

Monica Hawk  
Interim CEO  
One Bright Ray, Inc.  
1142 E. Erie Avenue  
Philadelphia, PA 19124



**One Bright Ray, Inc. Board Meeting Agenda (A)**  
**September 20, 2023 at 3:00P.M.**  
Via Zoom

I. Call to Order

II. Amend, Review and Approve Minutes

1. Review board minutes from meeting held on June 14, 2023 (B)

III. Financials Review & Updates: Charter Choices & Frances Velazquez, Chief Financial Officer

1. Review Financials (C)
2. Increasing Line of Credit (Resolution) (D)
3. Arbitrage Letter & Proposal (Resolution) (E)
4. Completed 3 Audits (Worker's Comp, Retirement & Financial)

IV. OBR, Inc. Updates: Monica Hawk, Interim CEO

1. Updates on Staffing (F)
2. Enrollment Updates

V. CHS Updates: Ms. Monica Hawk, Interim CEO and Dr. LaToya Johnson, Chief Academic Officer

1. Teacher Autonomy with Project Based Learning
2. Focused Observation Areas and Coaching

VI. New Business

3. Next Board meeting December 6, 2023 (G)

VII. Motion to Adjourn

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES  
D/B/A ONE BRIGHT RAY, INCORPORATED  
Minutes of a Meeting  
of the Board of Directors  
Held June 14, 2023**

A meeting of the Board of Directors (the “Board”) of International Education and Community Initiatives, d/b/a One Bright Ray, Incorporated, a Pennsylvania non-profit corporation (“OBR”), was held via videoconference on Wednesday, June 14, 2023. The following Board members were present at the meeting: Joseph H. Proietta, M.Ed., President and Founder; Alberta P. O’Brien, EdD; Cassandra McLaughlin, MS; and Ludmiladia Gomez (Pitter), BA. Also present at the meeting were Monica Hawk, Interim Chief Executive Officer (“CEO”); Joycet Velasquez, Chief Academic Officer (“CAO”); Frances Velazquez, Director of Financial Services; Mike Whisman, accountant with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP, legal counsel. Board members Lauren Nelson, MA; and Érica Mendez (De Jesus), BS, were absent from the meeting.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 3:02 p.m.

As the first order of business, Mr. Proietta called for a review of the minutes from the meeting of the Board held on April 26, 2023, which were circulated to the Board in advance of the meeting. The Board reviewed the minutes. Thereafter, upon a motion that was duly made and seconded, the minutes of the Board from the meeting held on April 26, 2023 were unanimously approved by the Board.

Second, Mr. Proietta requested a financial update. Mr. Whisman reviewed with the Board the **attached** unaudited financial statements for the eleven (11)-month period ended May 31, 2023 (the “Financial Statements”). Mr. Whisman first reviewed with the Board the summary and management report, beginning with budget-to-actual performance for such eleven (11)-month period. Mr. Whisman noted that OBR Non-Profit is projected to end the year with a deficit of \$423,561, as compared to a budgeted deficit of \$488,858 (a favorable variance of \$65,297). Next, Mr. Whisman noted that OBR Community High School (“OBR CHS”) is projected to end the year with a surplus of \$1,401,399, as compared to a budgeted surplus of \$1,656,908 (an unfavorable variance of \$255,509), due to lower than projected revenues resulting from lower than projected enrollment. Mr. Whisman concluded the discussion of budget-to-actual performance by reporting that, in the aggregate, the OBR programs are projected to end the fiscal year with a surplus of \$977,838, as compared to a budgeted surplus of \$1,168,050 (an unfavorable variance of \$190,212).

Mr. Whisman next reviewed the calculation of OBR’s debt service coverage ratio (“DSCR”) and confirmed that OBR’s DSCR of 2.3 is above the DSCR of 1.10 required pursuant to OBR’s debt covenants.

Next, Mr. Whisman reviewed with the Board the balance sheet analysis included in the summary and management report, pointing out that OBR’s cash position increased from \$1,446,272 at June 30, 2022 to \$3,107,452 at May 31, 2023, and OBR’s receivables decreased

from \$2,733,864 at June 30, 2022 to \$2,309,386 at May 31, 2023. Mr. Whisman explained that OBR's cash position increased due to the surplus in fiscal year 2023. Ms. Velazquez confirmed the timing of the collection of receivables from the School District of Philadelphia (the "School District"), noting that OBR most recently received its April payment from the School District. Mr. Whisman directed the Board to pages 3-5 of the Financial Statements for more detailed financial information.

Third, Ms. Hawk and Ms. Velazquez reviewed with the Board the attached Strawberry Mansion day program funding analysis showing actual enrollment and performance and estimated performance based upon each of 90% enrollment and 100% enrollment. The Board discussed the levels of enrollment necessary to sustain the Strawberry Mansion day program. Next, Ms. Hawk and Ms. Velazquez reviewed with the Board the attached Strawberry Mansion and Simpson night program funding analyses showing actual enrollment and performance and estimated performance based upon each of 90% enrollment and 100% enrollment for each night program. The Board discussed the levels of enrollment necessary to sustain each of the night programs and how rent costs and administrative positions were taken into account in the funding analysis for each of the night programs. Ms. Hawk advised that OBR continues to work to increase enrollment in, and reduce the costs of, such programs.

Fourth, Ms. Hawk reviewed with the Board a proposed salary scale by year for OBR administrative positions for the 2023-2024 school year, reflecting salaries based upon years of experience (the "Proposed Salary Scale"). Following review and discussion of the Proposed Salary Scale, upon a motion duly made and seconded, the Board approved the Proposed Salary Scale by roll call vote as set forth in Resolution No. 1 attached hereto.

Fifth, Mr. Proietta reviewed with the Board the attached Resolution No. 2, which, if approved, would (1) increase Ms. Hawk's salary to \$140,000, retroactively effective as of May 1, 2023, the date on which she was appointed OBR's Interim CEO, and (2) subject to review and approval by the Board of a contract with Ms. Hawk as permanent CEO (contingent upon satisfactory conclusion of a probationary period), further increase Ms. Hawk's salary to \$150,000. Following review and discussion of Resolution No. 2, upon a motion duly made and seconded, the Board approved Resolution No. 2 by roll call vote as set forth therein.

Sixth, Ms. Hawk reviewed a draft Resolution No. 3 with the Board, which, if approved, would provide non-teaching staff and all teaching staff off of the approved teaching scale earning less than \$100,000 a five percent (5%) salary increase effective as of the applicable contract renewal date, but contingent upon projected revenue in the proposed budget. The Board discussed the draft resolution and proposed that the resolution be revised to also provide a two percent (2%) cost of living salary increase for non-teaching staff and teaching staff off of the approved teaching salary scale earning over \$100,000. Following such discussion, upon a motion duly made and seconded, the Board approved the attached revised Resolution No. 3 by roll call vote as set forth therein.

