
FIRST AMENDED AND RESTATED LOAN AGREEMENT

Dated May __, 2013

by and among

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT,

THE LEXINGTON SCHOOL, INC.

and

REPUBLIC BANK & TRUST COMPANY

relating to

\$7,695,000

Lexington-Fayette Urban County Government
Refunding Revenue Bonds, Series 2009
(The Lexington School, Inc. Project)

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FIRST AMENDED AND RESTATED LOAN AGREEMENT

THIS FIRST AMENDED AND RESTATED LOAN AGREEMENT amends and restates in its entirety that certain Loan Agreement (the “Original Loan Agreement”) dated June 15, 2009 by and among the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (the “Urban County Government”), an urban county government and political subdivision of the Commonwealth of Kentucky, THE LEXINGTON SCHOOL, INC. (the “Borrower”), a Kentucky nonprofit corporation, and REPUBLIC BANK & TRUST COMPANY (the “Bondholder”), a Kentucky banking corporation (this First Amended and Restated Loan Agreement and the Original Loan Agreement, the “Loan Agreement”). Terms not defined in this First Amended and Restated Loan Agreement shall have the meaning set forth in the Original Loan Agreement.

Recitals

A. The Lexington-Fayette Urban County Government (the “Urban County Government”), an urban county government of the Commonwealth of Kentucky (the “Commonwealth”) pursuant to Chapter 67A of the Kentucky Revised Statutes (the “Urban County Government”), is authorized under the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the “Act”), to issue its industrial building revenue bonds and loan the proceeds thereof to any person to finance the costs of acquiring, constructing, and equipping an “industrial building” (as defined in the Act), including specifically land, buildings, improvements, equipment, and other facilities related to or in furtherance of the educational purposes of any nonprofit educational institution, so as to accomplish thereby the public purposes of promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein, provided that such bonds are payable solely from the loan repayments and other revenues derived in respect of the loan and do not constitute an indebtedness of the Urban County Government within the meaning of the Constitution and laws of the Commonwealth.

B. The Act further authorizes the Urban County Government to issue its refunding bonds under the provisions of the Act to refund bonds previously issued and outstanding under the Act.

C. The Urban County Government has by an ordinance duly enacted on May 14, 2009 (the “Bond Ordinance”) undertaken pursuant to the Act the issuance of its industrial building revenue bonds to refund the outstanding Lexington-Fayette Urban County Government Adjustable Rate Demand Educational Facilities Revenue Bonds, Series 2003 (Lexington School Project) (the “Prior Bonds”) which financed the construction of a new lower school on the Borrower’s campus located at 1050 Lane Allen Road, Lexington, Fayette County, Kentucky.

D. The Bond Ordinance authorizes the Urban County Government to issue its industrial building revenue bonds in a principal amount of not more than \$8,445,000 and to lend the proceeds thereof to the Borrower for the purpose of refunding the Prior Bonds, said bonds to be issuable as a single bond in fully registered form and to be designated “Lexington-Fayette

Urban County Government Refunding Revenue Bonds, Series 2009 (The Lexington School, Inc. Project)” (the “Bonds”).

E. Concurrently herewith, in order to secure its obligations under this Loan Agreement, the Borrower, as mortgagor and debtor, has entered into a Mortgage and Security Agreement of even date herewith (the “Mortgage”) with the Bondholder, as mortgagee and secured party.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree, covenant, grant, pledge, assign, represent, and warrant as follows (it being understood and agreed that in the performance of the agreements of the Urban County Government herein contained any obligation it may incur for the payment of money shall not be a general obligation on its part or a charge against its general credit or taxing power but shall be payable solely from the Pledged Receipts):

PART I: PLEDGE AND ASSIGNMENT; DEFINITIONS

ARTICLE 1.

