bonds”) and \$ _____ aggregate principal amount of Public Finance Authority Education Revenue Bonds (DreamHouse) Series 2022B (Taxable) (the “Series 2022B Bonds” and together with the Series 2022A Bonds, the “Bonds”), issued pursuant to an Indenture, dated as of June 1, 2022 (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to DreamHouse, Inc., a Hawaii nonprofit corporation (the “Borrower”), pursuant to a Loan Agreement, dated as of June 1, 2022 (the “Loan Agreement”), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), executed by the Borrower, DreamHouse 'Ewa Beach Public Charter School (the “School”) and the Issuer, opinions of counsel to the Issuer, the Borrower and the School, and the Trustee, certificates of the Issuer, the Trustee, the Borrower, the School and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Carlsmith Ball LLP, counsel to the Borrower and the School, regarding, among other matters, (i) the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the facilities financed or refinanced with the proceeds of the Series 2022A Bonds in activities that are not considered unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code, and (ii) the status of the School as an integral part of the State of Hawaii or an instrumentality of the State of Hawaii within the meaning of Revenue Ruling 57-128, 1957-1 C.B. 311. We note that such opinions are subject to a number of qualifications and limitations. Failure of the Borrower to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Borrower within the meaning of Section 513 of the Code, or failure of the School to be organized and operated as an integral part of the State of Hawaii or an instrumentality of the State of Hawaii may result in interest on the Series 2022A Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2022A Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Issuer in the State of Wisconsin. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum or other offering material relating to the Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Payments and the other assets pledged therefor under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Issuer.
4. Interest on the Series 2022A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2022A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We observe that interest on the Series 2022B Bonds is not excluded from gross income for federal income tax purposes and interest on the Bonds is not excluded from gross income for Wisconsin state income tax purposes. We express no

opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX H

FORM OF INVESTOR LETTER

Public Finance Authority
Madison, Wisconsin

D.A. Davidson & Co.
Denver, Colorado

\$23,185,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022A

\$780,000*
PUBLIC FINANCE AUTHORITY
EDUCATION REVENUE BONDS
(DREAMHOUSE)
SERIES 2022B (TAXABLE)

Ladies and Gentlemen:

Reference is made to the Loan Agreement, dated as of June 1, 2022 (the “Loan Agreement”), between the Public Finance Authority, as issuer (the “Issuer”) and DreamHouse, Inc., a Hawaii nonprofit corporation (the “Borrower”), and an Indenture, dated as of June 1, 2022 (the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture.

In connection with the purchase of a beneficial interest in a portion of the above-captioned Bonds on the date hereof, the undersigned, as beneficial owner of such portion of the Bonds, does hereby certify as follows:

1. The undersigned is purchasing the following Series of Bonds, which have been issued and delivered on the date of this Letter.

Series	Amount

2. The undersigned is a “qualified institutional buyer” as defined under Rule 144A promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” as defined in Rule 501(A)(1), (2), (3) or (7) of Regulation D under the Securities Act.

3. The undersigned is purchasing the Bonds for investment, with no present intention of reselling the Bonds. Notwithstanding such present intention, the undersigned is not prohibited from reselling the Bonds in the future; provided, however, that the undersigned acknowledges that the Bonds may only be resold or transferred to other purchasers who are qualified institutional buyers or accredited investors, and only in authorized denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. The undersigned further acknowledges that any transfer of its interest in the Bonds will be made only in compliance with the requirements of any applicable securities laws, state and federal.

* Preliminary, subject to change.

4. The undersigned acknowledges and accepts the following:

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AND, EXCEPT FROM SUCH SOURCES, NONE OF THE ISSUER, ANY MEMBER, ANY SPONSOR, ANY AUTHORITY INDEMNIFIED PERSON, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE BONDS ARE NOT A DEBT OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER OR OF ANY SPONSOR OR AUTHORITY INDEMNIFIED PERSON, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT CONTAINED IN THE BOND DOCUMENTS , OR UNDER ANY JUDGMENT OBTAINED AGAINST THE ISSUER, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THE INDENTURE, SHALL BE HAD AGAINST ANY SPONSOR, MEMBER, OR AUTHORITY INDEMNIFIED PERSON, EITHER DIRECTLY OR THROUGH THE ISSUER OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE ISSUER OR ANY RECEIVER THEREOF, OR FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE ISSUER UPON ANY SUCH BOND. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY CONSTITUTION OR OTHERWISE OF ANY SUCH SPONSOR, MEMBER OR AUTHORITY INDEMNIFIED PERSON TO RESPOND BY REASON OF ANY ACT OR OMISSION ON HIS PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THE BONDS THEREBY SECURED OR ANY OF THEM IS, BY THE ACCEPTANCE THEREOF, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THE BONDS.

5. The undersigned has received and read the Limited Offering Memorandum relating to the Bonds, including the information relating to: (i) the sources of repayment of the Bonds; (ii) the Project; (iii) the Borrower (including financial and operating data); and (iv) such other material matters relating to the Bonds and the Borrower as the purchaser deemed relevant. The undersigned acknowledges and accepts that it had the opportunity to ask questions of, and request additional information from, the Borrower regarding the information provided to it and any other matters that the undersigned considered to be relevant to the purchaser's decision to purchase Bonds.

6. The undersigned acknowledges and accepts that it has reviewed and has made its decision to invest in the Bonds based solely on its review of the information provided by the parties that supplied such information. The undersigned represents that it can bear the economic risk associated with a purchase of Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, so as to be capable of evaluating the merits and risks of an investment in the Bonds on the basis of the information and review described herein.

7. The undersigned acknowledges that the Bonds have not been registered with the Securities and Exchange Commission (in reliance upon an exemption from the Securities Act of 1933, as amended), have not been registered under the "blue sky" laws of any State, and will not be listed on any stock or securities exchange. The undersigned further acknowledges that the Loan Agreement and the Indenture have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such act.

8. The undersigned is duly and legally authorized to purchase obligations such as the Bonds.

9. The undersigned is duly and legally authorized to execute and deliver this letter either on its own behalf or on behalf of the purchaser of the Bonds.

10. The undersigned acknowledges that the Bonds are not transferable except to another accredited investor or a qualified institutional buyer as provided by the Indenture, and the undersigned agrees to abide by the transfer restrictions set forth in the Indenture; and that the undersigned shall be solely and exclusively responsible for compliance with such transfer restrictions, including, without limitation, verifying that its transferee is an accredited investor or qualified institutional buyer, as the case may be.

11. The undersigned agrees to indemnify and hold harmless the Issuer and each Authority Indemnified Person (as defined in the Indenture) with respect to any claim asserted against the Issuer or any such Authority Indemnified Person that is based upon the undersigned's breach of any representation, warranty or agreement made by the undersigned herein, other than any claim that is based upon the willful misconduct of the Issuer or any Authority Indemnified Person seeking indemnification.

This letter and the statements contained herein are made for your benefit.

IN WITNESS WHEREOF, the undersigned has executed this letter effective as of the ____ of _____, 20__.

[INITIAL PURCHASER]

By: _____

Its: _____