Seventh, Mr. Whisman next presented the attached draft budget for 2023-2024 (the "Draft Budget") to the Board. Mr. Whisman reviewed the Draft Budget with the Board, explaining that the current 2022-2023 projections are highlighted in blue in the second column and the Draft Budget is highlighted in peach in the third column. Mr. Whisman noted that the

Draft Budget contemplates a year-end deficit, but that such deficit includes non-cash items such as depreciation and amortization, which such non-cash items would not impact OBR's cash and would still enable OBR to satisfy its debt covenants. Mr. Whisman reviewed with the Board key metrics from the Draft Budget and a number of assumptions upon which the Draft Budget was prepared, including enrollment assumptions (noted in the far right column of page 2) and explained that the revenue row titled "Miscellaneous Revenue" represents funds that have been, or may be, received from the School District to help with under-enrollment. Given that such revenue is not guaranteed for 2023-2024, the Board requested that such revenue be reduced in the Draft Budget to take a more conservative approach. Following such discussions, upon a motion duly made and seconded, the Board approved Resolution No. 4 **attached** hereto, related to the Draft Budget, as revised, by roll call vote as set forth in such Resolution.\*

Eighth, Ms. Velazquez presented a proposal from ECBM, LP for renewal of OBR's commercial insurance. Ms. Velazquez noted that the proposal reflects a two percent (2%) premium increase and that ECBM, LP is the same broker that OBR has used in the past. Following review and discussion of the insurance renewal proposal, upon a motion duly made and seconded, the Board approved the **attached** Resolution No. 5, related thereto, by roll call vote as set forth in such Resolution.

Ninth, Mr. Proietta reminded the Board that the Board needs to approve the replacement of OBR's independent auditor due to OBR's current auditor no longer providing auditing services for charter schools, as discussed at the last Board meeting. Ms. Velazquez reviewed with the Board 1-year and 3-year proposals from Barbacane Thornton & Company LLP ("**BTC**") for such audit services, which proposals were circulated to Board members in advance of the meeting. The Board discussed the proposed new auditor and the pros and cons of a 1-year versus 3-year contract. Following such discussion, upon a motion duly made and seconded, the Board approved OBR entering into a 3-year contract for audit services with BTC, as reflected in the **attached** Resolution No. 6, which was approved by roll call vote as set forth therein. Following such approval, meeting attendees briefly discussed OBR's practice of posting Board-approved minutes to its website.

Tenth, Ms. Hawk reviewed with the Board the **attached** proposed 2023-2024 Board Meeting Tentative Schedule. The Board reviewed the proposed meeting dates and recommended that the proposed June 2024 meeting be moved a week earlier to May 29, 2024. Thereafter, upon a motion duly made and seconded, the Board members present unanimously approved, by voice vote, the 2023-2024 Board Meeting Tentative Schedule, as revised pursuant to the Board's discussion. Next, Ms. Hawk presented (1) the **attached** draft 2023-2024 academic calendar with the Board ("**2023-2024 Academic Calendar**"), which was reviewed and discussed at the last Board meeting and was not modified since such meeting, and (2) the **attached** draft 2023-2024 accelerated day bell schedule ("**2023-2024 Bell Schedule**"). Ms. Hawk noted that OBR is scheduled to start classes one (1) week before the School District. Ms. Hawk reviewed various highlights from the 2023-2024 Bell Schedule, including the rationale for several changes in scheduling. Following Board review and discussion, upon a motion duly made and seconded, the Board members present at the meeting unanimously approved, by voice vote, the 2023-2024 Academic Calendar and the 2023-2024 Bell Schedule.

Eleventh, Mr. Proietta and Ms. Hawk acknowledged that an OBR Finance Committee has not yet been organized, but that the Board still intends to organize such a committee and will endeavor to make progress on the proposed composition of such committee prior to the next Board meeting.

Twelfth, Mrs. Velasquez provided several OBR CHS updates. Mrs. Velasquez reported that OBR's graduation is scheduled for July 28, 2023 updates on OBR's graduations, with 234 OBR graduates expected. Mrs. Velasquez also reported that one of OBR's students, graduating at age 69 from OBR's Strawberry Mansion evening program, was recently featured in a lovely article in the Philadelphia Tribune. The Board thanked Mrs. Velasquez for the updates and acknowledged that this would be her last Board meeting as OBR's CAO. The Board thanked Mrs. Velasquez for her many years of service to OBR and its students, and the huge positive impact that she has had on many students, colleagues and Board members over the years.

Thirteenth, Mr. Proietta asked whether there was any additional new business to come before the Board. There being none, upon a motion duly made, seconded and unanimously approved by the Board, the meeting was adjourned at 4:06 p.m.

**IECI**  
**Financial Statements**  
**August 31, 2023**

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**September 2023**

Members of the Board of Trustees  
IECI

This Summary and Management Report presents information we believe is important to you as members of the school board. We encourage you to review the sections of this report, and we would be pleased to furnish additional information as requested.

**1. Actual to Annual Budget for the two months ending August 31, 2023**

<b>ACTUAL- ANNUAL BUDGET OBR</b>		
August 31, 2023		
	<b>Actual</b>	<b>Annual Budget</b>
<b>OBR non-profit</b>		
Revenue	211,238	1,252,841
Expense	-	1,670,138
Change in net assets	211,238	(417,297)
<b>OBR CHS</b>		
Revenue	21,596	13,716,917
Expense	1,745,832	12,416,212
Change in net assets	(1,724,236)	1,300,704
<b>TOTAL</b>		
Revenue	232,835	14,969,758
Expense	1,745,832	14,086,350
Change in net assets	(1,512,997)	883,407

- Key variances include:

OBR CHS:

- The total revenues received through August 31<sup>st</sup> are \$21,596. The advanced payment of \$1,365,000 was received and deposited on September 12<sup>th</sup>.
- Personnel expenditures are currently \$183,051 under budget due to:
  - Open positions and terminations for instructional and non-instructional salaries (\$147,315)
  - Reduced OBR and school administrative salaries (\$35,736)
  - Employee Benefits (\$19,149)

- Over the summer months, Fairhill campus had some major updates including repairing the air conditioner, the roof, and plumbing. These repairs totaled just over \$36,000.

## 2. Balance Sheet

Balance Sheet Analysis	June 30, 2022 Audited	June 30, 2023 Unaudited	August 31, 2023
Cash and Equivalents	1,446,272	3,285,871	3,777,354
Receivables	2,733,864	2,255,861	1,364,940
Prepaid Expenses	101,116	27,681	49,862
Accrued Expenses	180,412	149,492	184,451
Net Income (Loss)	(113,808)	1,535,315	(1,512,997)

- Cash position increased by \$491,482 from June 30 to August 31, 2023.