PLEDGE AND ASSIGNMENT BY URBAN COUNTY GOVERNMENT

In order to secure the due payment of the principal of and interest on the Bonds and compliance by the Borrower and the Urban County Government with their agreements contained herein:

Section 1.1. Pledge and Assignment by Urban County Government. The Urban County Government hereby grants, pledges, and assigns to the Bondholder the Pledged Receipts and all of the Urban County Government's right, title, and interest in this Loan Agreement and the Note, including enforcement rights and remedies (including the grant herein of a security interest under the Uniform Commercial Code to the maximum extent possible), but excepting from such pledge and assignment the right of the Urban County Government to any payment or reimbursement pursuant to Section 9.1.C[1] or [2] or Section 9.5.

Section 1.2. Defeasance of Lien; Termination of Loan Agreement and Mortgage. When all principal and interest due or to become due on the Bonds have been duly paid and all Additional Payments have been paid or provided for to the reasonable satisfaction of the Urban County Government and the Bondholder, the lien of this Loan Agreement on the Pledged Receipts shall terminate and the Borrower's obligations hereunder shall terminate. The Bondholder shall thereupon promptly execute and deliver to the Borrower and the Urban County Government an appropriate discharge hereof, the Bondholder shall assign and deliver to the Borrower any property at the time subject to the lien of this Loan Agreement which may then be in the possession of the Bondholder, except amounts held by the Bondholder for the payment of the principal, interest, and premium, if any, on the Bonds and Additional Payments, and the Bondholder shall execute and deliver to the Borrower the instruments necessary to terminate the Mortgage and to evidence the discharge of the lien and security interests created thereunder.

ARTICLE 2.
DEFINITIONS

The following terms as used in this Loan Agreement, the Bond Purchase Agreement, the Bonds, and any certificate or other document executed in connection therewith shall have the following meanings (or as defined elsewhere in this Loan Agreement as indicated below) unless the context otherwise indicates:

“Act” -- See Recitals.

“Additional Payments” means the amounts required to be paid by the Borrower under Section 9.1.C.

“Bank” means Republic Bank & Trust Company, a Kentucky banking corporation, and its successors and assigns as the holder of the Bonds.

“Bond Counsel” means an attorney-at-law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America, selected by the Borrower and acceptable to the Bondholder.

“Bond Documents” means collectively the Bond Purchase Agreement, this Loan Agreement, the Note and the Mortgage.

“Bondholder” or “holder” or “owner of the Bonds” means, as of any time, the registered owner of the Bonds as shown in the register kept by the Borrower as bond registrar and, as of the date of execution and delivery of the Bond Documents, means Republic Bank & Trust Company.

“Bond Purchase Agreement” means the Bond Purchase Agreement of even date herewith among the Urban County Government, the Borrower, and the Bondholder.

“Bonds” -- See Recitals.

“Borrower” -- See the first paragraph of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended. References to the Code and to sections of the Code shall include relevant final, temporary, or proposed regulations thereunder as in effect from time to time.

“Default” and “event of default” -- See Section 10.1.

“Default Rate” means, while any Event of Default exists under the Note or any other Bond Document, a rate of interest equal to the greater of twelve percent (12%) or the current interest rate then in effect for the Bonds divided by 0.68 plus four percent (4%), and after

maturity, whether by acceleration or otherwise, shall be subject to a post-maturity rate of interest equal to the same fixed or variable rate basis in effect before maturity.

“Determination of Taxability” means (a) the filing by the Borrower with the Internal Revenue Service of any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability has occurred, (b) the final assertion by the Internal Revenue Service or any agent thereof to the effect that interest on the Bonds is includable in the gross income for federal income tax purposes of any Bondholder or (c) the final adoption of legislation or regulations or a final determination, decision, decree or ruling of any judicial or administrative authority which has the effect of requiring interest on the Bonds to be included in the gross income for federal income tax purposes of any Bondholder; provided, however, that no Determination of Taxability shall result from the imposition of any preference or minimum tax by the provisions of the Code existing on the date of delivery of the Bonds. For purposes of clause (b) in the preceding sentence, an assertion by the Internal Revenue Service or any agent thereof shall be considered final when the Bondholder, the Urban County Government and the Borrower shall have received an opinion of Bond Counsel to the effect that such assertion is correct, and for purposes of clause (c) in the preceding sentence, a decision, decree or ruling by any judicial or administrative authority shall be considered final upon the expiration or waiver of all periods for judicial review or appeal, as the case may be.

