

March 21, 2017
Dickinson Education Finance
Corporation Board Meeting
6:00 p.m.



Margaret Carney, President
Deborah Fortner
Mike Liggio, Treasurer

AGENDA
City of Dickinson
DICKINSON
EDUCATION FINANCE
CORPORATION
MEETING
March 21, 2017

Jonathan Rodriguez, Secretary
Chris Tucker, Vice President

NOTICE is hereby given of the **MEETING** of the Dickinson Education Finance Corporation for the City of Dickinson, County of Galveston, State of Texas, to be held on **TUESDAY, MARCH 21, 2017**, at **6:00 p.m.** at: Dickinson City Hall in Conference Room 2, 4403 Highway 3, Dickinson, Texas 77539 for the purpose of considering the following numbered items. The Dickinson Education Finance Corporation of the City of Dickinson, Texas, reserves the right to meet in a closed session on any of the below items should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

ITEM 2.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Approval of Minutes of June 21, 2016.

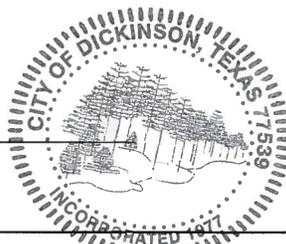
ITEM 3.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: A RESOLUTION AUTHORIZING A TRI-PARTY LOAN AGREEMENT AMONG DICKINSON EDUCATION FINANCE CORPORATION, SOUTHWEST WINNERS FOUNDATION, INC. AND REGIONS CAPITAL ADVANTAGE, INC., AND AUTHORIZING A PROMISSORY NOTE AND OTHER MATTERS IN CONNECTION THEREWITH.

ITEM 4.) ADJOURN

CERTIFICATION

This is to certify that a copy of the Notice of a Meeting of the Dickinson Education Finance Corporation for **TUESDAY, MARCH 21, 2017**, was posted on the bulletin board at Dickinson City Hall, 4403 Highway 3, Texas, on this the 16th day of March, 2017, prior to 6:00 p.m.


Alun W. Thomas, City Secretary



In compliance with the Americans with Disabilities Act, the City of Dickinson will provide reasonable accommodations for disabled persons attending City Council Meetings. Requests should be received at least 24 hours prior to the scheduled meeting, by contacting the City Secretary's office at 281-337-6217, or by FAX at 281-337-6190.

ITEM 1

**DICKINSON EDUCATION FINANCE CORPORATION
ATTENDANCE LIST**

MEETING DATE: March 21, 2017

<u>BOARD MEMBERS</u>	<u>PRESENT</u>	<u>ABSENT</u>
MARGARET CARNEY	_____	_____
DEBORAH FORTNER	_____	_____
MIKE LIGGIO	_____	_____
JONATHAN RODRIGUEZ	_____	_____
CHRIS TUCKER	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ITEM 2

Jonathan Rodriguez, President
Deborah Fortner, Secretary
Bill Jakeway
Mike Liggio, Treasurer

MINUTES
City of Dickinson
DICKINSON
EDUCATION FINANCE
CORPORATION
MEETING
JUNE 21, 2016

Margaret Carney, Vice President
John Simsen
Chris Tucker

The Dickinson Education Finance Corporation met in a duly called and announced **ANNUAL MEETING** on **TUESDAY, JUNE 21, 2016**, at **7:00 p.m.** The meeting was held in the Dickinson City Hall, Conference Room 2, located at 4403 Highway 3, Dickinson, Galveston County, Texas, and was held for the purpose of considering the following items:

ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM

President Carney called the meeting to order at 7:03 PM. Assistant Treasurer Julie Robinson called roll and certified a quorum. Board members present were as follows: Margaret Carney, Mike Liggio, Deborah Fortner, and Chris Tucker. Board member Jonathan Rodriguez joined the meeting at 7:07 PM. Board members Bill Jakeway and John Simsen were absent. Also present were Assistant Treasurer Julie Robinson and Assistant Secretary Stephanie Russell.

ITEM 2.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Approval of Minutes of November 3, 2015.

Board member Tucker made a motion to approve the Minutes of the November 3, 2015 meeting. Board member Fortner seconded the motion.

VOTE:

4 AYES (Carney, Fortner, Liggio, Tucker)
0 NAYS

MOTION PASSED.

ITEM 3.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: Election of Officers.

Board member Tucker made a motion to elect the following officers:

- A. President – Margaret Carney
- B. Vice President – Jonathan Rodriguez
- C. Secretary – Deborah Fortner
- D. Assistant Secretary – Stephanie Russell

- E. Treasurer – Mike Liggio
- F. Assistant Treasurer – Julie Robinson

Board member Liggio seconded the motion.

VOTE:

4 AYES (Carney, Fortner, Liggio, Tucker)
0 NAYS

Immediately following the vote, Board member Tucker then made a motion to revise his original motion to elect the following officers:

- A. President – Jonathan Rodriguez
- B. Vice President – Margaret Carney
- C. Secretary – Deborah Fortner
- D. Assistant Secretary – Stephanie Russell
- E. Treasurer – Mike Liggio
- F. Assistant Treasurer – Julie Robinson

Board member Liggio seconded the motion.

VOTE:

4 AYES (Carney, Fortner, Liggio, Tucker)
0 NAYS

MOTION PASSED.

ITEM 4.) CONSIDERATION AND POSSIBLE ACTION CONCERNING: A RESOLUTION OF THE DICKINSON EDUCATION FINANCE CORPORATION FOR THE CITY OF DICKINSON, TEXAS, AUTHORIZING A TRI-PARTY LOAN AGREEMENT AMONG DICKINSON EDUCATION FINANCE CORPORATION, NYOS CHARTER SCHOOL, INC., AND FROST BANK, AND AUTHORIZING A PROMISSORY NOTE AND OTHER MATTERS IN CONNECTION THEREWITH.

Tom Sage with Andrews Kurth LLP gave an overview of the loan financing request from NYOS Charter School, Inc. Following the discussion, Board member Liggio made a motion to approve and Board member Fortner seconded the motion.

VOTE:

5 AYES (Carney, Fortner, Liggio, Tucker, Rodriguez)
0 NAYS

MOTION PASSED.

ITEM 5.) ADJOURN

Board member Tucker made a motion to adjourn at 7:14 pm, and the motion was seconded by Board member Fortner.

VOTE:

5 AYES (Carney, Fortner, Liggio, Tucker, Rodriguez)

0 NAYS

MOTION PASSED.

CERTIFICATION

PASSED, APPROVED AND ADOPTED this the ____ day of _____, _____.

Jonathan Rodriguez, President

ATTEST:

Deborah Fortner, Secretary

ITEM 3

**Dickinson Education Finance Corporation
Agenda Item Data Sheet**

MEETING DATE March 21, 2017

TOPIC:	A RESOLUTION AUTHORIZING A TRI-PARTY LOAN AGREEMENT AMONG DICKINSON EDUCATION FINANCE CORPORATION, SOUTHWEST WINNERS FOUNDATION, INC. AND REGIONS CAPITAL ADVANTAGE, INC., AND AUTHORIZING A PROMISSORY NOTE AND OTHER MATTERS IN CONNECTION THEREWITH.
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BACKGROUND:	Southwest Winners Foundation Inc. (Southwest Preparatory School) has requested that the Dickinson Education Finance Corporation enter into a loan transaction with a bank and loan the proceeds to Southwest Winners Foundation Inc. (Southwest Preparatory School) to finance educational facilities. The proposed agreement is similar to previous agreements the board approved with other educational entities.
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RECOMMENDATION:	Staff recommends approval of the resolution.
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ATTACHMENTS:	<ul style="list-style-type: none"> • Memorandum regarding Southwest Winners Foundation Inc. Financing • Resolution • Tri-Party Loan Agreement • Consent to Representation
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FUNDING ISSUES	<input checked="" type="checkbox"/> Not applicable <input type="checkbox"/> Not budgeted <input type="checkbox"/> Full Amount already budgeted. <input type="checkbox"/> Funds to be transferred from Acct.# - -
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SUBMITTING STAFF MEMBER	CITY ADMINISTRATOR APPROVAL
Julie M. Robinson, City Administrator	

ACTIONS TAKEN		
APPROVAL	READINGS PASSED	OTHER
<input type="checkbox"/> YES <input type="checkbox"/> NO	<input type="checkbox"/> 1 st <input type="checkbox"/> 2 nd <input type="checkbox"/> 3 rd	

ANDREWS KURTH

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Memorandum

To: Dickinson Education Finance Corporation
From: Mark Arnold 
Nathelie Ashby
Date: March 15, 2017
Subject: Southwest Winners Foundation, Inc. Financing

Southwest Winners Foundation, Inc. dba Southwest Preparatory School (the "Borrower") has requested that Dickinson Education Finance Corporation (the "Issuer") enter into a loan transaction with a bank (the "Lender") and loan the proceeds thereof to the Borrower to finance educational facilities and refinance outstanding obligations. The transaction will be documented by one or more loan agreements and notes which evidence the loan between the Lender and the Issuer and the loan between the Issuer and the Borrower. The loan agreement(s) will provide that the Issuer has no financial obligation to repay the loan from the Lender other than from funds it receives from the Borrower and that the Issuer and its directors and officers will have no liability whatsoever for the loan. Thus, for all practical purposes, the Lender is making the loan to the Borrower and is looking solely to such entity for repayment. The Lender's loan will be secured by property or assets of the Borrower.

The following is a brief description of the basic documents the Issuer typically executes as part of the transaction.

- *Issuer Resolution* - Upon receipt of a formal request from the Borrower to enter into a loan transaction, the Issuer takes official action to approve the Borrower's request as well as the proposed loan documents. The Issuer also typically authorizes its president, executive director, or other officers to take all actions and execute all documents necessary to effectuate the transaction.
- *Loan Agreement* - The loan agreement(s) between the Lender, the Issuer and the Borrower provides the terms of the loans from the Lender to the Issuer and from the Issuer to the Borrower, including the forms of promissory note to be executed by the Issuer and the Borrower.
- *Issuer Note* - The Issuer's promissory note is evidence of the Issuer's indebtedness to the Lender.
- *Certificates of the Issuer* - The Issuer executes and delivers various certificates attesting to: its creation, continued existence, good standing, and the incumbency of its officers and directors; the absence of defaults or litigation which would affect its

ANDREWS KURTH KENYON LLP

Austin Beijing Dallas Dubai Houston London New York Research Triangle Park Silicon Valley The Woodlands Washington, DC
HOU:3768760.1

ability to issue the bonds; its corporate powers and authority to issue and deliver the bonds and bond documents; certain federal tax matters; and confirmation of certain matters as of the closing date.

While each deal is unique and the list is not exhaustive, the purpose of these brief descriptions is to assist you in understanding the basic documents in a transaction. Please do not hesitate to contact us to discuss the transaction in greater detail.

meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose.

SIGNED this ____ day of March, 2017.

Secretary, Board of Directors

RESOLUTION AUTHORIZING A TRI-PARTY LOAN AGREEMENT AMONG
DICKINSON EDUCATION FINANCE CORPORATION, SOUTHWEST
WINNERS FOUNDATION, INC. AND REGIONS CAPITAL ADVANTAGE,
INC., AND AUTHORIZING A PROMISSORY NOTE AND OTHER MATTERS
IN CONNECTION THEREWITH

WHEREAS, the Dickinson Education Finance Corporation (the “Corporation”) has been created and organized pursuant to and in accordance with the provisions of Chapter 53, Texas Education Code, as amended (the “Education Finance Act”), including specifically Section 53.35(b) thereof, and Chapter 22, Texas Business Organizations Code, as amended (formerly known as the “Texas Non-Profit Corporation Act” and, together with the Education Finance Act, the “Acts”), for the purpose of aiding institutions of higher education and accredited primary and secondary schools and authorized charter schools in providing education facilities and facilities incidental, subordinate or related thereto or appropriate in connection therewith; and

WHEREAS, the Acts authorize the Corporation to make a secured or unsecured loan to provide temporary or permanent financing or refinancing of all or part of the cost of an educational facility (as defined in the Education Finance Act); and

WHEREAS, the Acts authorize the Corporation to make a contract, incur a liability, and borrow money at a rate of interest the Corporation determines to provide funds for the loans to be made under the Acts; and

WHEREAS, the Corporation has determined to issue a promissory note in an amount not to exceed \$11,760,000 (the “Lender Note,” which evidences the “Lender Loan”) to Regions Capital Advantage, Inc. (the “Lender”), and to lend the proceeds thereof to Southwest Winners Foundation, Inc. dba Southwest Preparatory School (the “Borrower”) to be used by the Borrower to (i) finance and/or refinance certain education facilities of the Company, including the Northeast Campus located at 1258 Austin Highway, Building 1, San Antonio, Texas, the Southeast Campus located at 735 S. W.W. White Road, San Antonio, Texas, the Northwest Elementary Campus located at 4151 Culebra Road, San Antonio, Texas, the Northwest Campus located at 6535 Culebra Road, San Antonio, Texas, and the Seguin Elementary Campus located at 2400 E. Walnut Street, Seguin, Texas, (ii) refinance the Company’s outstanding La Vernia Higher Education Finance Corporation (Southwest Winners Foundation, Inc.) Education Revenue Bonds, Series 2006A, and (iii) pay the costs of the Loan (collectively, the “Project”); and

WHEREAS, the Borrower will issue its promissory notes in an amount not to exceed \$11,760,000 (the “Borrower Note,” which evidences the “Borrower Loan”) to the Corporation for the purpose of repaying the Corporation’s loan of the proceeds of the Lender Note to the Borrower; and

WHEREAS, the Corporation is willing to issue the Lender Note to the Lender and to loan the proceeds thereof to the Borrower, and the Corporation desires hereby to approve the Lender Loan to the Corporation and the Borrower Loan to the Borrower, all on the terms and conditions set forth in the Loan Agreement (the “Agreement”) among the Borrower, the Corporation and the Lender, a copy

of which has been presented to the Board of Directors of the Corporation (the “Board”) for its review; and

WHEREAS, the Board now desires to (i) authorize and approve the Corporation entering into the Lender Loan with the Lender; (ii) approve the request made by the Borrower to the Corporation for the Borrower Loan; (iii) authorize and approve the issuance of the Borrower Loan by the Corporation to the Borrower; (iv) authorize the execution, delivery and performance by the Corporation of the Agreement and certain further documents deemed by the Corporation to be necessary and appropriate in connection with the Lender Loan and the Borrower Loan; and (v) take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Board further desires to approve the representation by Andrews Kurth Kenyon LLP of the Corporation and the Borrower in connection with the foregoing.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation, at a meeting duly called on March 21, 2017, hereby authorizes the President of the Board, or his designees (the “Authorized Officers of the Corporation”), to take all actions and approve and deliver all agreements, instruments and other documents to be entered into by the Corporation as may be desirable (as conclusively evidenced by the taking of such action or the execution of such agreements, instruments or other documents by the Authorized Officers of the Corporation) in connection with the Lender Loan from the Lender and the Borrower Loan to the Borrower and in order to effectuate the purposes of any of these resolutions, including without limitation those agreements, instruments and other documents specifically described in these resolutions, and authorizes their execution by the Authorized Officers of the Corporation as indicated, respectively, therein; and

RESOLVED FURTHER, that the Authorized Officers of the Corporation may consent to such agreements, instruments and other documents, and changes thereto, as may be necessary to effect the transactions contemplated thereby, such changes and modifications to be conclusively evidenced by the execution of such agreements, instruments and other documents by the Authorized Officers of the Corporation; and

RESOLVED FURTHER, that upon execution and delivery of such agreements, instruments and other documents, they shall be valid and binding obligations of the Corporation in accordance with their terms; and

RESOLVED FURTHER, that the Board does hereby approve the form, terms and provisions of and the execution and delivery of the Agreement among the Corporation, the Lender and the Borrower, pursuant to which the Borrower Loan and the Lender Loan shall be made, and agrees to make payments to the Lender pursuant to the Lender Loan sufficient to repay the Lender under the Lender Loan, and further authorizes the Authorized Officers of the Corporation to consent to such changes as may be necessary or appropriate to such Agreement and to certify to the Corporation’s approval of such Agreement and the execution and delivery of the promissory notes to be issued in connection therewith, including the Lender Note; and

RESOLVED FURTHER, that the Board hereby authorizes and directs the Authorized Officers of the Corporation to execute the consent to representation by Andrews Kurth Kenyon LLP of the Corporation and the Borrower in connection with the foregoing in the form presented to the Board; and

RESOLVED FURTHER, that the Board hereby authorizes a fee of \$25,000.00 for the Corporation and a fee of \$5,000.00 for Andrews Kurth Kenyon LLP for payment of services rendered on behalf of the Corporation, such fees to be payable by the Borrower from proceeds of the Borrower Loan; and

RESOLVED FURTHER, that all acts, transactions or agreements undertaken prior to the adoption of these resolutions by the Authorized Officers in the Corporation's name or for its account in connection with the foregoing matters are hereby ratified, confirmed and adopted by the Corporation.