**ONE BRIGHT RAY**  
**Statements of Financial Position**  
**As of August 31, 2023**

	(1) OBR Non-profit	(2) OBR CHS	TOTAL	June 30, 2023 Unaudited
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	604,529	3,172,825	3,777,354	3,285,871
District Receivables	-	1,364,940	1,364,940	2,255,861
Federal Receivables	-	-	-	-
Due from Bond Proceeds	-	-	-	-
Other Receivables	-	-	-	-
Prepaid Expenses	(684)	50,546	49,862	27,681
<b>Total Current Assets</b>	<b>603,845</b>	<b>4,588,311</b>	<b>5,192,155</b>	<b>5,569,413</b>
<b>Fixed Assets</b>				
Land	650,000	-	650,000	650,000
Buildings	15,856,946	-	15,856,946	15,856,946
Leasehold Improvements	4,065,974	831,350	4,897,324	4,897,323
Furniture, Fixtures & Equipment	-	1,417,863	1,417,863	1,417,863
Vehicles	-	86,884	86,884	86,884
Other Fixed Asset	-	45,886	45,886	45,886
Closing Costs	690,289	-	690,289	690,289
Fixed Assets Total	21,263,209	2,381,982	23,645,192	23,645,191
Accumulated Depreciation	(9,814,255)	(2,030,610)	(11,844,865)	(11,844,865)
<b>Total Fixed Assets</b>	<b>11,448,954</b>	<b>351,373</b>	<b>11,800,327</b>	<b>11,800,326</b>
<b>Other Assets</b>				
Deferred Costs - Net	555,017	14,458	569,475	569,475
<b>Net Other Assets</b>	<b>555,017</b>	<b>14,458</b>	<b>569,475</b>	<b>569,475</b>
<b>Assets Related to 2018 Financing</b>				
Project Fund	72,525	-	72,525	71,926
Repair & Replacement Accounts	250,000	-	250,000	250,000
Debt Service Reserve Fund	1,196,871	-	1,196,871	1,186,950
Revenue Fund	403,535	-	403,535	202,817
<b>Total Assets Related to Financing</b>	<b>1,922,931</b>	<b>-</b>	<b>1,922,931</b>	<b>1,711,693</b>
<b>TOTAL ASSETS</b>	<b>14,530,747</b>	<b>4,954,142</b>	<b>19,484,889</b>	<b>19,650,906</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	(0)	5,417	5,417	58,396
Accrued Expenses	(6,840)	191,291	184,451	149,492
Accrued Interest 2018 Financing	-	-	-	-
Line of Credit	-	-	-	-
Deferred Revenues	-	1,380,400	1,380,400	15,400
<b>Total Current Liabilities</b>	<b>(6,840)</b>	<b>1,577,108</b>	<b>1,570,268</b>	<b>223,288</b>
<b>Long-Term Liabilities</b>				
Bonds Payable (Series 2018 A&B)	17,930,000	-	17,930,000	17,930,000
Issuance Cost Discount	(361,927)	101,999	(259,928)	(259,928)
Notes Payable	-	-	-	-
<b>Total Long-Term Liabilities</b>	<b>17,568,073</b>	<b>101,999</b>	<b>17,670,072</b>	<b>17,670,072</b>
<b>TOTAL LIABILITIES</b>	<b>17,561,233</b>	<b>1,679,107</b>	<b>19,240,340</b>	<b>17,893,360</b>
<b>EQUITY</b>				
Unrestricted	(3,241,725)	4,999,271	1,757,546	222,231
Net Income	211,239	(1,724,236)	(1,512,997)	1,535,315
<b>TOTAL EQUITY</b>	<b>(3,030,486)</b>	<b>3,275,035</b>	<b>244,549</b>	<b>1,757,546</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>14,530,747</b>	<b>4,954,142</b>	<b>19,484,889</b>	<b>19,650,906</b>

**ONE BRIGHT RAY - NON-PROFIT**  
**BUDGET to ACTUAL REPORT**  
**For the two Months Ending August 31, 2023**

	[A] Actual - Unaudited	[B] YTD Budget	[C] = [A] - [B] Amount Over (Under) Budget
<b><u>REVENUES</u></b>			
<b>Rental Revenues</b>			
CAP 1100 E. Erie	166,505	167,096	(592)
OBRCHS Intercompany	30,542	30,651	(108)
<b>Total Rental Income</b>	<b>197,047</b>	<b>197,747</b>	<b>(700)</b>
<b>Interest Earned on Debt</b>	14,191	11,060	3,132
<b>TOTAL REVENUES</b>	<b>\$ 211,238</b>	<b>\$ 208,807</b>	<b>\$ 2,432</b>
<b><u>EXPENDITURES</u></b>			
Dues & Fees	-	-	-
<b>Total Operating Expenditures</b>	-	-	-
<b>Debt Service</b>			
Depreciation	-	-	-
Amortization	-	-	-
Interest	-	-	-
<b>Total Debt Service</b>	-	-	-
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 211,238</b>	<b>\$ 208,807</b>	<b>\$ 2,432</b>

**ONE BRIGHT RAY - OBRCHS**  
**BUDGET to ACTUAL REPORT**  
**For the two Months Ending August 31, 2023**

	[A] Actual - Unaudited	[B] YTD Budget	[C] = [A] - [B] Amount Over (Under) Budget
<b><u>REVENUES</u></b>			
School District Revenue - Day	-	-	-
School District Revenue - Evening	-	-	-
Revenue from Federal Grants	-	-	-
Food Program Revenue	-	-	-
Student Revenues	549	100	449
Fundraising Revenue	60	-	60
Miscellaneous Revenue	20,988	11,260	9,728
<b>Total School Operations Revenue</b>	<b>21,596</b>	<b>11,360</b>	<b>10,236</b>
<b>TOTAL REVENUES</b>	<b>\$ 21,596</b>	<b>\$ 11,360</b>	<b>\$ 10,236</b>
<b><u>EXPENDITURES</u></b>			
<b>Salaries</b>			
OBR Administration Salaries	62,536	116,592	(54,057)
School Administration Salaries	210,987	192,666	18,321
Instructional Salaries	508,055	614,341	(106,286)
Non-Instructional Salaries	443,354	484,383	(41,029)
<b>Total Salaries</b>	<b>1,224,931</b>	<b>1,407,982</b>	<b>(183,051)</b>
<b>Employee Benefits</b>			
Health and Dental	143,143	150,798	(7,655)
FICA	93,227	105,260	(12,033)
Retirement Contributions	62,115	55,395	6,720
Other Employee Benefits	8,565	14,746	(6,181)
<b>Total Employee Benefits</b>	<b>307,050</b>	<b>326,199</b>	<b>(19,149)</b>
Professional Fees	47,881	50,399	(2,518)
Cleaning	15,183	15,291	(108)
Utilities	6,685	8,977	(2,292)
Maintenance	36,746	39,182	(2,436)
Rent	40,374	41,377	(1,003)
Auto	37	417	(380)
Insurance	2,601	2,447	154
Communications	6,328	6,417	(88)
Advertising	240	1,333	(1,093)
Printing	43	1,000	(957)
Food Service	227	546	(318)
Travel	751	833	(83)
Supplies	5,345	6,383	(1,038)
Food	589	1,000	(411)
Technology	22,137	22,175	(38)
Property & Equipment	1,129	-	1,129
Dues & Fees	3,838	4,773	(935)
Student Activities	20,351	20,500	(149)
Professional Development	1,911	5,167	(3,256)
Employee Appreciation	1,455	3,333	(1,878)
Fundraising	-	-	-
<b>Total Operating Expenditures</b>	<b>213,851</b>	<b>231,550</b>	<b>(17,699)</b>
<b>Total Expenditures</b>	<b>\$ 1,745,832</b>	<b>\$ 1,965,730</b>	<b>\$ (219,898)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,724,236)</b>	<b>\$ (1,954,370)</b>	<b>\$ 230,135</b>