“Event of Taxability” means the occurrence of circumstances in which a Determination of Taxability shall have been found to have occurred, or which shall constitute a Determination of Taxability, and which results in the interest payable on the Bonds becoming includable in the gross income for federal income tax purposes of any Bondholder, such occurrence or circumstances relating to a specific point in time; provided, however, that no Determination of Taxability shall result from the imposition of any preference or minimum tax by the provisions of the Code existing on the date of delivery of the Bonds.

“Federal Home Loan Bank of Cincinnati 5-year Stated Fixed Advance Rate” means the rate so designated and in effect on each Interest Rate Reset Date as announced to its member banks by the Federal Home Loan Bank of Cincinnati or any successor thereto.

“Issuance Date” means the date of original delivery of the Bonds to the Bondholder, which is the date of the Bond Documents.

“Loan Agreement” means this Loan Agreement, as the same may be amended or supplemented in accordance with its terms.

“Loan Term” means the term of this Loan Agreement, i.e., the period from the date hereof through full payment of the principal and interest on the Bonds in accordance with this Loan Agreement, upon which payment this Loan Agreement shall terminate.

“Loan Payment” or “Loan Payments” -- See Section 9.1.B.

“Mortgage” means the Mortgage, Assignment of Rents and Security Agreement of even date herewith by and between the Borrower, as mortgagor and debtor, and the Bondholder, as mortgagee and secured party.

“Note” means the promissory note of the Borrower, dated as of even date with the Bonds, in the form attached hereto as Exhibit B and in the principal amount of \$7,695,000 evidencing the obligation of the Borrower to make Loan Payments.

“Notice Address” means:

[a] As to the Urban County Government:

Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
Attn: Mayor

[b] As to the Borrower:

The Lexington School, Inc.
1050 Lane Allen Road
Lexington, Kentucky 40504
Attn: Headmaster and Director of Administrative Services

[c] As to the Bondholder:

Republic Bank & Trust Company
661 S. Hurstbourne Parkway
Louisville, Kentucky 40222
Attn: Commercial Lending

or to such other address as any party shall designate by notice to the other parties.

“Outstanding Bonds” or “Bonds outstanding” means the amount of principal of the Bonds which has not at the time been paid, exclusive of Bonds in lieu of which others have been issued under Section 3.4.

“Persons” means natural persons, partnerships, limited liability companies, associations, corporations, and public bodies.

“Pledged Receipts” means all of the Urban County Government's right, title, and interest in this Loan Agreement and all Loan Payments and other revenues received or receivable by the Urban County Government, or the Bondholder for the account of the Urban County Government, in respect of the Property, except for payments to the Urban County Government under clauses [1] and [2] of Section 9.1.0 or under Section 9.5.

“Prior Bonds” -- See Recitals.

“Property” means the land and the improvements thereon at 1050 Lane Allen Road and 2092 Lansill Road, Lexington, Fayette County, Kentucky, as more particularly described in the Mortgage.

“State” means the Commonwealth of Kentucky.

“Urban County Government” -- See first paragraph of this Agreement.

Any reference in the Bond Documents to the Urban County Government, the Borrower, or the Bondholder shall include those persons which succeed to their functions, duties, or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference in the Bond Documents to any statute or law or chapter or section thereof shall include all amendments, supplements, or successor provisions thereto.

PART II: THE BONDS

ARTICLE 3. THE BONDS

Section 3.1. Issuance and Terms of Bonds. The Bonds shall be designated “Lexington-Fayette Urban County Government Refunding Revenue Bonds, Series 2009 (The Lexington School, Inc. Project)”, shall be issued as a single typewritten, fully registered bond in the original principal amount of \$7,695,000 and shall mature June 15, 2031 (the “Maturity Date”). The Bonds shall have the terms and be substantially in the form set forth in Exhibit A.