ADOPTED THIS 21ST DAY OF MARCH, 2017.

LOAN AGREEMENT

(Taxable and Tax-Exempt)

among

DICKINSON EDUCATION FINANCE CORPORATION,
SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL

and

REGIONS CAPITAL ADVANTAGE, INC.

(with regards to the Tax-Exempt Loan)

* * * * *

by and between

SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL

and

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

(with regards to the Taxable Loan)

Dated as of

April 5, 2017

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION	1
Section 1.01 <u>Definitions</u>	1
Section 1.02 <u>Interpretative Matters</u>	9
ARTICLE II THE ISSUER LOAN; REPAYMENT OF THE ISSUER LOAN.....	9
Section 2.01 <u>Financing the Issuer Loan</u>	9
Section 2.02 <u>Conditions to Closing</u>	9
Section 2.03 <u>Issuer Loan</u>	10
Section 2.04 <u>Issuer Loan Payments</u>	10
Section 2.05 <u>Prepayment of Issuer Loan</u>	10
Section 2.06 <u>Limitation on Interest</u>	10
Section 2.07 <u>Payment of Issuer Loan; Limited Obligation</u>	11
Section 2.08 <u>Security; Agreement as Security Agreement</u>	11
ARTICLE III THE BORROWER LOANS; REPAYMENT OF THE BORROWER LOANS	12
Section 3.01 <u>Financing the Borrower Loans</u>	12
Section 3.02 <u>Conditions to Closing</u>	12
Section 3.03 <u>Borrower Loans</u>	12
Section 3.04 <u>Borrower Loans Payments</u>	13
Section 3.05 <u>Prepayment of Borrower Loans</u>	13
Section 3.06 <u>Limitation on Interest</u>	14
Section 3.07 <u>Nature of Obligations of the Borrower</u>	14
Section 3.08 <u>No Set-off, Etc</u>	14
Section 3.09 <u>Increased Costs</u>	14
ARTICLE IV REPRESENTATIONS	15
Section 4.01 <u>Representations and Warranties of Lender</u>	15
Section 4.02 <u>Representations and Warranties of the Issuer</u>	16
Section 4.03 <u>Representations and Warranties of the Borrower</u>	16
ARTICLE V REMEDIES SECTION	18
Section 5.01 <u>Remedies Available</u>	18
Section 5.02 <u>Fees and Expenses</u>	19
Section 5.03 <u>Application of Money Collected</u>	19
Section 5.04 <u>Non-Exclusive Remedies</u>	19
Section 5.05 <u>Delays</u>	19
Section 5.06 <u>Limitation on Waivers</u>	19
ARTICLE VI DISCHARGE.....	19
Section 6.01 <u>Discharge by Payment</u>	19
ARTICLE VII TAX PROVISIONS.....	20
Section 7.01 <u>Issuer Tax Covenants</u>	20
Section 7.02 <u>Borrower Tax Covenants</u>	20
ARTICLE VIII COVENANTS OF THE BORROWER	25
Section 8.01 <u>Indemnification of Issuer Indemnified Parties</u>	25
Section 8.02 <u>Indemnification; Liability of Lender Indemnified Parties</u>	26
Section 8.03 <u>Defense of Indemnified Actions</u>	26
Section 8.04 <u>Non-Discriminatory Use of Projects</u>	26
Section 8.05 <u>Litigation</u>	27
Section 8.06 <u>Preservation of Existence and Rights</u>	27
Section 8.07 <u>Notice to the Lender</u>	27
Section 8.08 <u>Costs and Expenses</u>	27

TABLE OF CONTENTS
(continued)

	Page
Section 8.09 <u>Further Assurances</u>	27
Section 8.10 <u>No Assignment</u>	27
Section 8.11 <u>Financial Reporting</u>	27
Section 8.12 <u>Debt Service Coverage Ratio</u>	28
Section 8.13 <u>Liquidity Ratio</u>	28
Section 8.14 <u>Relationship</u>	28
Section 8.15 <u>Charter</u>	28
Section 8.17 <u>Negative Covenants</u>	29
Section 8.18 <u>Other Covenants</u>	29
ARTICLE IX MISCELLANEOUS	30
Section 9.01 <u>Term of Agreement</u>	30
Section 9.02 <u>Notices</u>	30
Section 9.03 <u>Survival of Representations and Warranties</u>	31
Section 9.04 <u>Non-Application of Chapter 346 of Texas Finance Code</u>	31
Section 9.05 <u>Patriot Act</u>	31
Section 9.06 <u>Notices</u>	31
Section 9.07 <u>Municipal Advisor Disclaimer</u>	31
Section 9.08 <u>Binding Effect; Assignment</u>	31
Section 9.09 <u>Severability</u>	32
Section 9.10 <u>Counterparts</u>	32
Section 9.11 <u>Applicable Law</u>	32
Section 9.12 <u>Limitation on Obligations of Issuer; Reimbursement of Expenses, Etc.</u>	32
Section 9.13 <u>No Recourse Against Others</u>	32
Section 9.14 <u>Disclosure</u>	32
Section 9.15 <u>Privately Negotiated Loans</u>	32
Section 9.16 <u>Waiver of Trial by Jury</u>	Error! Bookmark not defined.
Section 9.17 <u>Governing Law</u>	Error! Bookmark not defined.
EXHIBIT A-1	FORM OF BORROWER TAX-EXEMPT NOTE
EXHIBIT A-2	FORM OF BORROWER TAXABLE NOTE
EXHIBIT A-3	FORM OF ISSUER NOTE
EXHIBIT B	SCHEDULE OF PRINCIPAL PAYMENTS FOR TAX-EXEMPT BORROWER LOAN
EXHIBIT C	FORM OF COMPLAINT CERTIFICATE

LOAN AGREEMENT
(Taxable and Tax-Exempt)

This LOAN AGREEMENT (the “*Agreement*”) dated as of April 5, 2017 is among DICKINSON EDUCATION FINANCE CORPORATION (the “*Issuer*”), a nonprofit corporation created under the Act (hereinafter defined), SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL, a Texas nonprofit corporation (the “*Borrower*”), REGIONS CAPITAL ADVANTAGE, INC., an Alabama corporation (the “*Tax-Exempt Lender*”), and REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC, an Alabama limited liability company (the “*Taxable Lender*”).

RECITALS

1. The Issuer has been created and organized pursuant to and in accordance with the provisions of Chapter 53 and Chapter 53A, Texas Education Code, as amended (the “*Act*”), for the purpose of acquiring, constructing, providing, improving, financing, and refinancing education facilities.

2. The Borrower has asked the Tax-Exempt Lender to make the tax-exempt loan to the Issuer, as authorized by the Act, to enable the Issuer to make the loan to the Borrower for the purpose of financing and/or refinancing the costs of acquiring, construction, improving, and equipping educational facilities for pre-K, primary, and secondary school students at 1258 Austin Highway, Building 1, San Antonio, Texas 78209 (“*Northeast Campus*”); 735 S. W. White Road, San Antonio, Texas 78220 (“*Southeast Campus*”), 4151 Culebra Road, San Antonio, Texas 78228 (“*Northwest Elementary Campus*”); 6535 Culebra Road, San Antonio, Texas 78238 (“*Northwest Campus*”); and 2400 E. Walnut Street, Seguin, Texas 78155 (“*Seguin Elementary Campus*”) (the “*Project*”).

3. The Tax-Exempt Lender is willing to make such tax-exempt loan to the Issuer for the benefit of the Borrower, and the Issuer is willing to make such tax-exempt loan to the Borrower, on the terms and conditions hereinafter set forth.

4. The Borrower has asked the Taxable Lender to make a taxable loan to the Borrower to provide funds to pay a portion of the costs of issuance of the Project.

5. The Taxable Lender is willing to make such taxable loan for the benefit of the Borrower on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the parties agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 *Definitions.* In addition to the words and terms defined elsewhere herein, the following capitalized words and terms are defined terms under this Agreement. When used herein, such words and terms shall have the meanings given to them by the language employed in this Article defining such words and terms, unless the context clearly indicates otherwise.

“*Accountant*” means a Person engaged in the practice of accounting who is a certified public accountant and who (except as otherwise expressly provided herein) may be employed by or affiliated with the Borrower.

“*Adjusted Revenues*” means, for any period of calculation, the total of all operating and nonoperating revenues of the Borrower, including but not limited to State Revenues, federal and local funds for school lunches and other food programs, special education, and transportation, including accounts receivable and rights to receive the same plus investment and other income or loss of the Borrower for such period; provided, however, that no determination thereof shall take into account (a) income derived from Defeasance Obligations that are irrevocably deposited in escrow to pay the principal of or interest on Debt, (b) any gains or losses resulting from the early extinguishment of Debt, the sale, exchange or other disposition of Property not in the ordinary course of business, or

the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses, (c) gifts, grants (excluding grants from the State), bequests or donations and income thereon restricted as to use by the donor or grantor for a purpose inconsistent with the payment of debt service on Debt or related bonds or notes (i.e., unrelated to the purposes for which such obligations were issued), (d) net unrealized gain (losses) on investments and Financial Products Agreement and (e) proceeds of borrowing. Notwithstanding any provision herein to the contrary, State Revenues received by each of the Borrower's campuses will be used in accordance with Section 12.107(a) of the Texas Education Code, as amended.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by, or under common control with, such Person.

"Agreement" means this Loan Agreement and any amendments thereto.

"Applicable Tax-Exempt Rate" means the interest rate provided in Section 3.03(c) hereof.

"Applicable Taxable Rate" means the interest rate provided in Section 3.03(c) hereof.

"Authorized Representative" means the Chair or Executive Director of the Borrower, or any other person duly appointed by the Governing Body of the Borrower to act on behalf of the Borrower, each as evidenced by a written certificate furnished to the Lender containing the specimen signature of such person or persons and signed on behalf of the Borrower by an authorized officer of the Borrower. The Lender may rely on such written certificate until it is given written notice to the contrary.

"Available Revenues" means, for any period of determination thereof, the amount of excess (deficit) of Adjusted Revenues over Expenses for such period, plus any gifts, grants, requests or donations and income thereon restricted as to use by the donor or grantor for the sole purpose of paying Expenses of the Borrower, but less: (a) unrealized pledges for such period to make a donation, gift, or other charitable contribution to the extent encumbered, as permitted herein to secure the payment of Debt that is not Debt with a maturity of more than one year, and (b) insurance (other than business interruption) and condemnation proceeds.

"Bond Counsel" means Andrews Kurth Kenyon LLP or any other firm of attorneys of nationally-recognized expertise with respect to the obligations of political subdivisions.

"Borrower Documents" means this Agreement, the Deed of Trust, the Construction Monitoring and Disbursement Agreement, the Master Indenture, the Supplemental Indenture, the Borrower Notes and all documents executed by the Borrower in connection therewith.

"Borrower Loans" means, collectively, the Borrower Taxable Loan and the Borrower Tax-Exempt Loan.

"Borrower Loans Payments" means the payments required by Section 3.03 to be made by the Borrower including the payment of the principal of and interest on the Borrower Loans.

"Borrower Notes" means, collectively, the Borrower Taxable Note and the Borrower Tax-Exempt Note.

"Borrower Taxable Loan" means the loan from the Lender to the Borrower of the Taxable Principal Amount payable under the terms of Article III hereof.

"Borrower Taxable Note" means the Borrower's Promissory Note delivered to the Lender by the Borrower to evidence the Borrower Taxable Loan, substantially in the form of the assignable promissory note attached hereto as Exhibit A-2 and all extensions, renewals, and replacements thereof, issued pursuant to the Master Indenture and the Supplemental Indenture.

"Borrower Tax-Exempt Loan" means the loan from the Lender to the Borrower of the Tax-Exempt Principal Amount payable under the terms of Article III hereof.

"Borrower Tax-Exempt Loan Payment" means the payments of the principal of and interest on the Borrower Tax-Exempt Loan required by Article III.

“*Borrower Tax-Exempt Note*” means the Borrower’s Promissory Note delivered to Issuer by the Borrower as assigned to the Lender to evidence the Borrower Tax-Exempt Loan, substantially in the form of the assignable promissory note attached hereto as Exhibit A-1 and all extensions, renewals, and replacements thereof, the Master Indenture and the Supplemental Indenture .

“*Business Day*” means a day on which the Lender and commercial banks in New York, New York and Houston, Texas, are generally open for business.

“*Change in Law*” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline, or directive (whether or not having the force of Law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) Dodd-Frank and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines, or directives promulgated by the Lender for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority), or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted, or issued.

“*Charter*” means the charter or charters issued to the Borrower by the Texas Education Agency pursuant to Chapter 12, Texas Education Code, as amended, authorizing the Borrower to open one or more open enrollment schools and receive State Revenues for the operation thereof.

“*Closing*” means the delivery of this Agreement by each party, duly executed by it, to the other parties hereto.

“*Closing Date*” means April 5, 2017.

“*Code*” means the Internal Revenue Code of 1986, as amended and in force and effect on the Closing Date.

“*Computation Date*” has the meaning stated in section 1.148-1(b) of the Regulations and, until the Regulations are amended to provide otherwise, means (1) the last day of any bond year ending on or before the fifth anniversary of the Closing Date selected by the Borrower before such fifth anniversary and, if no such date is selected by the Borrower, then the last day of the bond year ending on or before such fifth anniversary, (2) each fifth anniversary of the Computation Date described in Clause (1) or every anniversary of such Computation Date, as elected by the Borrower consistently throughout the term of the Issuer Note, and (3) the date the Issuer Note are completely discharged, as such term is used in Section 1.148-3(e)(2) of the Regulations.

“*Construction Monitoring and Disbursement Agreement*” means that certain Construction Monitoring and Disbursement Agreement, dated as of April 5, 2017, by and between the Borrower and Regions Bank.

“*Days Cash on Hand*” means, as of any date of determination, the product obtained by multiplying 365 by the quotient determined by dividing (a) all unrestricted cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market) of the Borrower (less cash restricted for debt service on Debt of the Borrower) as reported in the Borrower’s most recent audited financial statements by (b) the total Expenses of the Borrower for the prior fiscal year.

“*Debt*” means all:

- (i) indebtedness incurred or assumed by the Borrower for borrowed money or for the acquisition, construction or improvement of property other than goods that are acquired in the ordinary course of business of the Borrower;
- (ii) lease obligations of the Borrower that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;
- (iii) all indebtedness incurred pursuant to any Financial Products Agreement;

(iv) all indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money for the acquisition, construction or improvement of property or capitalized lease obligations guaranteed, directly or indirectly, in any manner by the Borrower, or in effect guaranteed, directly or indirectly by the Borrower through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(v) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Borrower whether or not the Borrower has assumed or become liable for the payment thereof.

For the purpose of computing “*Debt*”, there shall be excluded any particular Debt if upon or prior to the Maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Debt or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption or satisfaction of such Debt; and thereafter such funds, evidences of Debt and investments so deposited shall not be included in any computation of the assets of the Borrower, and the income from any such deposits shall not be included in the calculation of Adjusted Revenues or Available Revenues.

“*Default Rate*” means the Applicable Taxable Rate and Applicable Tax-Exempt Rate, as applicable, plus five percent (5.00%) per annum. The Default Rate shall not exceed the Maximum Rate.

“*Defeasance Obligations*” means any obligations authorized under the laws of the State and the related financing documents to be deposited in escrow for the defeasance of any Debt.