**Borrower Signature Pages**

**One Bright Ray, Inc. – PNC Bank**

1. Amended and Restated Revolving Line of Credit Note
2. Amendment to Loan Documents
3. Supplement No. 1 to Intercreditor Agreement
4. First Amendment to Mortgage
5. First Amendment to ALR
6. Certificate of OBR
7. Certificate regarding Additional Indebtedness
8. Consent of CAP
9. Certificate of Fact

1. **Amended and Restated Revolving Line of Credit Note**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

28. **WAIVER OF JURY TRIAL.** THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

**The Borrower acknowledges that it has read and understands all the provisions of this Note, including the confession of judgment and waiver of jury trial, and has been advised by counsel as necessary or appropriate.**

**WITNESS** the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

**INTERNATIONAL EDUCATION AND COMMUNITY  
INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

D. The undersigned hereby certifies: that its annual income exceeds \$10,000; that all references to “the undersigned” above refer to all persons and entities signing below; and that the undersigned received a copy hereof at the time of signing.

Dated: \_\_\_\_\_

**INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
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corporation

By: \_\_\_\_\_  
Monica Hawk, Interim-CEO

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INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

D. The undersigned hereby certifies: that its annual income exceeds \$10,000; that all references to “the undersigned” above refer to all persons and entities signing below; and that the undersigned received a copy hereof at the time of signing.

Dated: \_\_\_\_\_

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INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

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Dated: \_\_\_\_\_

**INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.,** a Pennsylvania non-profit  
corporation

By: \_\_\_\_\_  
Monica Hawk, Interim-CEO

**2. Amendment to Loan Documents**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

**WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.**

**INTERNATIONAL EDUCATION AND COMMUNITY  
INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

**SIGNATURES CONTINUE ON FOLLOWING PAGE**

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

**WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.**

**INTERNATIONAL EDUCATION AND COMMUNITY  
INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

**SIGNATURES CONTINUE ON FOLLOWING PAGE**

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

**WARNING—BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.**

**INTERNATIONAL EDUCATION AND COMMUNITY  
INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

**SIGNATURES CONTINUE ON FOLLOWING PAGE**

**3. Supplement No. 1 to Intercreditor Agreement**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

IN WITNESS WHEREOF, INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC. and PNC BANK, NATIONAL ASSOCIATION have each caused this Supplement No. 1 to be duly executed on their behalf by their duly authorized officers or representative as of date set forth above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC., as Borrower

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

PNC BANK, NATIONAL ASSOCIATION,  
as 2019 Line of Credit Provider

By: \_\_\_\_\_  
Name: Michael Gentile  
Title: Assistant Vice President

ACKNOWLEDGEMENT

The foregoing Supplement No. 1, including the Schedule attached hereto, is hereby acknowledged by the following parties to the Intercreditor Agreement:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2018 Trustee

By: \_\_\_\_\_  
Name: Gregory P. Guim  
Title: Vice President

IN WITNESS WHEREOF, INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC. and PNC BANK, NATIONAL ASSOCIATION have each caused this Supplement No. 1 to be duly executed on their behalf by their duly authorized officers or representative as of date set forth above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC., as Borrower

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

PNC BANK, NATIONAL ASSOCIATION,  
as 2019 Line of Credit Provider

By: \_\_\_\_\_  
Name: Michael Gentile  
Title: Assistant Vice President

ACKNOWLEDGEMENT

The foregoing Supplement No. 1, including the Schedule attached hereto, is hereby acknowledged by the following parties to the Intercreditor Agreement:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2018 Trustee

By: \_\_\_\_\_  
Name: Gregory P. Guim  
Title: Vice President

IN WITNESS WHEREOF, INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC. and PNC BANK, NATIONAL ASSOCIATION have each caused this Supplement No. 1 to be duly executed on their behalf by their duly authorized officers or representative as of date set forth above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC., as Borrower

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

PNC BANK, NATIONAL ASSOCIATION,  
as 2019 Line of Credit Provider

By: \_\_\_\_\_  
Name: Michael Gentile  
Title: Assistant Vice President

ACKNOWLEDGEMENT

The foregoing Supplement No. 1, including the Schedule attached hereto, is hereby acknowledged by the following parties to the Intercreditor Agreement:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as 2018 Trustee

By: \_\_\_\_\_  
Name: Gregory P. Guim  
Title: Vice President

4. **First Amendment to Mortgage**

Please execute four (4) originals and return to:

Send three (3) originals to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

Send one (1) original to:

Jennifer Kriebel  
Guaranteed Land Abstract LLC  
2555 Huntingdon Pike  
Huntingdon Valley, PA 19006

Phone: 215-657-8072

Email: [jkriebel@gactitle.com](mailto:jkriebel@gactitle.com)





IN WITNESS WHEREOF, the Mortgagor has duly signed, sealed and executed this document as of the date first above stated.

**MORTGAGOR:**

Signed, sealed and delivered in the presence of:

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

\_\_\_\_\_  
Name:

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

STATE/Commonwealth of \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

ss:

On this, the \_\_\_\_\_ day of \_\_\_\_\_, 2023, before me, a Notary Public, the undersigned officer, personally appeared MONICA HAWK, who acknowledged herself to be the INTERIM-CEO of INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC., a Pennsylvania nonprofit corporation, and that she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

IN WITNESS WHEREOF, the Mortgagor has duly signed, sealed and executed this document as of the date first above stated.

