

CAMINO NUEVO CHARTER ACADEMY

POST-ISSUANCE COMPLIANCE AND REMEDIAL ACTION PROCEDURES

Camino Nuevo Charter Academy, a California nonprofit public benefit corporation (the “Corporation”), hereby adopts the procedures described herein (the “Procedures”) as its written procedures for post-issuance compliance and remedial action applicable to tax-advantaged bonds, notes, leases, certificates of participation or similar (collectively, “Obligations”) heretofore and hereafter issued or executed and delivered by it or on its behalf or by or on behalf of its affiliate Grupo Nuevo Los Angeles, a California nonprofit public benefit corporation. These Procedures are intended to supplement any previous post-issuance compliance and remedial action procedures that may have been adopted by the Corporation and any procedures evidenced in writing by any tax document for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns filed in connection with any Obligations and the instructions to such information returns.

1. Responsible Person. The Corporation has assigned the Chief Financial Officer as the responsible person (the “Responsible Person”) for ensuring post-issuance and remedial action compliance with the requirements of any tax and financing documents for Obligations. This responsibility is included in the job description for the Responsible Person, and such person has or will review any prior post-issuance compliance and remedial action procedures, these Procedures, any tax documents for any Obligations heretofore or hereafter issued, entered into or executed and delivered by it or on its behalf, the related information returns, if any, filed in connection with any Obligations (such as IRS Forms 8038 or 8038-G) and the instructions to such information returns, and consult with bond counsel (currently Kutak Rock LLP) and other professionals as needed.

2. Succession Planning. The Corporation will ensure that, when the current Responsible Person leaves such person’s current position at the Corporation, the responsibility for financing and tax covenant compliance will be explained in detail to his or her successor, such successor will be provided compliance training (as further described in the following section), and notice of any succession will be given in writing to any applicable issuer of any obligations then outstanding.

3. Training. Compliance training for the Responsible Person should include, among other things, annual meetings with bond counsel to discuss monitoring compliance with applicable tax laws and attendance at post-issuance compliance trainings organized by bond counsel or the Internal Revenue Service or entities such as the Government Finance Officers Association or similar organizations.

4. Procedures for Timely Expenditure of Proceeds. The Corporation acknowledges that, at the time of issuance of the Obligations, it must reasonably expect to spend at least 85% of the net sale proceeds of the new money Obligations to carry out the projects financed with the proceeds of the Obligations within three years of the date such Obligations are originally issued, entered into or executed and delivered. The Corporation will treat as “sale proceeds” any amounts actually or constructively received by the Corporation from issuance or

execution and delivery of the Obligations, including amounts used to pay accrued interest other than pre-issuance accrued interest. “Net sale proceeds” means the sale proceeds less any amounts deposited into reasonably required reserve or replacement or base rental reserve funds. The Corporation has established or will establish reasonable accounting procedures for tracking and reporting to the Responsible Person the expenditure of net sale proceeds.

5. Compliance with Arbitrage Yield Restriction and Rebate Requirements. The Responsible Person will create a system to ensure that for all applicable Obligations, not less than six months prior to each five-year anniversary of the closing date for Obligations, the Corporation will retain an arbitrage rebate consultant to prepare a report determining the yield of the Obligations under the Internal Revenue Code of 1986, as amended (the “Code”), and whether there is any amount owed to the Internal Revenue Service under Section 148 of the Code.

6. Procedures to Comply with Remediation Requirements. The Responsible Person will establish and maintain a system for tracking and monitoring the use of the facilities financed or refinanced with the proceeds of Obligations to ensure that the use of all of such facilities will not violate the private business tests or the private loan financing test under Section 141 of the Code. If, after the issuance or execution and delivery of Obligations, the use of the facilities financed or refinanced with the proceeds of Obligations changes so that the private business tests or the private loan financing test would be met, or if another violation of these procedures occurs which requires correction, the Corporation will, in connection with consulting bond counsel, undertake a closing agreement through the Voluntary Closing Agreement Program of the Internal Revenue Service or take one of the actions permitted by the Code and associated regulations, which are described generally on Attachment I hereto.

7. Ongoing Procedures. The Responsible Person will review any prior procedures, these Procedures, tax and financing documents relating to Obligations, information returns for obligations and related instructions to such information returns, and the status and use of the obligation-financed or refinanced facilities on at least an annual basis and at the following intervals: (a) six months prior to each five-year anniversary of the issue or execution and delivery date of the Obligations; (b) within 30 days of the date the Obligations are finally retired, defeased, refunded or terminated; (c) when any rebate payment is made; (d) when a facility financed or refinanced with proceeds of Obligations is placed in service; (e) if the Corporation determines that a facility planned to be financed or refinanced with proceeds of Obligations will not be completed; and (f) if any of the representations, statements, circumstances or expectations of the Corporation that are set forth in the tax or financing documents for Obligations are no longer true, have changed or have not come to pass as described in such documents. This review will be made for the purposes of identifying any possible violation of federal tax requirements related to Obligations and to ensure the timely correction of those violations pursuant to the remedial action provisions outlined above or through the Voluntary Closing Agreement Program. If any possible violation is identified, the Responsible Person will notify the Corporation and the Corporation’s counsel or the Corporation’s bond counsel, if any, so that any existing or expected violation can be corrected.