“*Determination of Taxability*” means any determination, decision, or decree that all or any portion of the interest payable on the Issuer Note is includable in the gross income of a holder or former holder of the Issuer Note as a result of the occurrence of a Taxable Event. A Determination of Taxability shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Borrower files any statement, supplemental statement or other tax schedule, return or document which discloses that a Taxable Event shall have occurred; or

(ii) on that date when the Borrower or the Issuer shall be advised in writing by the Commissioner or any District Director of Internal Revenue that, based upon any filings of the Borrower or upon any review or audit of the Borrower or upon any other ground whatsoever, a Taxable Event shall have occurred; or

(iii) on that date when the Borrower receives written notification from (A) any owner or any former owner of the Issuer Note that the Internal Revenue Service has assessed as includable in the gross income of any owner or any former owner of the Issuer Note all or any portion of the interest on the Issuer Note due to the occurrence of a Taxable Event, or (B) the Commissioner or any District Director of Internal Revenue that all or any portion of the interest on the Issuer Note is includable in the gross income of any owner or any former owner of the Issuer Note due to the occurrence of a Taxable Event;

provided, however, that with respect to clauses (ii) and (iii) above, a Determination of Taxability shall not be deemed to have occurred (y) unless the Borrower shall have been given written notice thereof and afforded the opportunity to contest the same at its own expense and upon indemnification of such owner or former owner, and (z) so long as the Borrower is contesting in good faith and by appropriate proceedings, either directly or through an owner or former owner, the allegation of an occurrence of a Taxable Event; provided that if any contest has not been finally determined within two years following the occurrence of an event set forth in clauses (ii) or (iii) a Determination of Taxability shall be deemed to have occurred.

“*Deed of Trust*” means the Deed of Trust, Security Agreement and Financing Statement dated as of ____, 2006, as amended, executed by the Borrower for the benefit of the Master Trustee.

“*Dodd-Frank*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“*Event of Default*” means, unless waived in writing by the Lender, the occurrence and continuance of any of the following:

- (a) the failure of the Borrower to make any payment required to be made by it hereunder or on the Borrower Notes when due;
- (b) an event of default shall have occurred under any Financial Products Agreement;
- (c) the receipt by the Borrower of a notice of revocation of its charter from the Texas Education Agency;
- (d) the inaccuracy to any material extent of any representation or warranty of the Borrower under this Agreement or any other Borrower Document;
- (e) the failure of the Borrower to comply with any other covenant, condition, or agreement under this Agreement or any other Borrower Document;
- (f) any judgment, writ, or warrant of attachment or of any similar process in an amount that exceeds any applicable insurance coverage shall be entered or filed against the Borrower or against any of its Property and remain unvacated, unpaid, or unstayed for a period of 60 days;
- (g) the Borrower shall (i) apply for or consent to the appointment of, or the taking of possession of its properties by, a receiver, custodian, trustee or liquidator of the Borrower or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), (v) file a petition as debtor seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, or (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under said United States Bankruptcy Code;
- (h) a proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Borrower, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of its assets, or (iii) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and, in the case of (i), (ii) or (iii), such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 days from commencement of such proceeding or case or the date of such order, judgment or decree, or an order for relief against the Borrower as debtor shall be entered in an involuntary case under said United States Bankruptcy Code;
- (i) a default under any instrument of the Borrower for money borrowed, whether such default consists of non-payment of such indebtedness or the non-performance of another covenant contained in such instrument, that enables the holder of such instrument to accelerate the maturity thereof and such event or condition is not cured within any applicable grace period; or
- (j) the liquidation, dissolution, merger or consolidation of the Borrower.

“*Exempt Person*” means any organization described in section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code, the District of Columbia, any State of the United States, any possession of the

United States, and any political subdivision of any such State or possession if such political subdivision has more than an insubstantial amount of any of the power to tax, the power of eminent domain, or the police power.

“*Expenses*” means, for any period of time for which calculated, the total of all operating and non-operating expenses or losses incurred during such period by the Borrower for which such calculation is made, determined in accordance with GAAP, other than (a) interest expense, (b) depreciation and amortization, (c) [pass through IDEA – B funds expenses], and (d) extraordinary losses resulting from the early extinguishment of Debt, the sale or other disposition of assets not in the ordinary course of business or any reappraisal, revaluation or write-down of assets, and any other extraordinary losses or expenses.

“*Financial Products Agreement*” means any type of financial management instrument or contract, which shall include, but not be limited to, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or a series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk forward supply agreements; and (v) any other type of contract or arrangement that the Governing Body of the Borrower determines is to be used, or is intended to be used, to manage or reduce the cost of debt (including but not limited to a bond insurance policy), to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

“*GAAP*” means generally accepted accounting principles and practices recognized from time to time by the Financial Accounting Standards Board (or any generally recognized successor) consistently applied for all periods to properly reflect the financial condition, and the results of operations and changes in financial position, of the Borrower (and, on a consolidated basis, of the Borrower and its consolidated subsidiaries, if applicable).

“*Governing Body*” of any specified Person means the board of directors or board of trustees of such Person or any duly authorized committee of that board or if there be no board of trustees or board of directors, then the person or body which, pursuant to law or the organizational documents of such person, is vested with powers similar to those vested in a board of trustees or board of directors.

“*Governmental Authority*” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central Lender or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Lender).

“*Gross Proceeds*” of the Issuer Note means “gross proceeds” of the Issuer Note within the meaning of Section 1.148-1(b) of the Regulations.

“*Interest Payment Date*” means the 1st day of each month commencing May 1, 2017.

“*Issuer Documents*” means, collectively, this Agreement, the Issuer Note and all documents executed by the Issuer in connection therewith.

“*Issuer Loan*” means the tax-exempt loan from the Lender to the Issuer of the Principal Amount payable under the terms of Article III hereof.

“*Issuer Loan Payments*” means the payments of the principal of and interest on the Issuer Loan required by Section 2.03 to be made by the Issuer.

“*Issuer Note*” means the Promissory Note delivered to the Lender by the Issuer to evidence the Issuer Loan, substantially in the form of the assignable promissory note attached hereto as Exhibit A-3 and all extensions, renewals, and replacements thereof.

“*Laws*” means the laws of the United States of America, the State of Texas, and any other political subdivision having authority over the Loans.

“*Legal Requirements*” means all Laws as now in effect and as hereafter amended, issued, promulgated, or otherwise coming into effect.

“*Lender*” mean the Tax-Exempt Lender and/or the Taxable Lender, as applicable.

“*Lender Indemnified Parties*” means the Lender, Regions Bank, any Participant Bank, the directors, officers or employees of the Lender or any Participant Bank, and successors and assigns of such persons.

“*Litigation*” means any proceeding, claim, suit, action, case or investigation by, before or involving any Tribunal.

“*Loans*” means, collectively, the Issuer Loan and the Borrower Loans.

“*Master Indenture*” means that certain Master Trust Indenture and Security Agreement, dated as of November 1, 2006, by and between the Borrower and the Master Trustee.

“*Master Trustee*” means The Bank of New York Mellon Trust Company, N.A.

“*Material Adverse Effect*” means an effect resulting from any circumstance or event of whatever nature (including the filing of, or any adverse determination or development in, any Litigation) which does, or could reasonably be expected to, (i) adversely affect the validity or enforceability of any Borrower Document, (ii) materially and adversely affect the condition (financial or otherwise), operations, business or assets of the Borrower, (iii) impair the ability of the Borrower to fulfill any material Obligation, or (iv) cause an Event of Default or Potential Default.

“*Maximum Rate*” with respect to the Issuer Loan or the related Borrower Loans means the lower of (i) the highest interest rate permitted by applicable law to be borne by the Issuer Loan or (ii) the highest interest rate permitted by applicable law to be borne by such Borrower Loans.

“*Net Proceeds*” means “net proceeds” of the Issuer Note within the meaning of Section 150(a)(3) of the Code.

“*Notes*” means, collectively, the Borrower Notes and the Issuer Note.

“*Obligations*” means the obligations of the Borrower under this Agreement and the Borrower Notes and any and all renewals, extensions, amendments, modifications, increases and supplements thereof.

“*Outstanding*” means, with respect to any Loan, the unpaid principal thereof and interest thereon, and, with respect to the Principal Amount, the unpaid portion thereof.

“*Participant Bank*” means any national or state bank participating in any Loan with the Lender through an interbank agreement.

“*Patriot Act*” or “*USA Patriot Act*” means the USA Patriot Act signed into law on October 26, 2001 (U.S.C. Section 5318), as the same may be amended, supplemented or modified from time to time.

“*Person*” means firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations, and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons.

“*Potential Default*” means any condition or event which after notice and/or lapse of time would constitute an Event of Default.

“*Principal Amount*” of any Issuer Note or Borrower Notes means the unpaid principal amount of the Issuer Note or either of the Borrower Notes.

“Principal Payment Date” 1st day of each month.

“Proceeds” shall have the meaning set forth in Section 1.148-1(b) of the Regulations.

“Project” means financing and/or refinancing the costs of acquiring, construction, improving, and equipping educational facilities for pre-K, primary, and secondary school students at the Northeast Campus; the Southeast Campus; the Northwest Elementary Campus; the Northwest Campus; and the Seguin Elementary Campus.

“Property” means any and all rights, titles and interests of the Borrower in and to any and all property identified as the Project, whether real or personal, tangible or intangible, and wherever situated.

“Rebate Amount” as of any Computation Date means the “rebate amount” with respect to the Issuer Note determined in accordance with Section 1.148-3 of the Regulations.

“Rebate Calculation Date” means (1) the last Computation Date that occurs on or before the fifth anniversary of the Closing Date, (2) each subsequent Computation Date specified by written notice of the Borrower to the Lender that occurs on or before the fifth anniversary of the immediately preceding Rebate Calculation Date or, if no such notice is given by the Borrower, each such fifth anniversary, and (3) the final Computation Date.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Issuer Note issued pursuant to the Code. Any reference to a Section of the Regulations shall also refer to any successor provision to such Section hereafter promulgated by the Internal Revenue Service pursuant to the Code and applicable to the Issuer Note.

“Release Date” as used herein means the date on which the Loans and this Agreement have been paid and performed in full.

“Resolution” means the resolution of the Board of Directors of the Issuer authorizing the execution and delivery of this Agreement and addressing other matters related thereto, and any amendments or supplements thereto.

“Sponsoring Entity” means Dickinson, Texas.

“State” means the State of Texas.

“State Revenues” means, for any period of time for which calculated, the total of all moneys received by the Borrower from the State during such period directly attributable to the open enrollment charter school operated by the Borrower.

“Supplemental Indenture” means that certain Supplemental Indenture No. 2, dated as of April __, 2017 between the Borrower and the Master Trustee.

“Taxable Adjustment Amount” means an amount equal to the difference, if any, between (i) the amount of interest on the principal amount of the Issuer Note actually paid to an owner or former owner of the Issuer Note since the effective date of a Taxable Event to the Interest Payment Date or redemption date on which such Taxable Adjustment Amount is first paid, and thereafter from the previous Interest Payment Date to the next Interest Payment Date or redemption date, and (ii) the amount of interest which would have been payable on such principal amounts to such owner or former owner for the same period since the date of the Taxable Event at a rate determined by the Lender in its sole discretion necessary to maintain the same after-tax yield to the Lender after a Determination of Taxability, in each case calculated on the basis of a year of 365- or 366-days, as applicable.

“Taxable Event” means the application of the proceeds of the Borrower Tax-Exempt Loan in any manner or the existence of any condition or the occurrence or nonoccurrence of any event, whether within or without the control of the Borrower, which in either case has the result that, under the Code and the Regulations, all or any portion of the interest on the Issuer Note is or becomes includable in the gross income of a holder or former holder of the Issuer Note.

“*Taxable Investment*” means any financial investment of Gross Proceeds other than:

(1) Non-AMT Tax-Exempt Obligations: an obligation the interest on which is excluded from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes (or, when such obligation was issued, was purported by the evidence of such obligation to be so excluded) and which is not a preference item, as defined in section 57 of the Code, and

(2) Tax-Exempt Mutual Funds: an interest in a regulated investment company to the extent that at least 95% of the income to the holder of such interest is interest excludable from gross income under section 103(a) of the Code and is not an item of tax preference.

“*Tribunal*” means any state, commonwealth, county, municipal, federal, foreign, territorial or other governmental body, court, administrative department, commission, board, bureau, district, authority, agency, or instrumentality, or any arbitration authority.

“*Yield*” of:

(1) Taxable Investments: all Taxable Investments acquired with (or representing an investment of) Gross Proceeds of the Issuer Loan (or money replaced thereby) on or before any date means the actuarial “yield” of all such Taxable Investments as “yield” is defined in and determined in accordance with Section 1.148-5(b) of the Regulations, and

(2) Issuer Note: means the actuarial “yield” of the Issuer Note, as defined in Section 1.148-4 of the Regulations.

Section 1.02 Interpretative Matters.

(a) Whenever the context requires:

(i) references in this Agreement to the singular number shall include the plural and vice versa; and

(ii) words denoting gender shall be construed to include the masculine, feminine, and neuter.

(b) The table of contents and the titles given to any article or section of this Agreement are for convenience of reference only and are not intended to modify the meaning of the article or section.

ARTICLE II

THE ISSUER LOAN; REPAYMENT OF THE ISSUER LOAN

Section 2.01 Financing the Issuer Loan. Subject to the terms and conditions set forth in this Agreement, including without limitation the conditions set forth in Section 2.02, and for and in consideration of the limited recourse agreement by the Issuer to pay its obligations under this Agreement and the covenants and agreements herein contained, the Tax-Exempt Lender agrees to advance to the Issuer the Issuer Loan for the exclusive purpose of providing funds for the Borrower Tax-Exempt Loan to the Borrower to finance the costs of the Project.

Section 2.02 Conditions to Closing. The obligation of the Tax-Exempt Lender to make the advance pursuant to Section 2.01 hereof shall be subject to the following conditions:

(a) The representations of the Issuer herein shall be true, complete and correct in all material respects on the date hereof and on and as of the Closing Date as if made on the Closing Date;

(b) At the time of Closing, the Issuer Documents shall be in full force and effect, assuming due authorization and execution by the other parties thereto, and shall not have been amended or supplemented except as may have been agreed to in writing by the Tax-Exempt Lender;

(c) At or prior to the Closing, the Tax-Exempt Lender shall have received each of the following documents:

(i) this Agreement, executed by the authorized officers of the Issuer and the Borrower, with such changes or amendments as may have been approved by the Tax-Exempt Lender;

(ii) the Resolution authorizing the Issuer Loan and the Borrower Loans and approving the Issuer Documents; and

(iii) Opinion of Bond Counsel.

(d) The satisfaction of all conditions necessary to the closing of the Borrower Tax-Exempt Loan as set forth in Section 3.02 of this Agreement.

Section 2.03 Issuer Loan.

(a) The Issuer's obligation to repay the Issuer Loan shall be evidenced by the Issuer Note. The Issuer Note shall be dated the Closing Date and shall be payable at the same time and in the same amounts of principal and interest as the Borrower Tax-Exempt Loan authorized pursuant to Section 3.03 of this Agreement.

(b) Interest on the Issuer Loan shall accrue and be paid on each Interest Payment Date on the outstanding and unpaid Principal Amount of the Issuer Loan from the Closing Date at the same rate per annum as the related Borrower Tax-Exempt Loan pursuant to Section 3.03 of this Agreement.

(c) Any payment made on the Issuer Loan in an amount less than the full amount then due and payable thereon shall be deemed to constitute a payment of interest thereon to the extent of all accrued interest then due and payable on the Issuer Loan and the remainder of such payment, if any, shall be applied to the reduction of the Outstanding Principal Amount of the Issuer Loan.

(d) The Issuer will duly and punctually pay the principal of and interest on the Issuer Loan in accordance with the terms of this Agreement; provided, however, that the Issuer Loan and the other obligations of the Issuer provided for herein shall be payable solely from and to the extent of payments received by the Tax-Exempt Lender for the account of the Issuer under the Borrower Tax-Exempt Loan and net recoveries from the security for the Issuer Loan granted hereunder.