Unless prepaid as hereinafter provided, the principal of and interest on the Bond shall be payable in two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments of principal and interest, commencing on July 15, 2009 and continuing to and including the Maturity Date. The first one hundred thirty-two (132) monthly installments shall each be in an amount that would fully amortize the initial principal amount of the Bond together with the interest accrued thereon at the Applicable Rate (as hereinafter defined) assuming two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments. The amount of each monthly installment shall be adjusted as of each Interest Rate Reset Date (as hereinafter defined) so that the principal amount of the Bond outstanding on such Interest Rate Reset Date together with the interest accrued thereon at the Applicable Rate as of such Interest Rate Reset Date would be fully amortized in equal (or as nearly equal as practicable) monthly installments over the number of months remaining from such Interest Rate Reset Date until the Maturity Date. Unless prepaid, the entire outstanding principal amount of the Bond and interest accrued thereon at the Applicable Rate shall in any event be due and payable on the Maturity Date.

The principal amount of the Bond outstanding from time to time shall bear interest at the Applicable Rate. The Applicable Rate shall mean (i) commencing on September 15, 2009 and continuing through May __, 2013, the rate of three and seventy-four hundredths

percent (3.74%) per annum; (ii) commencing on May __, 2013, and continuing until the first Interest Rate Reset Date, the rate of two and eighty-seven hundredths percent (2.87%) per annum; and (iii) commencing as of June 15 of each of the years 2020, 2025 and 2030 (each an "Interest Rate Reset Date"), a rate per annum (a) equal to the sum of $(x + 2.75\%)$ multiplied by 0.68, where x is the "Federal Home Loan Bank of Cincinnati 5-year Stated Fixed Advance Rate" in effect on such Interest Rate Reset Date as announced to its member banks by the Federal Home Loan Bank of Cincinnati but (b) not less than 2.87%. Interest shall be computed on a 365/360 interest accrual basis.

The Bond is subject to optional prepayment at any time, in whole or in part, together with interest thereon to the date of prepayment at the Applicable Rate. Any partial prepayments will be applied to principal. Borrower shall only owe a prepayment premium if the funds used to make the prepayment, including any partial prepayments, come from a financial institution other than the Bondholder. In the event the Borrower uses funds obtained from a financial institution other than the Bondholder to make such an optional prepayment on any date other than an Interest Rate Reset Date, a prepayment premium shall also be due in an amount equal to two percent (2%) of (i) the initial principal amount of the Bond, in the case of an optional prepayment prior to the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of the Bond as of the preceding Interest Rate Reset Date. In the event the Bondholder releases from the Mortgage a portion of the mortgaged property as a result of the partial prepayment of the Bond at any time using funds obtained from a financial institution other than the Bondholder, a prepayment premium shall be due in an amount equal to two percent (2%) of the principal amount of the Bond prepaid.

The principal amount of the Bond, together with interest accrued thereon at the Applicable Rate, shall be subject to mandatory prepayment in full on the second Interest Rate Reset Date and on each Interest Rate Reset Date thereafter unless the Borrower notifies the Bondholder in writing at least sixty (60) days prior to such Interest Rate Reset Date that the Borrower does not intend to exercise its option to prepay the Bond on or prior to such Interest Rate Reset Date. Notwithstanding any such notice by the Borrower to the Bondholder, the Bondholder may by notice to the Borrower on or prior to any such Interest Rate Reset Date notify the Borrower that the entire outstanding principal amount of the Bond, together with interest accrued thereon at the Applicable Rate in effect immediately prior to such Interest Rate Reset Date, is subject to mandatory prepayment within sixty (60) days of the date of such notice of mandatory prepayment.

Upon at least sixty (60) days prior written notice to the Bondholder, the Borrower may require the Bondholder to sell the Bond to the Borrower or its nominee (who may but need not be identified in such notice) on any Interest Rate Reset Date at a purchase price equal to the outstanding principal amount thereof plus accrued interest thereon at the Applicable Rate. In the event (a) the Borrower uses funds obtained from a financial institution other than the Bondholder to purchase the Bond or (b) a financial institution other than the Bondholder purchases the Bond, the purchase price paid to the Bondholder shall include a premium equal to two percent (2%) of (i) the initial principal amount of the Bond, in the case of such a purchase on the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of the Bond as of the preceding Interest Rate Reset Date.