**MORTGAGOR:**

Signed, sealed and delivered in the presence of:

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC.,**  
a Pennsylvania non-profit corporation

\_\_\_\_\_  
Name:

By: \_\_\_\_\_

Name: Monica Hawk

Title: Interim-CEO

STATE/Commonwealth of \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

ss:

On this, the \_\_\_\_\_ day of \_\_\_\_\_, 2023, before me, a Notary Public, the undersigned officer, personally appeared MONICA HAWK, who acknowledged herself to be the INTERIM-CEO of INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES D/B/A ONE BRIGHT RAY, INC., a Pennsylvania nonprofit corporation, and that she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

**5. First Amendment to ALR**

Please execute four (4) originals and return to:

Send three (3) originals to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

Send one (1) original to:

Jennifer Kriebel  
Guaranteed Land Abstract LLC  
2555 Huntingdon Pike  
Huntingdon Valley, PA 19006

Phone: 215-657-8072

Email: [jkriebel@gactitle.com](mailto:jkriebel@gactitle.com)









**6. Certificate of OBR**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

IN WITNESS WHEREOF, we have hereunto set our respective signatures as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_

Name: Frances Velazquez

Title: Chief Financial Officer

**EXHIBIT A**  
**SPECIMEN SIGNATURES**

<u>Name</u>	<u>Specimen Signature</u>	<u>Office</u>
Monica Hawk	<hr/>	Interim-CEO

IN WITNESS WHEREOF, we have hereunto set our respective signatures as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_

Name: Frances Velazquez

Title: Chief Financial Officer

**EXHIBIT A**  
**SPECIMEN SIGNATURES**

<u>Name</u>	<u>Specimen Signature</u>	<u>Office</u>
Monica Hawk	<hr/>	Interim-CEO

IN WITNESS WHEREOF, we have hereunto set our respective signatures as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_

Name: Frances Velazquez

Title: Chief Financial Officer

**EXHIBIT A**  
**SPECIMEN SIGNATURES**

<u>Name</u>	<u>Specimen Signature</u>	<u>Office</u>
Monica Hawk	<hr/>	Interim-CEO

7. **Certificate regarding Additional Indebtedness**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

IN WITNESS WHEREOF, the undersigned officer of International Education and Community Initiatives d/b/a One Bright Ray, Inc. has executed this certificate as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

IN WITNESS WHEREOF, the undersigned officer of International Education and Community Initiatives d/b/a One Bright Ray, Inc. has executed this certificate as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

IN WITNESS WHEREOF, the undersigned officer of International Education and Community Initiatives d/b/a One Bright Ray, Inc. has executed this certificate as of the date first written above.

INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

**8. Consent of CAP**

Please execute three (3) originals and return to:

Willow Vickers  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

COMMUNITY ACADEMY OF PHILADELPHIA, A  
PENNSYLVANIA CHARTER SCHOOL

By: \_\_\_\_\_  
Name: Dr. Alberta O'Brien  
Title: CEO

COMMUNITY ACADEMY OF PHILADELPHIA, A  
PENNSYLVANIA CHARTER SCHOOL

By: \_\_\_\_\_  
Name: Dr. Alberta O'Brien  
Title: CEO

COMMUNITY ACADEMY OF PHILADELPHIA, A  
PENNSYLVANIA CHARTER SCHOOL

By: \_\_\_\_\_  
Name: Dr. Alberta O'Brien  
Title: CEO

**IN WITNESS WHEREOF**, this Certificate in favor of Duane Morris LLP has been signed and delivered as of the first date written above.

**INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC.**, a Pennsylvania non-profit  
corporation

By: \_\_\_\_\_  
Name: Monica Hawk  
Title: Interim-CEO

**INTERNATIONAL EDUCATION AND  
COMMUNITY INITIATIVES D/B/A ONE  
BRIGHT RAY, INC., a Pennsylvania non-profit  
corporation**

By: \_\_\_\_\_

Name: Monica Hawk

Title: Interim-CEO

ARBITRAGE REBATE COMPLIANCE SERVICES AUTHORIZATION LETTER

Frances Velazquez, MSA  
Chief Financial Officer  
One Bright Ray, Inc.  
1142 E. Erie Avenue  
Philadelphia, PA 19124

Re: Arbitrage Rebate Compliance Services

Dear Ms. Velazquez:

This letter confirms the engagement of PFM Asset Management LLC (“PFMAM”) by One Bright Ray, Inc. (the “Borrower”) for the purpose of performing calculations relating to the rebate requirements contained in Section 148(f) of the Internal Revenue Code of 1986 (the “Code”). The calculations are to be performed with respect to the debt obligations listed on Exhibit A hereto (the “Bonds”), applying applicable federal tax rules. The Borrower acknowledges that it is engaging PFMAM hereunder in connection with the performance by PFMAM of only those services specifically set forth below.

PFMAM will calculate the amount of rebate liability with respect to the Bonds as of the end of each bond year (or other appropriate period) and as of the final maturity or redemption of the Bonds (each such date herein referred to as a “Calculation Date”) applying regulations of the United States Department of the Treasury in effect on such Calculation Date. PFMAM will provide the following services: (i) calculation of the amount of rebate liability with respect to the Bonds as of each Calculation Date, and (ii) delivery of schedules reflecting such rebate liability calculation and the assumptions involved.

The Borrower undertakes to provide or cause to be provided to PFMAM all relevant data, as requested from time to time, with respect to each Calculation Date within 15 days after such date and the Borrower agrees to cooperate with all reasonable requests in connection herewith. This information will be necessary to identify the amount of “gross proceeds” (as that term is used in the Code) of the Bonds subject to the rebate requirement, investment income thereon and applicable yields on the Bonds and on such investments in order to calculate the rebate liability of the Borrower with respect to the Bonds as of the Calculation Date. PFMAM is not being engaged to duplicate work performed by the prior Rebate Calculation Agent, if any, to independently determine whether there were “prohibited payments” or “imputed receipts” within the meaning of Treasury Regulations or to perform an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds, and PFMAM will be entitled to rely entirely on information provided by the Borrower without independent verification. PFMAM is also not being engaged to audit or review the tax exempt status of interest on the Bonds or any other aspect of the Bond program except for the rebate liability to the extent set forth in this engagement letter, and PFMAM shall be under no obligation to consider any information obtained by PFMAM pursuant to this engagement for any purpose other than determining such rebate liability. PFMAM shall not have any obligation to update any report delivered hereunder because of events occurring, changes in regulations, or data or information received, subsequent to the date of delivery of such report.

The fees payable to PFMAM with respect to the Bonds are as determined pursuant to Exhibit B hereto. Calculation Date fees are due upon delivery of each calculation.

This engagement is terminable in its entirety by either party hereto upon thirty (30) days' written notice to the other party. If PFMAM terminates the engagement prior to the initial Calculation thereunder, the initial set-up fee (if previously paid) shall be refunded to the Borrower.

PFMAM is being retained hereunder only to perform the services specified above. However, the Borrower may request PFMAM to advise the Borrower on matters not covered by such services. Should PFMAM undertake to provide such advice, PFMAM will only do so only if specifically requested in writing by the Borrower for a separate fee based on a separate agreement.