Section 2.04 Issuer Loan Payments. All Issuer Loan Payments on the Issuer Loan shall be made on the applicable payment dates and shall be paid and delivered to the holder of the related Issuer Note.

Section 2.05 Prepayment of Issuer Loan.

(a) The Issuer shall prepay the outstanding Principal Amount of the Issuer Loan to the same extent that the related Borrower Tax-Exempt Loan is prepaid pursuant to Section 3.05 of this Agreement.

(b) Written notice given to the Tax-Exempt Lender by the Borrower under Section 3.05 of this Agreement of the prepayment of a Borrower Tax-Exempt Loan shall serve as adequate notice to the Tax-Exempt Lender of prepayment of the related Issuer Loan.

Section 2.06 Limitation on Interest. All agreements between the Issuer and the Tax-Exempt Lender or the payee of the Issuer Note, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall any amount deemed interest under applicable law and contracted for, charged, received, paid or agreed to be paid on the Issuer Loan exceed the amount of interest payable thereon had the Issuer Loan borne interest at the Maximum Rate. If, from any circumstances whatsoever, interest on the Issuer Loan would otherwise be payable in excess of such maximum lawful amount, then the interest payable thereon shall be reduced to such maximum lawful amount; and if from any circumstances the Tax-Exempt Lender or the payee of the Issuer Note shall ever receive anything of value deemed interest on the Issuer Loan by applicable law in excess of such maximum lawful amount, an amount equal

to any excessive interest shall be applied to the reduction of the principal of the Issuer Loan and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Issuer Loan, such excess shall be refunded to the Issuer. All interest paid or agreed to be paid on the Issuer Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of the Issuer Loan until payment in full of the principal so that the interest on the Issuer Loan for such full period shall not exceed such maximum lawful amount. This paragraph shall control all agreements between the Issuer and the Tax-Exempt Lender.

Section 2.07 Payment of Issuer Loan; Limited Obligation.

(a) The obligation of the Issuer to make the payments required by Section 2.03, but only from and to the extent of the sources specified therein, shall be absolute and unconditional. The Issuer shall pay such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Issuer may have or assert against the Tax-Exempt Lender or any other person.

(b) Until such time as the Issuer Loan is fully paid, the Issuer:

(i) will not suspend or discontinue any Issuer Loan Payment, or authorize or consent to the suspension or discontinuance of any Borrower Tax-Exempt Loan Payment;

(ii) will perform and observe all of its other agreements contained in this Agreement; and

(iii) except by full payment and retirement of the Issuer Loan, will not terminate this Agreement for any cause.

(c) Notwithstanding anything herein, the payment by the Borrower of Borrower Tax-Exempt Loan payments on the Borrower Tax-Exempt Loan automatically discharges the obligation of the Issuer to make Issuer Loan payments on the Issuer Loan in the same amount and at the same time.

Section 2.08 Security; Agreement as Security Agreement.

(a) As security for the repayment of the Issuer Loan, the Issuer hereby collaterally assigns to the Tax-Exempt Lender its rights under this Agreement, including the right to receive the Borrower Tax-Exempt Loan payments under the Borrower Tax-Exempt Note, but excluding the rights of the Issuer under Sections 5.02, 8.01, 9.12 and 9.13 which rights are retained by the Issuer. If any Note is subsequently transferred by the Tax-Exempt Lender to an assignee then the Tax-Exempt Lender's rights under this Agreement shall automatically be transferred to such assignee, provided that the Tax-Exempt Lender shall remain entitled to its rights under Sections 3.03(f) (to the extent such Section applies to the period during which the Tax-Exempt Lender was a holder of such Note), 8.02 and 8.03. An executed copy of this Agreement shall constitute a security agreement pursuant to applicable law, with the Tax-Exempt Lender as the secured party. The pledge and security interest in favor of the Tax-Exempt Lender created in this Agreement shall become effective immediately upon the Closing, and the same shall be continuously effective for so long as any portion of the Issuer Loan remain unpaid.

(b) If any applicable law, in the opinion of counsel to the Issuer or in the opinion, reasonably exercised, of counsel to the Tax-Exempt Lender, requires any filing or other action in order to preserve the priority of the pledge and security interest of the Tax-Exempt Lender created by this Agreement, the Issuer shall diligently make such filing or take such other action upon the request of the Tax-Exempt Lender to the extent required by law to accomplish such result.

ARTICLE III

THE BORROWER LOANS; REPAYMENT OF THE BORROWER LOANS

Section 3.01 Financing the Borrower Loans. Subject to the terms and conditions set forth in this Agreement, including without limitation the conditions set forth in Section 3.02, and for and in consideration of the agreement by the Borrower to pay its obligations under this Agreement and the covenants and agreements herein contained, (i) the Issuer agrees to advance to the Borrower the Borrower Tax-Exempt Loan with proceeds of the Issuer Loan, for the purpose of providing funds to finance the costs of the Project; and (ii) the Tax-Exempt Lender agrees to advance to the Borrower the Borrower Taxable Loan, for the purpose of providing funds to finance the costs of issuance of the Loans.

Section 3.02 Conditions to Closing. The obligation of the Issuer and the Lender to make the advance pursuant to Section 3.01 hereof shall be subject to the following conditions:

- (a) The representations of the Borrower herein shall be true, complete and correct in all material respects on the date hereof and on and as of the Closing Date as if made on the Closing Date;
- (b) At the time of Closing, the Borrower Documents shall be in full force and effect and shall not have been amended or supplemented except as may have been agreed to in writing by the Lender and the Issuer;
- (c) At or prior to the Closing, the Lender and the Issuer shall have received each of the following documents:
 - (i) the Borrower Documents, executed by authorized officers of the Borrower;
 - (ii) resolutions of the Borrower's governing body or any duly authorized committee thereof authorizing this Agreement;
 - (iii) opinion of Borrower's counsel;
 - (iv) fully executed Construction Contract (as defined in the Construction Monitoring and Disbursement Agreement), with a maximum guaranteed price satisfactory to the Lender;
 - (v) an Approved Budget (as defined in the Construction Monitoring and Disbursement Agreement) and schedule;
 - (vi) the Plans (as defined in the Construction Monitoring and Disbursement Agreement);
 - (vii) builder risk insurance and other insurance satisfactory to the Lender;
 - (viii) copy of the appraisal, survey, and title commitment related to the properties subject to the Deed of Trust; and
 - (ix) copy of the environmental report covering the properties subject to the Deed of Trust.
- (d) Funding of the Issuer Loan.

Section 3.03 Borrower Loans.

- (a) The Taxable Lender shall make one advance of all proceeds of the Taxable Borrower Loan to pay costs of issuance of the Loans. The Tax-Exempt Lender shall make advances of the Issuer Loan and the Borrower Tax-Exempt Loan as set forth in the Construction Monitoring and Disbursement Agreement to pay costs of the Project.

(b) The Borrower's obligation to repay the Borrower Loans shall be evidenced by the Borrower Notes. The Borrower Notes shall be dated the Closing Date. The Borrower Tax-Exempt Loan shall mature on May 1, 2022 and the Borrower Tax-Exempt Loan shall be payable in principal installments on each Principal Payment Date in the respective amounts indicated on Exhibit B to this Agreement. The Borrower Taxable Loan shall mature on May 1, 2019 and the Borrower Taxable Loan shall be payable in principal installments on each Principal Payment Date commencing September 1, 2017 of \$10,000.00 each.

(c) Interest shall accrue and be paid on each Interest Payment Date on the Outstanding and unpaid Principal Amount of the Borrower Tax-Exempt Loan from the Closing Date. The "Applicable Tax-Exempt Rate" on the outstanding and unpaid principal balance of the Borrower Taxable Loan shall be computed at a per annum rate equal to the lesser of (a) [3.39%] per annum or (b) the Maximum Rate.

Interest shall accrue and be paid on each Interest Payment Date on the Outstanding and unpaid Principal Amount of the Borrower Taxable Loan from the Closing Date. The "Applicable Taxable Rate" on the outstanding and unpaid principal balance of the Borrower Taxable Loan shall be computed at a per annum rate equal to the lesser of (a) [4.00%] per annum or (b) the Maximum Rate.

(d) Interest on the Borrower Loans shall be computed on the basis of actual number of days for a 360 day year. Upon the occurrence and continuation of an Event of Default, the interest rate on the Borrower Loans shall be the Default Rate, rather than the Applicable Tax-Exempt Rate or Applicable Taxable Rate.

(e) Any payment made on a Borrower Loans in an amount less than the full amount then due and payable thereon shall be deemed to constitute a payment of interest thereon to the extent of all accrued interest then due and payable on such Borrower Loans and the remainder of such payment, if any, shall be applied to the reduction of the Outstanding Principal Amount of such Borrower Loans. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

(f) Except upon the occurrence and during the continuance of an Event of Default and subject to Section 3.06 hereof, as additional interest on the Borrower Tax-Exempt Loan, the Borrower shall pay from the effective date of any Taxable Event an amount equal to the Taxable Adjustment Amount for the Borrower Tax-Exempt Loan on the Outstanding Principal Amount.

(g) If a "Yield Adjustment Event" (hereinafter defined) occurs after the Closing Date, the rate of interest on the Borrower Tax-Exempt Loan shall be adjusted as provided in the formula described in the definition of "Yield Adjustment Event". The term "Yield Adjustment Event" means the receipt by the Issuer of a written notification from the Tax-Exempt Lender that a change in the interest rate on the Borrower Tax-Exempt Loan would result from the following calculation:

$$\frac{\text{Current Lender Tax-Exempt Rate}}{(1 - 0.35)} \times (1 - \text{New Corporate Tax Rate}) = \text{Adjusted Interest Rate}$$

where the term "New Corporate Tax Rate" means the then current maximum federal income tax rate applicable to for-profit corporations if less than such corporate tax rate as of the Closing Date.

Section 3.04 Borrower Loans Payments. All Borrower Tax-Exempt Loan payments shall be made on the applicable payment dates as provided in Section 3.03 and shall be paid to the Tax-Exempt Lender as the collateral assignee of the Issuer and as registered owner of the Borrower Tax-Exempt Note, or any successor registered owner thereof, at the address specified by the Tax-Exempt Lender. All Borrower Taxable Loan payments shall be made on the applicable payment dates as provided in Section 3.03 and shall be paid to the Taxable Lender as registered owner of the Borrower Taxable Note, or any successor registered owner thereof, at the address specified by the Taxable Lender.

Section 3.05 Prepayment of Borrower Loans. The Borrower shall have the right to prepay the Borrower Loans in whole or in part without penalty on any Business Day. In the event of a prepayment, the

Borrower shall provide the Lender at least three Business Days written, electronic or facsimile notice of its election to make such prepayment, specifying the Principal Amount of the Borrower Loans to be prepaid and to remain Outstanding, respectively.

Section 3.06 Limitation on Interest. All agreements between the Borrower and the Issuer or the payees of the Borrower Notes, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall any amount deemed interest under applicable law and contracted for, charged, received, paid or agreed to be paid on any Borrower Loans or Issuer Loan exceed the Maximum Rate applicable thereto. If, from any circumstances whatsoever, interest on any Borrower Loans or Issuer Loan would otherwise be payable in excess of the Maximum Rate applicable thereto, then the interest payable thereon shall be reduced to interest at such Maximum Rate; and if from any circumstances the Issuer, the Lender or the payee of such Borrower Notes or Issuer Note shall ever receive anything of value deemed interest by applicable law in excess of interest at such Maximum Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal of such Borrower Loans and Issuer Loan, respectively, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of such Borrower Loans or Issuer Loan, such excess shall be refunded to the Borrower for the account of the Issuer. All interest paid or agreed to be paid on a Borrower Loans or related Issuer Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of such Borrower Loans and Issuer Loan until payment in full of the principal so that the interest on such Borrower Loans and Issuer Loan for such full period shall not exceed interest at the Maximum Rate applicable thereto. This paragraph shall control all agreements between or among the Borrower, the Issuer and the Lender and between the Issuer and the Lender or the payees of the Issuer Note.

Section 3.07 Nature of Obligations of the Borrower. The Borrower agrees that the payment of such Obligations is secured by the Deed of Trust and the Trust Estate (as defined in the Master Indenture).

Section 3.08 No Set-off, Etc.

Other than in connection with any related Financial Products Agreement, the Borrower agrees that its obligations to make payments hereunder shall be absolute and unconditional, irrespective of any rights of set-off, diminution, abatement, recoupment or counterclaim the Borrower might otherwise have against any Person, and the Borrower will perform and observe all of its payment obligations and covenants, representations and warranties hereunder without suspension and will not terminate the Borrower Documents for any cause. The Borrower covenants not to seek and hereby waives, to the extent permitted by applicable law, the benefits of any rights which it may have at any time to any stay or extension of time for performance or to terminate, cancel or limit its liability under the Borrower Loans except through payment or deemed payment of the Borrower Loans as provided in the Borrower Documents. A holder of either Borrower Loan shall be entitled to rely upon the agreements and covenants in this Section regardless of the validity or enforceability of the remainder of this Agreement or any other Borrower Document or agreement.

The preceding paragraph shall not be construed to release the Issuer from the performance of any of its agreements contained in this Agreement, or prevent or restrict the Borrower, at its own cost or expense, from prosecuting or defending any action or proceeding against or by third parties or taking any other action to secure or protect its rights under the Borrower Documents.

Section 3.09 Increased Costs.

- (a) If any Change in Law shall:
 - (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;
 - (ii) subject the Lender to any taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on the Lender or the London interLender market any other condition, cost or expense affecting this Agreement;

and the result of any of the foregoing shall be to increase the cost to the Lender with respect to this Agreement, or the making, maintenance or funding of the loan evidenced by this Agreement, or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount) then, upon request of the Lender, the Borrower will pay to the Lender, such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) If the Lender determines that any Change in Law affecting the Lender or the Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Lender's capital or liquidity or on the capital or liquidity of the Lender's holding company, if any, as a consequence of this Agreement to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender, such additional amount or amounts as will compensate the Lender or such the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of the Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Lender's right to demand such compensation.

ARTICLE IV

REPRESENTATIONS

Section 4.01 Representations and Warranties of Lender. The Lender represents and warrants to the Issuer and the Borrower, the following:

(a) (a) The Tax-Exempt Lender is an Alabama corporation, and has all necessary power and authority to enter into and perform this Agreement. The Taxable Lender is an Alabama limited liability corporation and has all necessary power and authority to enter into and perform this Agreement.

(b) The Lender has taken all actions required to authorize and execute this Agreement and to perform its obligations hereunder, and the execution, delivery and performance by the Lender of and compliance with the provisions of this Agreement will not conflict with any existing law, regulation, rule, decree or order or any agreement or other instrument by which the Lender is bound.

(c) The Lender acknowledges that the Issuer and the Borrower has furnished the Lender with all information necessary and requested by the Lender to permit the Lender to make an informed decision concerning its issuance of the Issuer Loan, and the Lender has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Borrower and its ability to perform under this Agreement and the Borrower Notes and to assess all risk factors associated with the Lender's purchase of the Issuer Loan. The Issuer Loan are being made by the Lender to effect loans to the Borrower (and not on behalf of another), and the Lender has no present intention of reselling its rights under the Issuer Loan or the Issuer Note, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however, that the Lender reserves the right to sell, pledge, transfer, convey, hypothecate, dispose of, or participate, its rights under the Issuer Loan and the Issuer Note at some future date.

Section 4.02 Representations and Warranties of the Issuer. The Issuer represents and warrants to the Tax-Exempt Lender and the Borrower as follows:

(a) The Issuer is a public nonprofit corporation duly incorporated, organized, validly existing and in good standing under the Act.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Issuer Documents and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe its obligations thereunder and to carry out the transactions by the Issuer contemplated by the Issuer Documents. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Issuer Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observance by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the borrowing of funds from the Tax-Exempt Lender; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition to the performance by the Issuer of its obligations under any of the Issuer Documents.

(d) This Agreement is a legally valid and binding non-recourse obligation of the Issuer enforceable against the Issuer in accordance with its terms, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

(e) There is no pending or, to the knowledge of the undersigned officer of the Issuer, threatened action or proceeding against the Issuer before any court, governmental agency or department or arbitrator (i) to restrain or enjoin the execution or delivery of this Agreement or (ii) in any way contesting or affecting the authority for the execution and delivery or the validity of the Issuer Documents.