8. Recordkeeping. The Responsible Person will develop and implement a system for maintaining records relating to these Procedures. Such records must be kept and maintained for the life of the related Obligations, and any Obligations that refund or refinance such obligations, plus at least four years (or such longer period as may be required in related tax documents for such obligations). These records may be maintained on paper, by electronic media or by any combination thereof.

**ATTACHMENT I TO
POST-ISSUANCE COMPLIANCE
AND REMEDIAL ACTION PROCEDURES**

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Post-Issuance Compliance and Remedial Action Procedures to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. Background. The maintenance of the tax status of the Obligations (e.g., as tax-exempt obligations under federal tax law) depends upon the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the “Code”). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a “Deliberate Action”) with respect to the Obligations, the proceeds thereof or the facilities financed or refinanced by the Obligations (the “Facilities”).*

2. Consultation with Bond Counsel. If Deliberate Action is taken with respect to the Obligations and the Facilities subsequent to the issuance or execution and delivery of the Obligations, then the Corporation (and, if applicable, the conduit issuer) must consult with Kutak Rock LLC or other nationally recognized bond counsel (“Bond Counsel”) regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Facilities, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. Conditions to Availability of Remedial Actions. None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Facilities unless the following conditions have been satisfied and unless Bond Counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The average weighted maturity of the Obligations did not, as of such date, exceed 120% of the Average Economic Life of the Facilities;

(c) Unless otherwise excepted under the Treasury Regulations, the Corporation (or, if applicable, a conduit issuer) delivers a certificate, instrument or other written records satisfactory to Bond Counsel demonstrating that the terms of the arrangement pursuant to

which the Deliberate Action is taken is bona fide and arm's-length, and that the non-exempt person using either the Facilities or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Corporation (or, if applicable, by a conduit issuer) as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Facilities or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. Types of Remedial Action. Subject to the conditions described above, and only if the Corporation (or, if applicable, a conduit issuer) obtains an opinion of Bond Counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) Redemption or Defeasance of Obligations.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Facilities exclusively for cash, then the Corporation may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Corporation may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Facilities for other than exclusively cash, then the Corporation (or, if applicable, a conduit issuer) may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of

the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and Bond Counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Facilities for not less than the fair market value thereof for cash;

(ii) the Corporation (or, if applicable, a conduit issuer) reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Facilities or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or which are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Facilities. The Corporation (and, if applicable, a conduit issuer) may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Facilities:

(i) the portion of the Facilities subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Facilities subject to the Deliberate Action is not financed by a person acquiring the Facilities with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date;

Absent an opinion of Bond Counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Facilities.

5. Additional Defined Terms. For purposes of this attachment, the following terms have the following meanings:

“*Commissioner*” means the Commissioner of Internal Revenue, including any successor person or body.

“*Defeasance Escrow*” means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay all the principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

“*Deliberate Action*” means any action, occurrence or omission by the Corporation (or, if applicable, by a conduit issuer) that is within the control of the Corporation (or, if applicable, by such conduit issuer) which causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Facilities (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence or omission is not a Deliberate Action if (1) the action, occurrence or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence or omission is in response to a regulatory directive made by the government of the United States.

“Disposition Proceeds” means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

“Nonqualified Obligations” means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

“Private Activity Bond Tests” means, collectively, the Private Business Use Test, the Private Security or Payment Test and the Private Loan Financing Test.

“Private Business Tests” means the Private Business Use Test and the Private Security or Payment Test.

“Private Business Use Test” has the meaning set forth in Section 141(b)(1) of the Code.

“Private Loan Financing Test” has the meaning set forth in Section 141(c) of the Code.

“Private Security or Payment Test” has the meaning set forth in Section 141(b)(2) of the Code.

“Remedial Action” means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Corporation with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Corporation to maintain the federal tax status of the Obligations.

6. Change in Law. This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

Certificate of Secretary

The undersigned certifies that the undersigned is the duly appointed and acting Secretary of Camino Nuevo Charter Academy (the "Corporation") and that the foregoing is a true and correct copy of Post-Issuance Compliance and Remedial Action Procedures that were duly adopted on January 17, 2023, by the majority vote of the members of the Board of the Corporation at a meeting of the Board duly held on such date in compliance with the bylaws of the Corporation, in compliance with the notice, agenda, and open meeting requirements of the Ralph M. Brown Act, and while a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Corporation this 17th day of January 2023.

Elena Lopez, Secretary