PFMAM may rely upon the advice of counsel, who may be counsel to the Borrower, and upon statements of accountants, brokers and other persons believed by it in good faith to be experts in the matters upon which they are consulted. The Borrower agrees to indemnify, defend, and hold harmless PFMAM and its officers, directors, employees, agents, successors, and assigns from any and all losses, liabilities, damages and claims, and all related costs and expenses, including attorneys' fees and costs of investigation, litigation, settlement, judgment, interest and penalties arising from or in connection with any claim made against PFMAM in connection with its performance of the services to be provided by it pursuant hereto, unless arising primarily from PFMAM's negligence or willful misconduct.

Additional Issues may be added, from time to time, to Exhibit A hereto by written notice from the Borrower to PFMAM, and the fee schedule on Exhibit B shall apply unless other fees are agreed to in writing.

If this engagement letter is satisfactory, please have an authorized official acknowledge below and return one copy to the undersigned.

Very truly yours,

PFM Asset Management LLC



Michael Steinbrook  
Director

Accepted:

One Bright Ray, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Borrower's Tax ID Number: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit A

Description

1. \$18,785,000  
Philadelphia Authority for Industrial Development  
Revenue Bonds  
(International Education and Community Initiatives Project)  
Series 2018A
2. Additional bond issues subject to the arbitrage rebate requirements, upon request from the Borrower.

Exhibit B

ARBITRAGE REBATE COMPLIANCE SERVICES FEE SCHEDULE

**BASE FEE**

<u>Service</u>	<u>Fee</u>
Report Fee – one of the following will apply, per issue:	
Annual report, gross proceeds subject to arbitrage rebate	\$1,500
Semi-annual report, spending exception analysis	\$1,000
Annual report, bona fide debt service fund testing only	\$750

**ADDITIONAL FEES**

*Per report, as appropriate*

<u>Service</u>	<u>Fee</u>
Variable Rate Issue	+\$500-\$1,000
Computation Periods in Excess of 12 Months – one of the following will apply, per issue:	
Additional year or fraction thereof, outstanding gross proceeds	+\$500
Additional year or fraction thereof, bona fide debt service fund testing only	+\$250

**OPTIONAL SERVICES**

Evaluating various elections and applications	<i>To be negotiated separately</i>
Training, Post Issuance Compliance Consulting	

**HOURLY RATE FEE, IF APPLICABLE**

Managing Director	\$350
Director	\$300
Senior Managing Consultant	\$250
Analyst/Senior Analyst	\$200
Associate/Senior Associate	\$150

Frances Velazquez, MSA  
Chief Financial Officer  
One Bright Ray, Inc.  
1142 E. Erie Avenue  
Philadelphia, PA 19124

RE: Arbitrage Rebate Compliance Services  
\$18,785,000  
Philadelphia Authority for Industrial Development  
Revenue Bonds  
(International Education and Community Initiatives Project)  
Series 2018A

Dear Ms. Velazquez:

On behalf of PFM Asset Management LLC (“PFMAM”), I am pleased to submit this proposal to provide arbitrage rebate compliance services to One Bright Ray, Inc. (the “Borrower”). We are submitting this proposal to assist the Borrower with providing arbitrage rebate calculations. Our proposal includes the following: (1) our qualifications; (2) our scope of services; (3) our proposed fees; and (4) next steps.

## Qualifications

The finance and accounting specialists in PFMAM’s Arbitrage & Tax Compliance Group embrace a national presence, having provided in excess of 55,000 calculations to thousands of clients in more than 40 states since 1989. Our annual client base comprises approximately 350 tax-exempt issuers that vary in size, complexity, and purpose. Organizations that engage PFMAM to provide arbitrage rebate compliance service include:

- Authorities
- Boroughs, Towns & Townships
- Cities
- Colleges and Universities
- Counties
- Healthcare Institutions
- Housing Authorities and Corporations
- Local Gov’t Investment Pool Programs
- Municipalities
- Public Power Agencies
- Public Schools
- States and State Agencies
- State Revolving Funds
- Transportation Organizations

PFMAM is dedicated to helping ensure that these organizations pay the lowest amount of rebate permissible by the Internal Revenue Code and related Treasury Regulations (“Regulations”).

*PFMAM has never been informed of the IRS proposing changes to our calculations. We attribute this to an exceptionally thorough reporting style, distinctive to PFMAM.*

## Professional Experience & Methodology

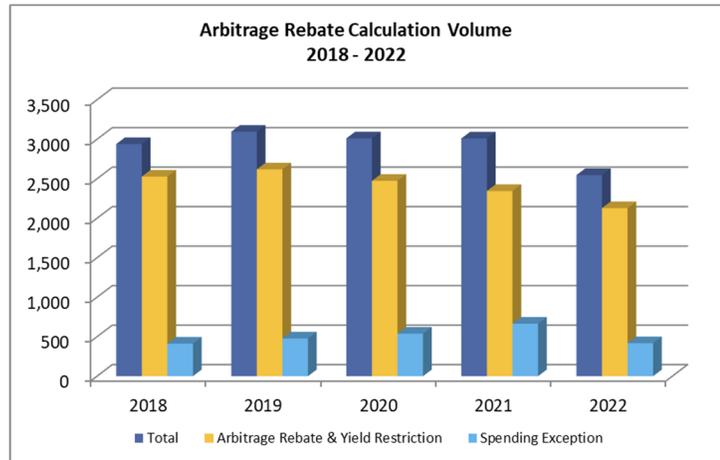
PFMAM’s Arbitrage & Tax Compliance Group has completed a significant number of arbitrage rebate compliance analyses each year. As illustrated in the chart on the following page, PFMAM prepares thousands of calculations annually and over 30,000 calculations in the last ten years. These calculations





include our analyses of the arbitrage rebate compliance status relating to a variety of tax-exempt/advantaged debt, including general obligation bonds, certificates of participation, tax notes, Build America Bonds, revenue bonds, variable-rate bonds, conduit financings, commercial paper, anticipation notes, and state revolving fund bonds.

PFMAM also provides compliance reporting for issuers of other tax-advantaged bonds and tax-credit bonds. We provide proceeds spending reports as well as sinking fund yield compliance reports to help issuers maintain compliance with the similar but different requirements for these types of bond issues.



Data as of December 31, 2022

Many issuers are surprised to learn that several very different, yet legally correct, answers can result from an arbitrage calculation. The most prominent factor affecting this variation is the diversity of methods used for valuing and allocating investments. PFMAM’s approach to minimizing liabilities is customized to the issuer’s specific tax scenario and the type of bonds that have been issued. We will only recommend calculation methods that achieve compliance, minimize liabilities, and are permissible under the arbitrage rebate provisions contained in the Regulations.

## Technical Proficiency

PFMAM has internally developed, sophisticated arbitrage rebate calculation models to ensure that our clients’ arbitrage rebate compliance circumstances are fully and properly addressed. Our models maintain the flexibility that is needed to analyze the wide variety of fact patterns that we encounter. “Off-the-shelf” and pre-programmed software packages simply do not offer the level of customization that is needed to thoroughly evaluate an issue’s arbitrage rebate compliance status.