Section 4.03 Representations and Warranties of the Borrower. The Borrower represents and warrants to the Lender and the Issuer as follows:

(a) *No Conflicts.* The execution, delivery and performance by the Borrower of this Agreement and the other Borrower Documents to which it is or will be a party will not violate any material provision of any law or regulation or of any order or decree of any court, tribunal or governmental authority, bureau or agency or of any agreement, mortgage, indenture, contract, lease, deed of trust, note or other undertaking, in each case, by which the Borrower or any of its assets is bound, or of the articles of incorporation or by-laws of the Borrower and, except as provided in this Agreement, will not result in the creation or imposition of any security interest, lien, charge or encumbrance on any of its assets pursuant to the provisions of any of the foregoing.

(b) *Representations Regarding the Project.* The Borrower will apply proceeds of the Borrower Loans to finance the Project or pay cost of issuance of the Borrower Loans. The Project is located in its entirety within the boundaries of Bexar County, Texas.

(c) *Other Representations and Warranties.* Any certificate with respect to factual or financial matters signed by an Authorized Representative and delivered to the Issuer or the Lender shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(d) *Financial Statements.* All financial statements and other financial information regarding the Borrower furnished by the Borrower in writing to the Lender are true and correct in all material respects as of the dates specified therein, accurately present the financial condition of the Borrower in all material respects as of the dates specified, and have been prepared in accordance with GAAP, except for the omission from interim financial statements of notes and adjustments to revenues customarily made at year-end. No change has occurred in the Borrower's financial condition reflected therein since the date of the most recent financial statements for such Person delivered to the Lender which constitutes a Material

Adverse Effect. The Borrower is solvent after giving effect to all Loans and guaranties contemplated in the Borrower Documents.

(e) *Litigation.* There is no pending or, to the Borrower's knowledge, threatened Litigation to which the Borrower is a party involving or affecting the validity, enforceability, or priority of any of the Borrower Documents or which has resulted in a Material Adverse Effect.

(f) *Existence and Rights.* True, correct and complete copies of the documents governing the Borrower's existence have been delivered to the Lender. The Borrower is a Texas nonprofit corporation, in good standing under Texas Laws, is lawfully doing business in Texas, and has full power and authority to enter into and perform the Borrower Documents.

(g) *Authorization, Enforceability.* The execution, delivery, and performance of this Agreement and the Borrower Documents by the Borrower have been duly authorized by the Borrower. The Borrower is not in default under any obligation of the Borrower or any other Legal Requirement which default constitutes a Material Adverse Effect. The Borrower Documents executed by the Borrower constitute valid and legally binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors or secured parties or the exercise of judicial discretion in accordance with general principles of equity.

(h) *Legal Requirements.* The Borrower has: (i) complied and will comply with all Legal Requirements relating to or affecting the Project, the Borrower Loans or this Agreement; (ii) obtained and delivered true and correct copies to the Lender of all required permits, licenses, approvals and consents from, and has made all filings with, any Tribunal (and the same have not lapsed nor been rescinded or revoked) necessary in connection with the execution, delivery or performance of any Borrower Document by the Borrower and the performance of the Obligations; and (iii) no knowledge of, and has received no notice of, any violation of any Legal Requirement relating to or affecting the Project, the Borrower Loans or this Agreement. All resolutions and actions of the Board of Directors of the Borrower relating to the Loans comply or will comply in all respects with the Constitution and laws of the State of Texas and any applicable federal laws, and the necessary actions taken or to be taken in connection with the adoption of the resolution approving the Borrower Loans, and the execution and delivery of the Borrower Documents, have not or will not have been repealed, rescinded or revoked. The Borrower has or will duly approve and ratify (i) the execution and/or delivery of this Agreement and Borrower Documents required to be executed and delivered by the Borrower in connection therewith and (ii) the taking of any and all such actions as may be required on the part of the Borrower to carry out, give effect to and consummate the transactions by the Borrower contemplated by the Borrower Documents. The Borrower is authorized under the Laws of the State of Texas to enter into the transactions contemplated hereby and to perform all of its obligations hereunder.

(i) *Full Disclosure.* To the best of Borrower's knowledge, all plans, budgets, schedules, certificates, confirmations, statements, applications, rent rolls, affidavits, agreements, contracts, reports, studies, tests, opinions, and other materials and factual information, if any, furnished to the Lender by the Borrower in connection with the Borrower Loans are true, accurate and complete in every material respect as of the date as of which the information is dated or certified. To the best of Borrower's knowledge, there is no material fact or information that the Borrower has not disclosed to the Lender that has resulted in a Material Adverse Effect. To the best of Borrower's knowledge, there has been no material change in any of the foregoing matters from the matters submitted or disclosed to the Lender. To the best of Borrower's knowledge, there has been no circumstance or event that has resulted in a Material Adverse Effect.

(j) *Certain Regulatory Matters.* The proceeds of the Borrower Loans are not being used and shall not be used to purchase or carry any "margin stock" within the meaning of Regulation "U" of the Board of Governors of the Federal Reserve System or to extend credit to others for that purpose.

(k) *Principal Office, Etc.* The principal office, chief executive office and principal place of business of the Borrower, and the place where the Borrower maintains its principal records and books, is at

the Borrower's address for notices as specified in Section 9.02. The Borrower Loans is solely for business purposes and is not for personal family, household or agricultural purposes.

(l) *Payment and Performance.* No Event of Default or Potential Default exists. The Borrower is in compliance with this Agreement.

(m) *Due Organization.* The Borrower is a duly organized and existing corporation exempt from federal income taxation as provided in Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code, except as provided in Section 511 of the Code.

(n) *Regulatory Requirements.* All approvals, consents and orders of any governmental official, authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Borrower of its obligations under the Borrower Documents have been obtained or, as of the date of the closing of the Loans, will have been obtained, and none of the approvals, consents or orders have or will then have been repealed, rescinded or revoked.

(o) *Proceeds.* During the term of the Loans, the proceeds of the Loans shall be used by the Borrower only for the purpose of refinancing educational facilities including, without limitation, costs of the Project consistent with the permissible scope of the Borrower's authority.

(p) *Charter.* The Borrower shall maintain a Charter with terms satisfactory to the Lender.

Each of the foregoing representations and warranties shall be deemed to have been made as of the date of this Agreement and again as of the Closing Date.

ARTICLE V

REMEDIES SECTION

Section 5.01 *Remedies Available.*

(a) Upon the occurrence of any Event of Default and thereafter for so long as the Event of Default has not been cured, the Lender is not required to make any advance hereunder and may take any action at law or in equity to collect all amounts then due to it under this Agreement and to enforce compliance with any other obligation of the Issuer or the Borrower under this Agreement.

(b) In addition to the remedies provided in subsection (a) of this Section, the Lender shall, to the extent permitted by law, be entitled to recover from the Borrower the reasonable costs and expenses, including reasonable attorney's fees and court costs, incurred by the Lender in the proceedings authorized under subsection (a) of this Section.

(c) Should an Event of Default occur and thereafter for so long as the Event of Default has not been cured, the Lender may but without any obligation to do so, at its option and at any time, and without presentment, demand, or protest, notice of default, dishonor, demand, non-payment, or protest, notice of intent to accelerate all or any part of the Loans, notice of acceleration of all or any part of the Loans, or notice of any other kind, all of which the Issuer and the Borrower hereby expressly waive, except for any notice required by applicable statute which cannot be waived: (i) declare the Borrower Loans immediately due and payable, or take such action itself together with the registered owners of the requisite percentage of obligations secured by the Deed of Trust, and upon such declaration the Loans and the Notes shall be immediately due and payable; (ii) reduce any claim to judgment; (iii) to the maximum extent permitted under applicable Laws, set-off and apply any and all deposits (general or special, time or demand, provisional or final), funds, or assets of the Issuer or the Borrower at any time held and any and all other indebtedness at any time owing by the Lender to or for the credit or the account of the Issuer or the Borrower against any and all obligations of such Person, whether or not the Lender exercises any other right or remedy hereunder and whether or not such obligations are then matured; and/or (iv) exercise any and all rights and remedies afforded by any of the Borrower Documents, or by law or equity or otherwise, as the Lender deems appropriate.

(d) Notwithstanding any other provision of this Agreement, any remedy exercised against the Issuer requiring the payment of money shall be limited to money received from the limited sources described in Section 2.03(d).

Section 5.02 Fees and Expenses.

(a) The Borrower agrees to pay promptly upon demand therefor all reasonable costs paid or incurred by the Issuer or the Lender in connection with the Loans, including without limitation (1) all Costs of Issuance required to be paid to the Issuer or the Lender with respect to the Loans; and (2) all reasonable out-of-pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer or the Lender) reasonably incurred by the Issuer or the Lender in connection with the enforcement of any of its rights or remedies or the performance of its duties under this Agreement or the Notes.

(b) The Issuer or the Lender may enforce the Borrower's obligations under this Section independently of any other remedies available to any Person against the Borrower pursuant to the terms and provisions of this Agreement, the Borrower Documents and the Issuer Documents.

Section 5.03 Application of Money Collected. Any money collected as a result of the taking of remedial action pursuant to this Article V, including money collected as a result of foreclosing the liens of this Agreement, shall be applied in the Lender's reasonable discretion, including without limitation, to the costs of collection of such money, to the payment of the Loans and to cure the Event of Default with respect to which such remedial action was taken.

Section 5.04 Non-Exclusive Remedies. No remedy conferred upon or reserved to the Lender by this Agreement is intended to be exclusive of any other available remedy, and each such remedy shall be in addition to any other remedy given under this Agreement or the Borrower Documents or now or hereafter existing at law or in equity.

Section 5.05 Delays. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

Section 5.06 Limitation on Waivers. If an Event of Default is waived, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed a waiver of any other Event of Default; provided, that no waiver of an Event of Default shall be effective unless such waiver is made in writing.

ARTICLE VI

DISCHARGE

Section 6.01 Discharge by Payment. When the Issuer Loan and the Borrower Loans have been paid in full (including all interest that has accrued thereon to the date of maturity or prepayment, as applicable), and all other amounts payable by the Issuer and the Borrower under this Agreement have been paid, the security interests granted under this Agreement shall be discharged and released.

ARTICLE VII

TAX PROVISIONS

Section 7.01 Issuer Tax Covenants.

(a) *General.* The Issuer shall not knowingly take any action, or knowingly omit to take any action within its control, which, if taken or omitted, respectively, would cause the interest on the Issuer Note to become includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and, without limiting the generality of the foregoing, the Issuer will observe and perform each provision of this Section, unless and until an opinion of Bond Counsel shall have been delivered to the effect that failure to comply with such provision will not adversely affect such exclusion from gross income.

(b) *Not to Invest at Higher Yield.* The Issuer shall not direct or itself make any investment of the proceeds of the Issuer Loan or any other funds of the Issuer in a manner which would result in constituting the Issuer Note “arbitrage bonds” within the meaning of section 148 of the Code or “hedge bonds” within the meaning of section 149 of the Code.

(c) *Not Federally Guaranteed.* The Issuer will not direct or itself knowingly take any action, or omit to take any action within its control, which, if taken or omitted, respectively, would cause the Issuer Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Information Report.* The Issuer shall file with the Secretary of the Treasury the information provided by the Borrower required by section 149(e) of the Code with respect to the Issuer Note in such form and at such place as such Secretary may prescribe at the time directed by the Borrower.

(e) *Rebate Report.* Based upon information provided by the Borrower, the Issuer shall execute, by the time specified by the Borrower as being required under the Regulations, each Internal Revenue Form 8038-T or other form, and each written explanation described in Section 7.02(k)(ii), delivered to the Issuer by the Borrower in respect of the Issuer Note, unless such execution is not required by the Regulations or the instructions issued by the Internal Revenue Service for such forms.

(f) *Limited Responsibility.* The Issuer’s compliance with the provisions of this Section shall be based solely on acts or omissions by the Issuer, and no acts or omissions of, or directed by, the Borrower or any other Persons shall be attributed to the Issuer.

(g) *Certifications.* All officers, employees and agents of the Issuer are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Issuer as of the Closing Date, including, but not limited to, representations, warranties, and certifications contained in any No-Arbitrage Certificate of the Issuer.

(h) *Elections.* The Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election in respect of the Issuer Note pursuant to the Regulations, and the Issuer will cooperate with the Borrower and execute any form or statement required by the Regulations to perfect any such election. The Issuer shall maintain any such election which is provided to it as well as this Agreement as part of the official transcript of proceedings relating to the issuance of the Issuer Note until six years after the final Computation Date.

Section 7.02 Borrower Tax Covenants.

(a) *General.* The Borrower shall not (and shall not permit any Affiliate of the Borrower within its control to) take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Issuer Note from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes. The Borrower shall execute such amendments hereof and supplements hereto (and shall comply with the provisions thereof) as may, in the opinion of Bond Counsel, be necessary to preserve or perfect such exclusion. The Borrower shall

comply with each specific covenant in this Section at all times prior to the last maturity of the Issuer Note (and, in the case of paragraphs (k) and (m), until compliance therewith in full), unless and until there shall have been delivered to the Tax-Exempt Lender and the Issuer an opinion of Bond Counsel to the effect that failure to comply with such covenant, either generally or to the extent stated therein, shall not adversely affect the excludability of interest on the Issuer Note from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and thereafter such covenant shall no longer be binding upon the Borrower, generally or to such extent as the case may be, anything in any other paragraph of this Section to the contrary notwithstanding.

(b) *Representations.*

(i) *General.* All representations, warranties, and certifications made by the Borrower in connection with the delivery of the Issuer Note on the Closing Date (including, but not limited to, those representations, warranties, and certifications contained in any Certificate Concerning Tax-Exempt Status and Related Matters executed by the Borrower) are and shall be true, correct, and complete in all material respects on such date, and shall remain true, correct, and complete in all material respects on the Closing Date.

(ii) *Tax-Exempt Status of Borrower.* As of the Closing Date, the Borrower represents and warrants as follows:

(A) Tax-Exempt Organization: it is an Exempt Person;

(B) No Material Change: its purposes, character, activities, and methods of operation have not changed materially since its organization and are not materially different from the purposes, character, activities, and methods of operation at the time of its determination by the Internal Revenue Service to be an organization described in section 501(c)(3) of the Code;

(C) No Diversion: it has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated;

(D) Not Action Organization: it has not operated during its five most recent fiscal years or its current fiscal year in a manner that would result in it being classified as an “action” organization within the meaning of Section 1.501(c)(3)-(1)(c)(3) of the Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(E) No Unreported Insider Payments: none of its trustees, directors, officers, or incorporators, or any Person controlled by it, or any other Person having a personal or private interest in its activities has acquired or received, directly or indirectly, any of its income or assets, in any form, for its five most recent fiscal years or its current fiscal year, other than as reported or to be reported to the Internal Revenue Service for its appropriate fiscal year;

(F) Not Private Foundation: it is not a “private foundation” within the meaning of section 509(a) of the Code;

(G) No Notice of Revocation of Exemption: it has not received any indication or notice whatsoever to the effect that its exemption from federal income taxation under section 501(a) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(H) Timely and Complete Filings: it has timely filed with the Internal Revenue Service all requests for determination, reports, and returns required to be filed

by it, and such requests for determination, reports, and returns have not omitted or misstated any material fact;

(I) No Other Substantial Activities: it has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of section 501(c)(3) of the Code; and

(J) No Disqualifying Action or Condition: it has not taken any action, nor knows of any action that any other Person has taken, nor knows of the existence of any condition which would cause it to lose its exemption from federal income taxation under section 501(a) of the Code or cause interest on the Issuer Note to be includable in the income of the owners thereof for federal income tax purposes.

(iii) *Maturity of Issuer Note*. The weighted average maturity, calculated in accordance with section 147(b) of the Code, of the Issuer Note will not exceed 120 percent of the average reasonably expected remaining economic life of the facilities, calculated in accordance with section 147(b) of the Code, to be financed or refinanced with the proceeds of the Issuer Loan.