Section 3.2. Delivery of Bonds. Upon compliance with and fulfillment of the terms and conditions of the Bond Purchase Agreement, the Urban County Government shall execute and deliver the Bonds to the Bondholder.

Section 3.3. Execution. The Bonds shall be executed on behalf of the Urban County Government by the manual signature of its Mayor. The official seal of the Urban County Government or a facsimile thereof (attested with the manual signature of its Clerk of the Urban County Council) shall be impressed or imprinted on the Bonds. In case any officer whose signature appears on a Bond shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes.

Section 3.4. Lost Bonds; Exchange and Transfer of Bonds. If the Bonds are lost, stolen, destroyed, or improperly cancelled, the Urban County Government shall replace such Bonds upon presentation to the Urban County Government of satisfactory proof of such loss, theft, destruction, or improper cancellation and an indemnity bond in such amount as the

Urban County Government may require. The person in whose name a Bond is registered on the bond register maintained by the Borrower shall be deemed the absolute owner for all purposes; and payment of any principal or interest on the Bonds shall be made only to or upon the order of the registered owner thereof or the owner's attorney or legal representative. Such payments shall fully discharge the liability on the Bonds to the extent of the sums so paid.

In all cases in which Bonds shall be issued in exchange for or in replacement of other Bonds, the Bonds to be issued shall be signed by the same officers who signed the original Bonds or by officers then in such offices or otherwise authorized to sign. The obligation of the Urban County Government and the rights of the holder with respect to such Bonds shall be the same as with respect to the Bonds being exchanged or replaced. The Urban County Government and the Borrower may charge the holder their reasonable fees and expenses for effecting such exchange or replacement.

The Borrower shall not be required to effect the transfer of Bonds during the fifteen (15) days preceding an interest payment date or after notice to the Bondholder that such Bond or any portion thereof is to be prepaid. The Borrower may make a charge sufficient to reimburse it for any tax or other governmental charge applicable to any exchange, transfer, or replacement. Such charge shall be paid before any exchange, transfer, or replacement is effected.

Section 3.5. Bonds Are Not General Obligations. The Bonds shall not constitute an indebtedness or pledge of the general credit or taxing power of the Urban County Government, the State, or any political subdivision thereof, and all obligations of the Urban County Government hereunder are not general obligations of the Urban County Government but are limited obligations payable solely from the Pledged Receipts and are a valid claim of the Bondholder only against the Pledged Receipts. Nothing herein shall be construed as requiring the Urban County Government to use any funds or revenues from any source other than the Pledged Receipts.

Section 3.6. Borrower as Bond Registrar; List of Bondholders. The Borrower is hereby designated as bond registrar for the Bonds and, as such, will keep on file a list of names and addresses of the holders of all Bonds; provided, however, that the Borrower shall be under no responsibility with regard to the accuracy of the address of any Bondholder.

Section 3.7. Rate Adjustment Upon a Determination of Taxability. Notwithstanding anything in this Loan Agreement to the contrary, in the event of a Determination of Taxability, interest on the unpaid principal balance of the Note shall be at the Default Rate, commencing on the date of occurrence of the Event of Taxability.

ARTICLE 4. APPLICATION OF BOND PROCEEDS

Section 4.1. Application of Bond Proceeds. As the purchase price for the Bonds, the Bondholder shall disburse on the date hereof to the indenture trustee for the Prior Bonds the amount of \$7,695,000, constituting the initial principal amount of the Bonds, to be applied to the redemption of all of the outstanding Prior Bonds. The Borrower shall provide whatever additional amount is required for the redemption of the Prior Bonds in accordance with their terms and the release of the mortgage securing the Prior Bonds in accordance with its terms.

PART III: THE PROPERTY

ARTICLE 5. THE PROPERTY

Section 5.1. Borrower's Obligation to Maintain the Property. The Borrower shall provide and expend whatever amounts are required to pay all costs of operating and maintaining the Property for use in furtherance of its nonprofit educational purposes.

The Property is an “industrial building” within the meaning of the Act. The Borrower intends to operate and maintain the Property at all times during the term of this Loan Agreement as such an industrial building and does not know of any reason why the Property will not be so operated and maintained by the Borrower in the absence of circumstances not now anticipated by the Borrower or beyond its control.