## Market Presence & Depth of Resources

As one of the nation’s leading financial advisors and investment advisors to governmental entities and non-profit organizations, we have the experience, market presence, human and intellectual capital, and technological resources that are required to provide our clients with the high quality service that our clients expect and deserve. The PFMAM Arbitrage & Tax Compliance Group collaborates closely with our colleagues in the financial advisory and investment advisory businesses to stay abreast of market developments, and to assist our clients in evaluating complex tax issues. Our understanding of how tax elections fit in to debt and investment strategies and our significant presence in the debt and investment markets allow us to offer our clients a broader, big-picture oriented perspective when providing arbitrage rebate compliance services.



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## IRS Audit Experience

PFMAM has assisted several issuers with preparing responses to IRS audits, information document requests, and other regulatory proceedings. We are frequently referred to issuers by bond and tax counsel in the event of an IRS audit. At PFMAM, we have had a significant amount of success defending our own arbitrage rebate work. Our thorough reporting provides the detail that is needed to fully address IRS audit questions. One of the best defenses that an issuer can undertake is to have proper policies and procedures in place to detect problems early, including sound recordkeeping practices. PFMAM utilizes data management systems to electronically store all bond documents and financial records that we rely on to undertake arbitrage rebate services. This approach allows for efficient access and distribution of such documents to our clients and other interested professionals.

## Arbitrage Rebate Compliance Requirements

Federal tax law imposes dual compliance requirements on tax-exempt bond issues. These requirements are commonly called the Arbitrage Rebate Requirements and the Yield Restriction Requirements. A brief description of each of these requirements is provided below.

- **Arbitrage Rebate Requirements** – Generally, the “gross proceeds” of a tax-exempt bond issue that are invested in taxable non-purpose investments (i.e., U.S. Treasury securities, money market mutual funds, corporate bonds, GICs, etc.) are subject to arbitrage rebate. In certain circumstances, gross proceeds may be exempt from this requirement. For example, debt service funds are often exempt from rebate. Also, proceeds that qualify for a “spending exception” to arbitrage rebate may be treated as exempt from this requirement.

Arbitrage rebate is the difference between the actual investment earnings and the earnings that the Issuer would have received if the gross proceeds of the bonds were invested at the arbitrage yield. The Arbitrage Rebate Liability = Actual Investment Earnings – Investment Earnings @ the arbitrage yield.

Issuers are required to determine no less than every five-years after the issue date, every five-years thereafter, and as of the final maturity date if an arbitrage rebate liability has accrued. If a liability has accrued, the Issuer is required to pay at least 90% of the liability within 60 days of the computation date (100% if the computation date is the final maturity date). If no liability has accrued, then no payment is due.

- **Yield Restriction Requirements** – Federal tax law generally does not allow an issuer to invest the gross proceeds of a bond issue at an average investment rate that is “materially higher”<sup>1</sup> than the arbitrage yield. However, the Issuer is permitted to do so during a temporary period. A temporary period is nothing more than an exemption from the yield restriction requirements, but is not an exception to the arbitrage rebate requirements. Temporary periods vary depending on the intended use of the proceeds. For example, the typical temporary period for new money proceeds is three-years, starting on the issue date. The Issuer is permitted to invest the new

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<sup>1</sup> A “materially higher” yield is the yield to which the gross proceeds of a bond issue are subject to yield restriction. The definition of materially higher differs depending on the purpose and use of the proceeds. For example, for construction funds that qualify for a 3-year or 5-year temporary period, materially higher means the arbitrage yield + 0.125%. For refunding escrows and “replacement proceeds,” materially higher means the arbitrage yield + 0.001%.



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money proceeds at an unrestricted rate during the first three years after the issue date, without violating the yield restriction requirements.

- At the expiration of the temporary period, any unspent bond proceeds become subject to the yield restriction requirements. To comply with this requirement, the Issuer is required to either restrict the investment yield so that it is no higher than a materially higher yield, or the Issuer may be permitted to make “yield reduction payments.” Yield reduction payments are essentially arbitrage rebate payments, only they are made to comply with yield restriction. These payments are made at the same time and in the same manner as arbitrage rebate payments.

## Scope of Services

PFMAM proposes to meet the arbitrage rebate compliance needs of the Borrower with the following scope of services:

- (1) Input the Borrower’s bond issues into our Bond Tracking System, identifying next calculation dates so we may remain aware and be notified in advance of all upcoming calculation requirements.
- (2) Work with the Borrower and the Borrower’s bond trustee to collect all relevant bond documents from the bond closing transcript, including for example, the IRS Form 8038 and the Federal Tax Certificate.
- (3) With the Borrower’s authorization, work with the bond trustee to establish online, view-only access to bond related accounts to efficiently collect statements.
- (4) Work with the Borrower to collect all debt service, investment and expenditure data for all bond related funds during relevant computation periods.
- (5) Review financial data and bond documents and perform the following for each bond issue:
  - Verify the issue price of the Bonds
  - Calculate the arbitrage yield
  - Prepare a cash flow analysis for the proceeds of the Bonds
  - Determine if any proceeds met an exception to arbitrage rebate, including a spending exception
  - Prepare arbitrage rebate calculations
  - As needed, prepare yield restriction calculations
  - Calculate the investment return of each bond related fund
  - Value investments as of computation dates and key dates
  - Undertake any additional analysis needed to properly determine arbitrage rebate compliance
- (6) Analyze and apply available liability reduction strategies.
- (7) Utilize a thorough review process to ensure that all calculations are accurately prepared and that liabilities are minimized to the fullest extent permitted.
- (8) Deliver a comprehensive report that includes an executive summary describing the methodologies employed and major assumptions and our conclusions.



- (9) Provide a professional opinion that the calculation methodology used is consistent with current tax laws and regulations and may be relied upon in determining liability payments to the U.S. Treasury.
- (10) Prepare the IRS Form 8038-T and provide detailed filing instructions, if a payment is due.
- (11) Electronically store copies of all materials provided to PFMAM to perform such calculations.
- (12) Provide support and assistance to the Borrower and its legal counsel in the event of an IRS inquiry or audit with respect to a bond issue.
- (13) Be available to discuss the results of our analysis, to answer questions, and to provide guidance on arbitrage rebate compliance matters.

## Proposed Fees

Service Description / Computation Period	Calculation Fee
Initial Report Fee, per issue, per annual report – Arbitrage Rebate and/or Yield Restriction Calculation, bond issues with outstanding proceeds	\$1,500
Arbitrage Rebate and/or Yield Restriction Calculation - additional annual computation period since the previous calculation, per additional annual computation period	+\$500
Report Fee, per issue, per annual report - Bona Fide Debt Service Fund testing only (if applicable)	\$750
Bona Fide Debt Service Fund testing - additional annual computation period since the previous calculation, per additional annual computation period (if applicable)	+\$250

## Next Steps

If the Borrower accepts our proposal, the next step is to execute an engagement letter and begin the information collection process. For your convenience, I have included an engagement letter as an attachment to this proposal. To begin the process, we would just need to have a signed copy of the attachment returned to my attention.