(c) *Maintenance of Tax-Exempt Status of Borrower*. The Borrower shall be organized and conduct its operations in such a manner so as to qualify as an organization described in section 501(c)(3) of the Code.

(d) *Ownership by Exempt Person*. The Borrower shall (or shall cause one or more other Exempt Persons to) own all portions of the Project financed or refinanced with the proceeds of the Issuer Loan at all times prior to the final payment of the Issuer Note.

(e) *Limited Non-Exempt Use of Loan Proceeds*. The Borrower shall not use (or permit the use of) property financed or refinanced with proceeds of the Issuer Loan (including income from the investment thereof) in any trade or business carried on by any Person which is not an Exempt Person or in any unrelated trade or business, as defined in section 513(a) of the Code, of any Exempt Person, if in any case the aggregate cost of all such property financed or refinanced with proceeds of the Issuer Loan and so used (together with costs of issuance of the Issuer Loan financed with proceeds of the Issuer Loan, if any) exceeds 5% of the Net Proceeds of the Issuer Loan. For purposes of this paragraph, property is considered to be “used” by a Person if:

(i) *Sale or Lease*: it is sold or otherwise disposed of, or leased, to such Person;

(ii) *Management or Operating Contract*: it is operated, managed, or otherwise physically employed, utilized, or consumed by such Person, excluding operation or management pursuant to an agreement which meets the guidelines set forth in Revenue Procedure 97-13, including any amendments or revisions thereto;

(iii) *Reservation of Capacity*: capacity in or output or service from such property is reserved or committed to such Person under a take-or-pay, output, incentive payment, or similar contract or arrangement;

(iv) *Preferential Service*: such property is used to provide service to (or such service is committed to or reserved for) such Person on a basis or terms which are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally;

(v) *Cooperative Research*: such property is used to perform research pursuant to an agreement with a Person other than a governmental unit, if any portion of any patent that may result incidentally from such research is owned by such Person, or if any license or other use of resulting technology is required to be made available to such Person or is made available to such Person on terms different from those on which the Borrower would permit such use by a non-sponsoring Person or for a non-competitive price or for a price determined before such technology

becomes available for use, except that multiple, unrelated industry sponsors of such research may receive non-exclusive, royalty-free licenses to use any products of such research if the Borrower determines the research to be performed and the manner in which such research is to be performed and owns title to any patent or other product resulting incidentally therefrom and except as permitted by Revenue Procedure 2007-47; or

(vi) *Other*: substantial benefits and burdens of ownership of such property are otherwise effectively transferred to such Person,

but the temporary investment of funds in accordance with the applicable provisions hereof pending use of such funds for their intended purpose shall not constitute “use” of property for purposes of this subsection.

(f) *Limited Non-Exempt Loan of Proceeds*. The Borrower shall not use (or permit the use of) proceeds of the Issuer Loan, any income from the investment thereof, or any property financed or refinanced with such proceeds or income in any unrelated trade or business, as defined in section 513(a) of the Code, of an Exempt Person or permit the direct or indirect loan of any such proceeds or income to any Person other than an Exempt Person or to any Person which is an Exempt Person for use in an unrelated trade or business, as defined in section 513(a) of the Code, if in any case the aggregate amount of such proceeds of the Issuer Loan and income thereon so used or loaned and costs of property so used in the aggregate exceeds the lesser of \$5,000,000 or 5% of the Net Proceeds of the Issuer Loan. For purposes of this paragraph, proceeds and income are considered to be “loaned” to a Person if:

(i) *Sale or Capital Lease*: property financed with the proceeds of the Issuer Loan or income from the investment thereof is sold or leased to such Person in a transaction which creates a debt for federal income tax purposes;

(ii) *Commitment of Capacity*: capacity in or service from such property is committed to such Person under a take-or-pay, output, or similar contract or arrangement; or

(iii) *Other*: indirect benefits, or burdens and benefits of ownership, of such property are otherwise transferred to such Person in a transaction which is the economic equivalent of a loan,

and the amount of any such “loan” is the cost of such property financed with the proceeds of the Issuer Loan and income thereon, but the temporary investment of funds in accordance with the applicable provisions hereof pending use of such amounts for their intended purpose shall not constitute a “loan” of such proceeds or income.

(g) *Prohibition on Certain Uses*. The Borrower shall not use or permit the use of any proceeds of the Issuer Loan or any income from the investment thereof:

(i) *Prohibited Facilities*: to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, or

(ii) *Costs of Issuance*: to pay or otherwise finance costs of issuance of the Issuer Note (e.g., printing costs and fees and expenses of counsel) in an amount which exceeds 2% of the proceeds of the Issuer Loan.

(h) *Not to Cause Classification as Arbitrage Bonds or Hedge Bonds*. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Issuer Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Issuer Note to be classified as “arbitrage bonds” within the meaning of section 148 of the Code or “hedge bonds” within the meaning of section 149 of the Code. Without limiting the foregoing and except as permitted by the Regulations, the Borrower shall not invest Gross Proceeds in any Taxable Investment (or use Gross Proceeds to replace money so invested), at any time prior to the final payment of the Issuer Note, if as a result of such investment the Yield of all Taxable Investments acquired

with (or representing an investment of) Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Issuer Note.

(i) *No Federal Guarantees, Etc.* Except to the extent permitted in section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Issuer Note to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(j) *No Instruction to Divert Arbitrage Profits or Investment at Guaranteed Yield.* The Borrower shall not invest Gross Proceeds of the Issuer Loan in any Taxable Investments:

(i) *Off-Market:* for which there is not an established market (except obligations purchased from the United States Treasury) or otherwise enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (k) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted had the Yield on the Issuer Note or the Taxable Investments not been relevant to either party, or

(ii) *Hedge:* in an amount which exceeds 50% of such Gross Proceeds if such Taxable Investments assure a substantially guaranteed yield for four years or more.

(k) *To Rebate Arbitrage Profits.*

(i) *To Deliver Documents and Money on Computation Dates.* The Borrower shall deliver to the Tax-Exempt Lender, within 60 days after each Computation Date,

(A) Statement of Rebate Amount and Income: a statement, signed by an Accountant, stating (i) the Rebate Amount for the Issuer Note as of such Computation Date and (ii) the minimum portion thereof which must be remitted to the United States Treasury in respect of such Computation Date to satisfy the requirements of Section 1.148-3(f) of the Regulations in respect of the Issuer Note,

(B) Rebate Payment: evidence that the Borrower has paid to the U.S. Treasury an amount which is equal to the amount then elected by the Borrower to be paid in respect of such Computation Date pursuant to this paragraph (k), which aggregate amount shall not be less than the minimum amount specified in such Accountant's statement, accompanied by an Internal Revenue Service Form 8038-T completed as of such Computation Date and executed by the Issuer pursuant to Section 7.01(e), or such other form as may be required to be filed by the Regulations.

(ii) *To Correct Underpayments.* If the Borrower shall discover or be notified as of any date that any payment made to the United States Treasury pursuant to this paragraph (k) shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations, the Borrower shall (a) prepare and deliver to the Tax-Exempt Lender a brief written explanation of such failure and any basis for concluding that such failure was not due to willful neglect and (b) pay to the United States Treasury, within 180 days after such discovery or notice, the correct amount in respect thereof, interest thereon, and any penalty imposed under section 1.148-3(h) of the Regulations.

(iii) *Preservation of Accounting Records.* The Borrower shall retain all of its accounting records relating to the Gross Proceeds, and all calculations made in preparing the statements described in this paragraph (k), for at least six years after the final payment of the Issuer Note.

(iv) *Exemption from Rebate.* If the Borrower shall deliver to the Tax-Exempt Lender, on or before the first Rebate Calculation Date, either (1) an officer's certificate of the Borrower, signed by an Accountant, stating that all Gross Proceeds of the Issuer Loan were expended within six months after the Closing Date, excluding Gross Proceeds credited to a bona fide debt service fund (as defined in section 1.148-1(b) of the Regulations), or (2) both an officer's

certificate of the Borrower, signed by an Accountant, stating the purposes for which Gross Proceeds of the Issuer Loan have been expended, the dates of such expenditures, and the amounts so expended and an Opinion of Bond Counsel, given in reliance upon such officer's certificate, stating that Section 148(f)(2) of the Code does not apply to Gross Proceeds of the Issuer Loan, then in either such case the provisions of this paragraph (k) shall be suspended until such time, if ever, as such provisions are reinstated in accordance with this paragraph. If, more than six months after the Closing Date, or the date of either such officer's certificates, Gross Proceeds of the Issuer Loan (other than amounts credited to a bona fide debt service fund, as defined in section 1.148-1(b) of the Regulations) exist, the Borrower shall promptly deliver to the Tax-Exempt Lender an officer's certificate of the Borrower stating such fact, and the provisions of this paragraph (k) shall be reinstated, but only with respect to such Gross Proceeds.

(l) *To Provide Information for Form 8038.* The Borrower shall timely and accurately provide to the Issuer all information required by section 149 of the Code to be filed with respect to the Issuer Note.

(m) *Records.* Until four years after the final payment of the Issuer Note, the Borrower shall preserve and maintain such records as may be required to establish the accuracy of all representations and warranties and compliance with all covenants in this Section throughout the full term of this Agreement.

(n) *Not to Create Gross Proceeds.* The Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security, directly or indirectly, for payment of any Issuer Note, shall not establish any segregated reserve or similar fund for such purpose, and shall not prepay any Borrower Tax-Exempt Loan Payment or either Borrower Tax-Exempt Note in advance of the prepayment date for an equal principal amount of the related Issuer Note, unless in each case in the opinion of Bond Counsel such action will not adversely affect the exclusion of interest on the Issuer Note from the gross income, as defined in section 61 of the Code, of the beneficial owner thereof for federal income tax purposes.

ARTICLE VIII

COVENANTS OF THE BORROWER

Section 8.01 *Indemnification of Issuer Indemnified Parties.* THE BORROWER AGREES TO RELEASE AND DEFEND AND HOLD THE ISSUER AND EACH OF THE DIRECTORS AND OFFICERS OF THE ISSUER, THE SPONSORING ENTITY, AND EACH OF THE CITY COUNCIL MEMBERS OF SUCH CITY HARMLESS FROM ANY TAX, PENALTY, FINE, COST, EXPENSE, LOSS, DAMAGE, OR OTHER LIABILITY OR CLAIM (INCLUDING ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AND OTHER EXPENSES OF THE DEFENSE THEREOF AND AMOUNTS PAID IN SETTLEMENT OR TO DISCHARGE JUDGMENTS, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION) INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNIFIED PARTY AS A RESULT OF ANY ACTION OR OMISSION BY THE ISSUER OR SUCH INDEMNIFIED PARTY OR OTHER PERSON HEREUNDER, OR AS A RESULT OF ANY ACTION OR OMISSION OF THE BORROWER IN THE DESIGN, CONSTRUCTION, INSTALLATION, EQUIPPING, FURNISHING, OPERATION, USE, OCCUPANCY, INSURANCE, MAINTENANCE, OR OWNERSHIP OF ANY PROJECT OR THE OBSERVANCE OR PERFORMANCE OF THE OBLIGATIONS OF THE BORROWER HEREUNDER, OR IN CONNECTION WITH THE SALE, OFFERING FOR SALE, ISSUANCE, OR DELIVERY OF THE ISSUER NOTE, UNLESS ANY SUCH ACT OR OMISSION BY SUCH INDEMNIFIED PARTY BE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO HAVE BEEN WILLFUL MISCONDUCT (AND WHETHER OR NOT ANY SUCH ACT OR OMISSION SHALL HAVE BEEN NEGLIGENT), IT BEING THE EXPRESS INTENT OF THE PARTIES THAT THE BORROWER'S OBLIGATIONS UNDER THIS PARAGRAPH SHALL APPLY TO THE NEGLIGENT ACTS AND OMISSIONS OF THE INDEMNIFIED PARTIES.

Section 8.02 Indemnification; Liability of Lender Indemnified Parties. (a) TO THE EXTENT PERMITTED BY THE LAWS OF THE STATE, THE BORROWER HEREBY INDEMNIFIES AND HOLDS HARMLESS EACH LENDER INDEMNIFIED PARTY FROM AND AGAINST ANY AND ALL DIRECT, AS OPPOSED TO CONSEQUENTIAL, CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES (INCLUDING SPECIFICALLY REASONABLE ATTORNEYS FEES) WHICH SUCH LENDER INDEMNIFIED PARTY MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST SUCH LENDER INDEMNIFIED PARTY BY ANY PERSON WHATSOEVER) BY REASON OF OR IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY; PROVIDED THAT THE BORROWER SHALL NOT BE REQUIRED TO INDEMNIFY ANY LENDER INDEMNIFIED PARTY, TO THE EXTENT, BUT ONLY TO THE EXTENT, ANY SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST OR EXPENSE IS CAUSED BY SUCH LENDER INDEMNIFIED PARTY'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.

(b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST ANY LENDER INDEMNIFIED PARTY, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF THIS AGREEMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE USE OF THE PROCEEDS THEREOF.

(c) THE OBLIGATIONS OF THE BORROWER UNDER THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Section 8.03 Defense of Indemnified Actions. The Borrower may, and if requested in writing by any indemnified party shall, undertake the defense of any claim, action, or proceeding for which such indemnified party is indemnified under Section 8.01 or 8.02, and, thereafter, the Borrower shall not be liable to any such indemnified party for any legal or other expenses other than reasonable costs subsequently incurred by such indemnified party at the request of the Borrower in connection with the defense thereof, unless (1) the employment of such counsel has been specifically authorized by the Borrower, in writing, (2) the Borrower has failed after request to assume the defense and to employ counsel, or (3) the named parties to any such action (including any impleaded parties) include both an indemnified party and the Borrower, and the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Borrower (in which case, if such indemnified party notifies the Borrower in writing that it elects to employ separate counsel at the expense of the Borrower, the Borrower shall not have the right to assume the defense of the action on behalf of such indemnified party); provided, however, that the Borrower shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all indemnified parties, provided that any indemnified party which has been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to any other indemnified party shall have the right to employ separate counsel whose fees and expenses shall be paid by the Borrower. The Borrower shall be liable for no settlement of any such claim, action, or proceeding effected without its consent. Each party indemnified pursuant to Section 8.01 or 8.02 shall give prompt notice of any claim, action, or proceeding against it upon which such indemnified party may seek indemnity hereunder. Notwithstanding anything herein to the contrary, the indemnifications set forth herein shall survive the termination of this Agreement.

Section 8.04 Non-Discriminatory Use of Projects. Throughout the useful life of each Project financed or refinanced in whole or in part with proceeds of the Issuer Loan, the Borrower shall not and shall not permit any Affiliate to operate such Project in a manner which discriminates against any person on the basis of race, color, religion, sex, or national origin. The foregoing covenant shall not apply, however, (1) to any portion of such Project the cost of which was or is to be financed or refinanced otherwise than with proceeds of the sale of Issuer Note and (2) commencing from the date of any sale of any Project or part thereof to any Person who shall not assume the obligations set forth in this Section, to the Project or part thereof so sold or transferred, if such sale or transfer shall be for adequate consideration and if such consideration shall be used expeditiously to acquire, construct, equip, or

furnish, or such consideration is, additional property subject to such obligations or shall be applied to prepay a like amount of Issuer Note.

Section 8.05 Litigation. If any Litigation is threatened or commenced (a) that endangers, questions or attacks the validity, enforceability, or priority of any Borrower Document or (b) that results in a Material Adverse Effect, then, unless waived by the Lender, the Borrower shall promptly and vigorously contest such Litigation in good faith, resist the entry of any temporary or permanent injunction, and seek the stay of any such injunction that may be entered. The Lender may (but shall not be obligated to) commence, appear in, or defend any such Litigation and pay all necessary expenses, including attorneys' fees, incurred in connection with such Litigation, which the Borrower shall reimburse to the Lender on demand and which shall be part of the Obligations secured by the Borrower Documents.

Section 8.06 Preservation of Existence and Rights. The Borrower shall maintain and preserve its existence under Texas Laws; shall preserve, protect, renew and extend all franchises, permits, licenses, privileges, concessions and other material rights applicable to the Borrower, to the extent required to comply with its obligations hereunder; and shall not make any material change in its articles of incorporation, in each case without the Lender's prior written consent.

Section 8.07 Notice to the Lender. The Borrower shall notify the Lender in writing promptly after obtaining actual knowledge of any of the following events, specifying in each case the action the Borrower has taken or proposes to take with respect thereto: (a) the occurrence of any Event of Default or Potential Default; (b) any default by the Borrower under any Legal Requirement, or any default by the Borrower in the performance of any obligation which results in a Material Adverse Effect; (c) any Litigation instituted or threatened against the Borrower or any development in any such Litigation which results a Material Adverse Effect; (d) any labor controversy pending or threatened in writing against the Borrower or any material development therein which results in a Material Adverse Effect; (e) any change in the Borrower's name; and (f) any change in any rating of the Borrower or the Borrower's long-term Debt by any rating agency.

Section 8.08 Costs and Expenses. To the extent not prohibited by applicable Laws, the Borrower shall pay, in addition to any other closing costs, all reasonable costs and expenses incurred by the Lender in connection with the Lender's due diligence and closing of the Loans, including reasonable attorneys' fees (to include outside counsel fees) incurred by the Lender in connection with the negotiation and preparation of the Borrower Documents and all costs reasonably incurred by the Issuer, whether or not the Loans actually close.

Section 8.09 Further Assurances. The Borrower shall promptly and duly execute and deliver to the Lender, at Borrower's own expense, such further documents, instruments and assurances and take such further action as the Lender may from time to time reasonably request in order to carry out the intent of the Loans, and to establish and protect the rights and remedies created or intended to be created in favor of the Lender hereunder. The Borrower shall additionally provide, at its own expense, such certificates, documents, reports, information, affidavits and other instruments reasonably deemed necessary, desirable or proper by the Lender to enable the Lender to comply with the requirements of any agency having jurisdiction over the Lender.

Section 8.10 No Assignment. The Borrower shall not assign, transfer or encumber its rights or Obligations under any Borrower Document or any proceeds of the Borrower Loans without the consent of the Lender and the Issuer.

Section 8.11 Financial Reporting. The Borrower shall furnish or cause to be furnished to the Lender the following:

- (a) As soon as available and in any event within 180 days after the end of each fiscal year, an audited statement of the consolidated financial position of the Borrower and its subsidiaries and affiliates, if any; each statement shall be as of the end of such fiscal year and contain the related statements of revenue and expenses, net assets and changes in net assets for such fiscal year, and statement of cash flows setting forth in each case in comparative form the figures for the previous fiscal year, all prepared in accordance with GAAP and reported on by an independent certified public accountant or firm of independent certified public accountants, and the report of such independent certified public accountant or firm of independent certified public accountants shall state that such financial statements present fairly the consolidated

financial position of the Borrower and its subsidiaries and affiliates, if any, as of the end of such fiscal year and the consolidated results of their operations and changes in financial position for such fiscal year; and upon receipt by the Borrower or the Borrower of an accountant's management letter, the Borrower will forward a copy of such management letter to the Lender or cause any the Borrower to forward a copy of such management letter to the Lender. The Borrower will also provide, in conjunction with the audited financials, the following reports: student resident districts, waiting list by grade, area charter schools, faculty information, historical enrollment by grade, student demographics, accountability ratings and test scores by grade. At the same time, the Borrower shall also deliver to the Lender a certificate signed by the Borrower's chief financial officer and dated as of the end of the preceding fiscal year, in the form attached hereto as Exhibit C, stating, among other things, that such officer has reviewed the obligations of the Borrower under this Agreement and the Borrower Notes, and the performance of the Borrower thereunder, and has consulted with such officers and employees of the Borrower as he or she deemed appropriate and necessary for the purpose of delivering this certificate, and based on such review and consultation, certifies that no Event of Default and no event which with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred and is continuing under the aforementioned documents

(b) As soon as available, and in any event within 45 days after the end of each fiscal quarter of each fiscal year of the Borrower, a balance sheet and income statement of Borrower as of the end of such fiscal quarter, all in form and substance and in reasonable detail satisfactory to the Lender and duly certified (subject to year-end review adjustments) by an Authorized Representative (i) as being true and correct in all material aspects to the best of his or her knowledge and (ii) as having been prepared in accordance with generally accepted accounting principles, consistently applied.

(c) Such other financial or reporting information as the Lender reasonably requests.

Section 8.12 Debt Service Coverage Ratio. The Borrower will maintain, as of the end of each fiscal year, a ratio of (a) EBITDAR (earnings before interest, taxes, depreciation, amortization, and rent costs), to (b) scheduled annual payments of principal and interest on all Debt of the Borrower plus annual lease payments of not less than 1.10x; provided that (i) non-cash gains and losses, if any, from interest rate swap transactions, and (ii) any unrealized mark to market change in value of assets, all to the extent shown on the statement of activities and change in net assets (income statement) of the Borrower will be excluded from the calculation of the ratio.

Section 8.13 Liquidity Ratio. The Borrower covenants to maintain (i) in the fiscal year ending August 31, 2017, not less than eighty-five (85) Days Cash on Hand; (ii) in the fiscal year ending August 31, 2018, not less than ninety (90) Days Cash on Hand and (iii) in the fiscal year ending August 31, 2019 and for each fiscal year thereafter, not less than one hundred (100) Days Cash on Hand. The Borrower's Days Cash on Hand shall be tested as of [August 31 of each year], commencing August 31, 2017. The foregoing is subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of the agencies having jurisdiction, shall not permit the Borrower to maintain such level of Days Cash on Hand, then the Borrower shall, in conformity with the then prevailing laws, rules or regulations, maintain its Days Cash on Hand equal to the maximum permissible level.

Section 8.14 Relationship. Subject to the requirements of State law and existing contract rights, during the term of this Agreement, Borrower shall maintain its principal depository and treasury services, including its operating accounts, with Regions Bank or an affiliate of Regions Bank, and the Borrower will afford Regions Bank and its affiliates the opportunity, as opportunities arise, to compete to provide additional banking services, insurances and merchant services.

Section 8.15 Charter. The Borrower shall maintain authorization and accreditation as an open-enrollment charter school from the State. In the event the Borrower fails to meet the TEA academic or financial accounting standards for the first time, the Borrower agrees that it shall provide to the Lender, as applicable, within forty-five (45) days of the notification of such failure by the TEA a detailed written report of all action taken or to be taken to address and correct such deficiency. In the event the Borrower fails to meet the TEA academic or financial accounting standards for the second consecutive time, the Borrower agrees that it shall (i) engage an independent consultant with expertise in the operation and management of the academic and financial affairs of charter schools, (ii) within sixty (60) days of the notification of such failure by the TEA, provide to the Lender, as applicable, a detailed written report of such independent consultant of all action taken or to be taken to address and correct such

deficiency. The Borrower agrees that its failure to implement or to begin to implement, as applicable, all the recommendations of the independent consultant within forty-five (45) days after receipt of the consultant's report shall result in the Lender having the right to require the outstanding principal amount of the Commitment to be due and payable immediately.

Section 8.17 Negative Covenants. Except as specifically provided for in the Borrower Documents or unless the Lender shall otherwise give its prior written consent, the Borrower shall not:

(a) Convey, transfer, lease or encumber any of the Property or any right to manage any of the Property or to receive any rents, profits, proceeds or any insurance thereof.

(b) Other than the construction of the Project, remodel, add to, reconstruct, improve or demolish any of the Property.

(c) Liquidate, terminate, consolidate, merge or dissolve.

(d) Purchase or acquire any materials, supplies, fixtures or equipment in connection with the construction of the Property under lease or conditional sale or other type of title retention or security agreement.

(e) Create, incur, permit or assume any indebtedness, other than (i) indebtedness to the Lender, (ii) indebtedness outstanding on the Closing Date which has been disclosed to and approved by the Lender in writing, and (iii) any additional indebtedness which unless Available Revenues for the year preceding the date of the incurrence of such additional debt are at least 1.10 to 1.0 of the maximum annual principal and interest on all indebtedness of the Borrower including such additional indebtedness or for any consecutive 12 months out of the most recent 18 months preceding the date of the incurrence of such additional indebtedness; Available Revenue is at least 1.50 to 1.00 if the maximum annual debt service on all indebtedness of the Borrower including such additional indebtedness. Prior to incurring such additional indebtedness, the Lender shall satisfactorily review and approve a certificate from Borrower demonstrating compliance with this subsection (e).

(f) Create or suffer to be created any lien, encumbrance easement, use or charge affecting any of the property or the revenues of Borrower, other than as evidenced by the Borrower Documents.

Section 8.18 Other Covenants. In the event that the Borrower shall agree to financial covenants, financial covenant levels or financial covenant testing periods pursuant to documentation entered into by the Borrower with any Person or Persons (other than the Lender) that undertake to make loans or extend credit or liquidity to the Borrower after the date hereof, the Borrower shall (simultaneously with the execution of such documentation) notify the Lender of such covenants, covenant levels or covenant testing periods and, to the extent such covenants, covenant levels or covenant testing periods are determined by the Lender, in its sole discretion, by written notice to the Borrower to be more restrictive than the covenants, covenant levels or covenant testing periods set forth in this Agreement, the Borrower shall comply with the covenants contained in the new documentation for the benefit of the Lender under this Agreement, unless otherwise agreed by the Lender, and the Borrower and the Lender hereby agree that, upon such determination and notice, such covenants, together with the related definitions of terms contained therein, shall be incorporated by reference in this Agreement with the same effect as if each and every such covenant and definition were set forth herein in its entirety, and such more restrictive financial covenants, financial covenant levels or financial covenant testing periods shall replace and supersede the financial covenants, financial covenant levels or financial covenant testing periods contained herein, unless otherwise agreed by the Lender. For purposes of clarification, the terms financial covenants, financial covenant levels, and financial covenant testing periods refer to covenants to maintain coverage ratios at or above certain levels prior to the incurrence of additional debt, to maintain minimum rates, to maintain certain minimum liquidity levels and similar financial covenants and agreements to deliver financial information and other information within a specified time period. The terms, financial covenants, financial covenant levels and financial covenant testing periods specifically exclude collateral posting requirements, reserve requirements, automatic termination events, termination events, additional termination events and pricing levels. Each and every amendment or waiver of such covenants or definitions made pursuant to such other documentation, or the release, termination or other discharge of such other documentation, shall amend, waive, release, terminate or discharge (as applicable) such covenants and definitions as incorporated by reference herein upon notice by the Borrower to the Lender of such amendment, waiver, release, termination or discharge (as applicable) but without the written consent of the Lender. Notwithstanding anything in

this Section to the contrary, in no event shall any financial covenant, financial covenant level, or financial covenant testing period be incorporated herein or enforceable by any party hereto to the extent that the same could adversely affect the exclusion from gross income of interest on the Issuer Note for federal income tax purposes.

ARTICLE IX

MISCELLANEOUS

Section 9.01 *Term of Agreement.* This Agreement shall become effective upon the Closing and shall continue in full force and effect until all obligations of the Issuer under this Agreement have been fully paid.

Section 9.02 *Notices.*

(a) All notices, certificates, or other communications required by or made pursuant to this Agreement shall be in writing and given by certified or registered United States mail, return receipt requested, addressed as follows:

(i) if to the Taxable Lender:

Regions Commercial Equipment Finance, LLC
1900 5th Avenue North, Suite 2400
Birmingham, Alabama 35203
Attention: Bo Buckner

(ii) if to the Tax-Exempt Lender:

Regions Capital Advantage, Inc.
1900 5th Avenue North, Suite 2400
Birmingham, Alabama 35203
Attention: Bo Buckner

(iii) if to the Issuer:

Dickinson Education Finance Corporation
c/o City of Dickinson, Texas
City Hall
4403 Highway 3
Dickinson, Texas 77539
Attention: President

(iv) if to the Borrower:

Southwest Winners Foundation, Inc. dba Southwest Preparatory School
1258 Austin Hwy
San Antonio, Texas 78209
Attn: President

(b) Each of the Issuer, the Lender, and the Borrower may designate any different addresses to which subsequent notices to it shall be sent; provided that any of such parties shall designate only one address for such party to receive such notices.

(c) Except as otherwise provided by this Agreement, any communication delivered by mail in compliance with this section is deemed to have been given as of the date of deposit in the mail.

(d) A provision of this Agreement that provides for a specific method of giving notice or otherwise conflicts with this Section supersedes this Section to the extent of the conflict.

Section 9.03 Survival of Representations and Warranties. All representations and warranties made in this Agreement or any other Borrower Document, including any Borrower Document furnished in connection with this Agreement, shall survive the execution and delivery of this Agreement and the other Borrower Documents, and no investigation by the Lender or any closing shall affect such representations and warranties or the right of the Lender to rely upon them.

Section 9.04 Non-Application of Chapter 346 of Texas Finance Code. The provisions of Chapter 346 of the Texas Finance Code are specifically declared by the parties not to be applicable to this Agreement or any of the Borrower Documents or the transactions contemplated hereby.

Section 9.05 Patriot Act. The Lender hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower which information includes the name and address of the Borrower and other information that will allow the Lender to identify the District in accordance with the Patriot Act.

Section 9.06 Notices.

(a) USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

(b) IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Borrower: When the Borrower opens an account, the Lender will ask for the Borrower's name, taxpayer identification number, business address, and other information that will allow the Lender to identify Borrower. The Lender may also ask to see the Borrower's legal organizational documents or other identifying documents.

(c) SECTION 26.02. THIS AGREEMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AGREEMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AGREEMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO.

Section 9.07 Municipal Advisor Disclaimer. The Borrower and the Issuer acknowledge and agree that (i) the transaction contemplated herein is an arm's length commercial transaction among the Borrower, the Issuer and the Lender, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor, including, without limitation, a "municipal advisor," as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or fiduciary of the Borrower or the Issuer, (iii) in connection with this Agreement, the Lender and its affiliates are relying on one or more exemptions in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower or the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not Lender or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the Borrower or the Issuer, on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the Borrower and the Issuer, and (vi) the Borrower and the Issuer have consulted with their own financial, legal, accounting, tax and other advisors, as applicable, to the extent they have deemed appropriate.

Section 9.08 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer, its successors and assigns, the Borrower, its successors and assigns, and the Lender and its successors and assigns; provided that neither the Issuer nor the Borrower may assign all or any part of this Agreement without the prior written consent of the Lender. The Lender may without limitation (i) at any time sell,

assign, pledge or transfer all or a portion of the Loans, or one or more interest in all or any part of the Lender's rights and obligations under the Loans, to one or more assignees, which may include affiliates of the Lender; and (ii) at the Lender's option, disclose information and share fees with such assignees.

Section 9.09 Severability. If any part of this Agreement is ruled invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect the remainder of this Agreement.

Section 9.10 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 9.11 Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance, or otherwise, by the laws of the State and, if applicable, federal law.

Section 9.12 Limitation on Obligations of Issuer; Reimbursement of Expenses, Etc. The Issuer shall be obligated hereunder solely to the extent of the proceeds of the Issuer Loan, payments by the Borrower pursuant to Articles III and VIII, or other funds advanced to the Issuer by the Borrower for the purpose of paying for the costs of performance by the Issuer hereunder, and the Issuer shall not otherwise be required to expend any funds in the observance or performance of its obligations hereunder. If, however, the Issuer otherwise pays or incurs any expense or charge, or is subject to any tax, as a result of the observance or performance of its obligations hereunder, or in connection with the enforcement of the obligations of the Borrower hereunder, the Borrower agrees upon demand by the Issuer promptly to reimburse to the Issuer all such fees, charges, and taxes in full. Without limiting the generality of the foregoing, the Borrower shall pay to or for the account of the Issuer out of money from the proceeds of the Borrower Loans or otherwise an amount equal to all expenses and costs of the Issuer in authorizing, negotiating, executing, and delivering this Agreement and the Issuer Note and obtaining the Issuer Loan, including all financing, legal, financial advisory and printing expenses, plus any compensation paid to any employees of the Issuer for the time such employees have spent on activities relating to such activities.