We appreciate your consideration and welcome the opportunity to discuss our proposal in greater detail.

Sincerely,

**PFM Asset Management LLC**

**Michael Steinbrook**, Director  
[steinbrookm@pfmam.com](mailto:steinbrookm@pfmam.com) | 717.231.6280

# Pivot Online Access Request Form

Please return this form to your Relationship Manager to setup your account(s) on Pivot.

Pivot User Name and Id	
Kathy Whitman	tnekw29
Amy Rothdeutsch	rothdeutscha
Colin Colaco	colacoc
Michael Steinbrook	steinbrookm
Brian Zanotti	zanottib
Rina Patel	patelr
Mandy McCutcheon	mccutcheonm
Christian Cuevas	cuevasc
Zachary Pepper	pefferz

RM to add accounts below to the PFMAM Rebate Group in Pivot Corp-Muni and Provision Statements for CORPBATE for the above users

Include Access to all existing & future account(s)

OR

List account name(s) & number(s):

Account Number(s)	Account Name(s)

Approval:

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
Printed Name & Title

\_\_\_\_\_  
Date



**Board**  
One Bright Ray, Inc.  
1142 E. Erie Ave.  
Philadelphia, PA 19124



## 2023-2024 BOARD MEETING TENTATIVE SCHEDULE

DATE	TIME	LOCATION
Wednesday, September 20, 2023	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, December 6, 2023	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, February 21, 2024	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, April 17, 2024	3:00 p.m.	Zoom (Virtual Meeting)
Wednesday, May 29, 2024	3:00 p.m.	Zoom (Virtual Meeting)

**One Bright Ray Inc.  
BOARD OF DIRECTORS  
September 20, 2023**

**RESOLUTION: # 9/20/23-1**

WHEREAS, the Board of Directors retain the right to content to approve any changes or increases in the OBR’s line of credit;

BE IT RESOLVED, that the Board of Directors of One Bright Ray, Inc. hereby reaffirms and retains its exclusive right and authority to consent to review and approve the request to increase the line of credit from \$500,000 to \$1,000,000.

BE IT FURTHER RESOLVED, that this resolution shall take immediate effect upon approval and shall supersede any conflicting resolutions or provisions.

Recording of the vote:

<b>Board Members:</b>	<b>YEA</b>	<b>NAY</b>	<b>ABSENT (AB)</b>	<b>ABSTAIN (ABT)</b>	<b>COMMENT</b>
<b>Joseph H. Proietta</b>	✓				
<b>Alberta P. O’Brien</b>	✓				
<b>Cassandra McLaughlin</b>	✓				
<b>Lauren A. Nelson</b>			✓		
<b>Ludmiladia Gomez</b>	✓				
<b>Erica Mendez</b>			✓		

Summary:            Y   4                              N                                   AB   2                              ABT       

The motion has    Passed       ✓                                  Failed                                   Been Tabled       

*Frances Velazquez*

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9/20/23 Frances Velazquez, BS, Secretary

**One Bright Ray Inc.  
BOARD OF DIRECTORS  
September 20, 2023**

**RESOLUTION: # 9/20/23-2**

WHEREAS, the issuer, One Bright Ray, Inc. is subject to federal tax requirements, including the arbitrage rebate provision contained in Section 148 (f) of the IRS Code of 1986, as amended. The bonds require arbitrage rebate calculations to be completed and due to the US. Bank by October 31, 2023.

*\$18,785,000, Philadelphia Authority for Industrial Development Revenue Bonds  
(International Education and Community Initiatives Project) Series 2018A*

BE IT RESOLVED, that the Board of Directors of One Bright Ray, Inc. review and approve the arbitrage rebate compliance services authorization letter and proposal from PFM Asset Management LLC (PFMAM), tax arbitrage compliance tax services not to exceed \$3,500.

BE IT FURTHER RESOLVED, that this resolution shall take immediate effect upon approval and shall supersede any conflicting resolutions or provisions.

Recording of the vote:

<b>Board Members:</b>	<b>YEA</b>	<b>NAY</b>	<b>ABSENT</b>	<b>ABSTAIN</b>	<b>COMMENT</b>
<b>Joseph H. Proietta</b>	✓				
<b>Alberta P. O'Brien</b>	✓				
<b>Cassandra McLaughlin</b>	✓				
<b>Lauren A. Nelson</b>			✓		
<b>Ludmiladia Gomez</b>	✓				
<b>Erica Mendez</b>			✓		

Summary:            Y   4                      N                           AB   2                      ABT       

The motion has    Passed        ✓                           Failed                           Been Tabled       

*Frances Velazquez*

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9/20/23 Frances Velazquez, BS, Secretary

**One Bright Ray Inc.  
BOARD OF DIRECTORS  
September 20, 2023**

**RESOLUTION: # 9/20/23-3**

PROPOSED: In order to set up a fair and equitable compensation for the chief executive officer (CEO) of IECI dba OBR, Inc., the following pay scale and timelines will be adopted.

RESOLVED: The Interim (Acting) CEO Monica Hawk was approved by this Board in April 2023. Ms. Hawk was appointed Interim (Acting) CEO effective May 1, 2023.

FURTHER: Her Salary is set at \$140,000.00 effective upon assuming the role of Interim CEO on May 1, 2023.

BE IT FURTHER RESOLVED: Upon review and approval by the Board of a permanent status contract as CEO at the conclusion of a probationary period no earlier than October 1, 2023, the base salary for CEO of OBR, Inc., will be \$150,000.00 with yearly reviews consistent with any OBR, Inc., administrator policies, performance review, and cost of living adjustments consistent with other upper level administration.

BE IT FURTHER RESOLVED: The Board of Directors of IECI dba One Bright Ray, Inc., welcomes Ms. Monica Hawk and wishes her a long and rewarding tenure.

Recording of the vote:

<b>Board Members:</b>	<b>YEA</b>	<b>NAY</b>	<b>ABSENT (AB)</b>	<b>ABSTAIN (ABT)</b>	<b>COMMENT</b>
<b>Joseph H. Proietta</b>	✓				
<b>Alberta P. O'Brien</b>	✓				
<b>Cassandra McLaughlin</b>	✓				
<b>Lauren A. Nelson</b>			✓		
<b>Ludmiladia Gomez</b>	✓				
<b>Erica Mendez</b>			✓		

Summary:        Y   4                      N                           AB   2                      ABT       

The motion has    Passed       ✓                          Failed                           Been Tabled       

*Frances Velazquez*

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9/20/23 Frances Velazquez, BS, Secretary