Section 9.13 No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Agreement or any Borrower Documents or Issuer Documents, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, officer or employee, as such, of the Issuer or the Borrower, or any successor corporation, either directly or through Issuer or the Borrower, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment, judgment or penalty, or otherwise; it being expressly understood that this Agreement and the other Borrower Documents or Issuer Documents are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers or employees, as such, of Issuer or the Borrower, or any successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Agreement or the other Borrower Documents or Issuer Documents or implied therefrom, and that any and all such personal liability either at common law or equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer or employee, as such, are hereby expressly waived and released as a condition of, and in consideration for, the execution of this Agreement and the issuance of the Notes.

Section 9.14 Disclosure. This Agreement may be posted by the Borrower on a national public bond market repository provided that certain information shall be redacted by the Borrower prior to such posting as directed by the Lender including signatures/names, account numbers, and wire transfer and payment instructions.

Section 9.15 Privately Negotiated Loans.

The Borrower and Issuer acknowledge and agree that the Lender is purchasing the Notes as evidence of privately negotiated loans and in that connection the Notes shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

Section 9.16 Waiver of Trial by Jury.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER DOCUMENTS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND (c) CERTIFIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE.

Section 9.17 Governing Law.

Except to the extent that any law of the United States may apply, this Agreement shall be governed and interpreted according to the laws of the State of Texas (the "Governing Law State"), without regard to any choice of law, rules or principles to the contrary. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Lender under federal law.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officer as of the date first above written.

REGIONS CAPITAL ADVANTAGE, INC.

By: _____
Name: _____
Title: _____

DICKINSON EDUCATION FINANCE
CORPORATION

By: _____
President, Board of Directors

Signature Page for Loan Agreement

SOUTHWEST WINNERS FOUNDATION, INC.
DBA SOUTHWEST PREPARATORY SCHOOL

By: _____
Name: _____
Title: _____

REGIONS COMMERCIAL EQUIPMENT
FINANCE, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A-1

FORM OF BORROWER TAX-EXEMPT NOTE

TAX-EXEMPT PROMISSORY NOTE

\$11,760,000

April 5, 2017

FOR VALUE RECEIVED and upon the advance of the proceeds of this Note, **SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL** (the "Borrower") does hereby promise to pay to the order of **REGIONS CAPITAL ADVANTAGE, INC.** (the "Lender"), or its registered assigns, as collateral assignee of the **DICKINSON EDUCATION FINANCE CORPORATION** (the "Issuer"), in lawful money of the United States of America, the Principal Amount set forth above in installments as set forth for the "Borrower Tax-Exempt Note" in the Loan Agreement (the "Loan Agreement") dated as of April 5, 2017, by and among the Issuer, the Borrower, and the Lender, together with interest at the rate from time to time to be borne by the Borrower Tax-Exempt Note, as provided in the Loan Agreement from the Closing Date (as defined in the Loan Agreement) on the unpaid Principal Amount until the earlier of the maturity or prepayment hereof. Such interest shall be calculated on the basis of actual number of days for a 360-day year.

UNLESS EVENT OF DEFAULT under the Loan Agreement shall have occurred and be continuing (in which case the amounts paid hereon shall be applied to the payment of the amounts and in the order specified in Section 5.03 of the Loan Agreement), all sums paid hereon shall be applied first to the satisfaction of interest and the balance to the unpaid principal amount of this Note.

THIS NOTE is the Note referred to in the Loan Agreement as the "Borrower Tax-Exempt Note" and is subject to all of the terms, conditions, and provisions thereof, including those respecting the prepayment and the acceleration of maturity hereof.

THIS NOTE is a contract made under and shall be construed in accordance with and governed by the laws of the State of Texas.

**SOUTHWEST WINNERS FOUNDATION, INC.
DBA SOUTHWEST PREPARATORY SCHOOL**

By: _____
Name: _____
Title: _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto Regions Capital Advantage, Inc., as pledgee, without recourse, the within instrument and all rights thereunder and hereby irrevocably constitutes and appoints the same attorney to transfer the within instrument on the books kept for registration thereof, with full power of substitution in the premises.

Dated this ____ day of _____, 2017.

**DICKINSON EDUCATION FINANCE
CORPORATION**

By: _____
President

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Master Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

EXHIBIT A-2

FORM OF BORROWER TAXABLE NOTE

TAXABLE PROMISSORY NOTE

\$210,000

April 5, 2017

FOR VALUE RECEIVED and upon the advance of the proceeds of this Note, **SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL** (the "Borrower") does hereby promise to pay to the order of **REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC** (the "Lender"), or its registered assigns, in lawful money of the United States of America, the Principal Amount set forth above in installments as set forth for the "Borrower Taxable Note" in the Loan Agreement (the "Loan Agreement") dated as of April 5, 2017, by and among the Issuer, the Borrower, and the Lender, together with interest at the rate from time to time to be borne by the Borrower Taxable Note, as provided in the Loan Agreement from the Closing Date (as defined in the Loan Agreement) on the unpaid Principal Amount until the earlier of the maturity or prepayment hereof. Such interest shall be calculated on the basis of actual number of days for a 360-day year.

UNLESS EVENT OF DEFAULT under the Loan Agreement shall have occurred and be continuing (in which case the amounts paid hereon shall be applied to the payment of the amounts and in the order specified in Section 5.03 of the Loan Agreement), all sums paid hereon shall be applied first to the satisfaction of interest and the balance to the unpaid principal amount of this Note.

THIS NOTE is the Note referred to in the Loan Agreement as the "Borrower Taxable Note" and is subject to all of the terms, conditions, and provisions thereof, including those respecting the prepayment and the acceleration of maturity hereof.

THIS NOTE is a contract made under and shall be construed in accordance with and governed by the laws of the State of Texas.

**SOUTHWEST WINNERS FOUNDATION, INC.
DBA SOUTHWEST PREPARATORY SCHOOL**

By: _____
Name: _____
Title: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the Master Indenture.

Date of Authentication:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

FORM OF ISSUER NOTE

**THIS NOTE MAY NOT BE NEGOTIATED IN THE NAME OF BEARER, AND IS NOT
A REGISTERED OBLIGATION**

PROMISSORY NOTE

NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, INCLUDING THE CITY OF DICKINSON, TEXAS, IS OBLIGATED TO PAY THIS NOTE OR THE INTEREST HEREON. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY OF DICKINSON, TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR ANY REDEMPTION PREMIUM ON THIS NOTE. THE ISSUER HAS NO TAXING POWER.

\$11,760,000

April 5, 2017

FOR VALUE RECEIVED and upon the advance of the proceeds of this Note, **DICKINSON EDUCATION FINANCE CORPORATION** (the "Issuer"), does hereby promise to pay to the order of **REGIONS CAPITAL ADVANTAGE, INC.** (the "Lender"), in lawful money of the United States of America, but solely from and to the extent of the sources of funds described below, the Principal Amount set forth above, in installments as set forth for the "Issuer Note" in the Loan Agreement dated as of April 5, 2017, by and among the Issuer, **SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL** and the Lender (the "Loan Agreement"), together with interest at the rate from time to time to be borne by the Issuer Note, as provided in the Loan Agreement from the Closing Date (as defined in the Loan Agreement) on the unpaid portion thereof until the earlier of the maturity or prepayment hereof. Such interest shall be calculated on the basis of actual number of days for a 3600-day year.

UNLESS AN EVENT OF DEFAULT under the Loan Agreement shall have occurred and be continuing (in which case the amounts paid hereon shall be applied to the payment of the amounts and in the order specified in Section 5.03 of the Loan Agreement), all sums paid hereon shall be applied first to the satisfaction of interest, and the balance to the unpaid principal amount of this Note.

THIS NOTE is the Note referred to in the Loan Agreement as the "Issuer Note" and is subject to all of the terms, conditions, and provisions thereof, including those respecting the prepayment and the acceleration of maturity hereof and limitations on rights to payment of interest hereon.

THIS NOTE is a non-recourse obligation of the Issuer payable solely from and to the extent of the sources of funds assigned for such purpose under the Loan Agreement and from no other funds. The holder of this Note shall have no recourse against the Issuer or any of its assets other than those assigned for such purpose in the Loan Agreement.

THIS NOTE is a contract made under and shall be construed in accordance with and governed by the laws of the State of Texas.

DICKINSON EDUCATION FINANCE
CORPORATION

By: _____
President

EXHIBIT B

SCHEDULE OF PRINCIPAL PAYMENTS FOR TAX-EXEMPT BORROWER LOAN

Date	Principal	Date	Principal
5/1/2017	\$20,000.00	11/1/2019	60,000.00
6/1/2017	20,000.00	12/1/2019	60,000.00
7/1/2017	20,000.00	1/1/2020	60,000.00
8/1/2017	20,000.00	2/1/2020	60,000.00
9/1/2017	10,000.00	3/1/2020	60,000.00
10/1/2017	10,000.00	4/1/2020	65,000.00
11/1/2017	15,000.00	5/1/2020	65,000.00
12/1/2017	15,000.00	6/1/2020	65,000.00
1/1/2018	15,000.00	7/1/2020	70,000.00
2/1/2018	35,000.00	8/1/2020	70,000.00
3/1/2018	35,000.00	9/1/2020	60,000.00
4/1/2018	35,000.00	10/1/2020	60,000.00
5/1/2018	35,000.00	11/1/2020	60,000.00
6/1/2018	35,000.00	12/1/2020	60,000.00
7/1/2018	35,000.00	1/1/2021	65,000.00
8/1/2018	35,000.00	2/1/2021	65,000.00
9/1/2018	40,000.00	3/1/2021	65,000.00
10/1/2018	45,000.00	4/1/2021	70,000.00
11/1/2018	45,000.00	5/1/2021	70,000.00
12/1/2018	45,000.00	6/1/2021	70,000.00
1/1/2019	45,000.00	7/1/2021	65,000.00
2/1/2019	35,000.00	8/1/2021	65,000.00
3/1/2019	35,000.00	9/1/2021	60,000.00
4/1/2019	35,000.00	10/1/2021	60,000.00
5/1/2019	40,000.00	11/1/2021	60,000.00
6/1/2019	40,000.00	12/1/2021	65,000.00
7/1/2019	40,000.00	1/1/2022	65,000.00
8/1/2019	40,000.00	2/1/2022	65,000.00
9/1/2019	55,000.00	3/1/2022	65,000.00
10/1/2019	60,000.00	4/1/2022	65,000.00
		5/1/2022	8,855,000.00

FORM OF COMPLIANCE CERTIFICATE

The undersigned hereby certifies that he or she holds the office set forth below his or her signature with SOUTHWEST WINNERS FOUNDATION, INC. DBA SOUTHWEST PREPARATORY SCHOOL (the "Borrower") and that, as such, he or she is authorized to execute and deliver this Compliance Certificate on behalf of the Borrower pursuant to the Loan Agreement dated as of April 5, 2017 (as it may be amended, restated, supplemented and/or otherwise modified from time to time, the "Loan Agreement") by and among the Borrower, DICKINSON EDUCATION FINANCE CORPORATION, REGIONS CAPITAL ADVANTAGE, INC. (the "Tax-Exempt Lender"), and REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC (the "Taxable Lender"), and that a review of the Borrower has been made under his or her supervision with a view to determining whether the Borrower has fulfilled all of its obligations under the Loan Agreement; and on behalf of the Borrower further certifies, represents and warrants as follows (each capitalized term used herein having the same meaning given to it in the Loan Agreement unless otherwise specified):

1. The Borrower has fulfilled its obligations under the Loan Documents.
2. The representations and warranties made in each Loan Document are true and correct in all respects on and as of the time of delivery hereof, with the same force and effect as if made on and as of the time of delivery hereof.
3. Since the date of the last audited financial statements delivered to the Lender, no change has occurred, either in any case or in the aggregate, in the condition, financial or otherwise, of the Borrower which would be reasonably likely to have a Material Adverse Effect.
4. No Event of Default, or any event or circumstance which with the passage of time or the giving of notice would constitute an Event of Default under the Loan Documents, has occurred and is continuing.
5. The Borrower will maintain, as of the end of each fiscal year, a ratio of (a) EBITDAR (earnings before interest, taxes, depreciation, amortization, and rent costs), to (b) scheduled annual payments of principal and interest on all Debt of the Borrower plus annual lease payments of not less than 1.10x; provided that (i) non-cash gains and losses, if any, from interest rate swap transactions, and (ii) any unrealized mark to market change in value of assets, all to the extent shown on the statement of activities and change in net assets (income statement) of the Borrower will be excluded from the calculation of the ratio.

Debt Service Coverage Ratio for fiscal year ended 20__ : _____

6. The Borrower covenants to maintain (i) in the fiscal year ending August 31, 2017, not less than eighty-five (85) Days Cash on Hand; (ii) in the fiscal year ending August 31, 2018, not less than ninety (90) Days Cash on Hand and (iii) in the fiscal year ending August 31, 2019 and for each fiscal year thereafter, not less than one hundred (100) Days Cash on Hand. The Borrower's Days Cash on Hand shall be tested as of [August 31 of each year], commencing August 31, 2017. The foregoing is subject to the qualification that if applicable State or federal laws or regulations, or the rules and regulations of the agencies having jurisdiction, shall not permit the Borrower to maintain such level of Days Cash on Hand, then the Borrower shall, in conformity with the then prevailing laws, rules or regulations, maintain its Days Cash on Hand equal to the maximum permissible level.

Days Cash on Hand for fiscal year ended 20: __ : _____

EXECUTED AND DELIVERED as of _____.

BORROWER:

SOUTHWEST WINNERS FOUNDATION, INC. DBA
SOUTHWEST PREPARATORY SCHOOL

By: _____

Name: _____

Title: _____

March 21, 2017

Dickinson Education Finance Corporation
4403 Highway 3
Dickinson, Texas 77539

Re: Dickinson Education Finance Corporation Loan Agreement (Southwest Winners Foundation, Inc.)

Ladies and Gentlemen:

This concerns the proposed representation by Andrews Kurth Kenyon LLP (the “Firm”) of the Dickinson Education Finance Corporation (the “Corporation”) and Southwest Winners Foundation, Inc. (the “School”) in connection with the proposed Loan Agreement to be executed by the Corporation, the School and Regions Capital Advantage, Inc. (the “Lender”), the proceeds of which will be loaned by the Lender to the Corporation, then loaned by the Corporation to the School (together, the “Loans”) for the School’s authorized purposes (the “Proposed Transaction”). Because the Firm’s representation of the Corporation and the School in the Proposed Transaction would constitute a conflict of interest within the meaning of applicable lawyer codes, the Firm is requesting that the Corporation consent to the Firm’s representation of the School in the Proposed Transaction. The Firm represents to you that (i) the Firm’s representation of the School would not have an adverse effect on the Firm’s independent professional judgment on behalf of the Corporation, and (ii) the Firm has disclosed the conflict and the terms of this waiver to the School and the School has consented to the representation.

Based on the foregoing and by signing below, the Corporation hereby consents to the foregoing representation. This consent extends only to the representation of the School in connection with the Proposed Transaction and does not extend to any actual or potential Litigation between the Corporation and the School (including its affiliates, agents, directors and employees).

“Litigation” includes litigation, arbitration, bankruptcy, adversary proceeding, contested motion, or alternative dispute resolution process where the School is directly adverse to the Corporation, including, but not limited to, actions where the Corporation seeks (i) damages, a money judgment, or equitable relief against the School; (ii) the avoidance, disallowance, or subordination of a Corporation claim or lien, including without limitation any challenge as to the extent, validity, priority, enforceability or perfection of the Corporation’s collateral or the Corporation’s right to payment or other rights under any documents or other agreements; (iii) to foreclose or judicially enforce a lien where the Corporation has a senior or junior lien on the

March 21, 2017

Page 2 of 2

property that is the subject of the foreclosure or judicial enforcement; and (iv) any subpoena, deposition, document production request, or other discovery against School personnel or records.

If the Proposed Transaction ever involves Litigation with the Corporation, then the Firm will withdraw from its representation of the School with respect to such Litigation and the Firm will not represent either party in the Litigation.

Very truly yours,

Andrews Kurth Kenyon LLP
Tom Sage, Partner

Acknowledged and Agreed to:

Dickinson Education Finance Corporation

By: _____
President, Board of Directors

ITEM 4

ADJOURN

TIME: _____

MOTION: _____

SECOND: _____

VOTE _____