The Borrower shall take no action which would affect the qualification of the Property as an “industrial building,” as defined in the Act, or which would adversely affect in any material respect the description of the Property approved by the Urban County Government.

ARTICLE 6. DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.1. Damage and Destruction. If the Property shall be damaged or destroyed by fire, flood, or other casualty, there shall be no abatement or reduction in the payments required to be made by the Borrower hereunder and the Borrower shall repair, replace, restore, or reconstruct the Property so as to restore it to substantially its prior value and to a

condition suitable for its continued use as reasonably determined by the Borrower. If the net proceeds of any insurance on the Property are insufficient, the Borrower will nevertheless complete such repair, rebuilding, or restoration and will provide for payment of the costs of such completion from its own funds. Any insurance proceeds remaining after payment of all such costs shall be paid to the Borrower. However, if within 30 days after the damage, the Borrower determines in good faith that the Property is damaged to such extent that it cannot be reasonably restored to the foregoing condition within six months, the Borrower shall not be obligated to restore the Property and any insurance proceeds shall be applied to the prepayment of the Bonds at the earliest possible date.

Notwithstanding the foregoing provisions of this Section 6.1, if an event of default shall have occurred and be continuing hereunder, the net proceeds of any insurance resulting from any damage to or destruction of the Property shall be applied to the prepayment (or, if acceleration has been declared pursuant to Section 10.2 hereof, the payment) of the Bonds.

Section 6.2. Eminent Domain. If title to or the temporary use of all or part of the Property shall be taken under the exercise of the power of eminent domain, there shall be no abatement or reduction in the payments required to be made by the Borrower hereunder. The proceeds of any award for such taking shall be applied in accordance with the Mortgage; provided, however, that, notwithstanding any provision of the Mortgage, if an event of default shall have occurred and be continuing hereunder, the net proceeds of any condemnation award shall be applied to the prepayment (or, if acceleration has been declared pursuant to Section 10.2 hereof, the payment) of the Bonds.

**PART IV: REPRESENTATIONS AND AGREEMENTS
OF URBAN COUNTY GOVERNMENT AND BORROWER**

ARTICLE 7.

REPRESENTATIONS AND AGREEMENTS OF URBAN COUNTY GOVERNMENT

Section 7.1. Due Authorization, etc., by the Urban County Government. The Urban County Government represents and warrants that [i] it is duly authorized under the laws of the State, including the Act, to issue the Bonds, to execute, deliver, and perform the Bond Documents, to assign its interest in this Loan Agreement and the Note, and to pledge the Pledged Receipts as provided herein; [ii] it has taken all necessary action and has complied with all provisions of the Act required to make the Bond Documents the valid and enforceable obligations they purport to be, and when executed and delivered by the Urban County Government, the Bond Documents will constitute valid and binding obligations of the Urban County Government enforceable in accordance with their respective terms; and [iii] when duly delivered and paid for, the Bonds will constitute valid and legally binding limited obligations of the Urban County Government in accordance with their terms and will be entitled to the benefits of this Loan Agreement; provided that such Bonds are payable solely from the loan repayments and other revenues derived in respect of the loan and do not constitute an indebtedness of the Urban County Government within the meaning of the Constitution and laws of the Commonwealth..

Section 7.2. Payment of Bonds; Bondholder's Rights with Respect to Bond Documents; Cooperation with Bondholder; Obligations Limited. The Urban County Government agrees that it will promptly pay or cause to be paid the principal of, prepayment penalty, if any, and interest on the Bonds, but only from the Pledged Receipts as herein provided. The Urban County Government agrees that the Bondholder may enforce all rights of the Urban County Government and all obligations of the Borrower with respect to Bond Documents, whether or not the Urban County Government is in default hereunder. The Urban County Government agrees that, except as provided herein, it will not mortgage, assign, encumber, or alienate any part of the Pledged Receipts or its rights with respect to this Loan Agreement.

All agreements of the Urban County Government in this Section 7.2 are subject to the limitation prescribed in Section 3.5.

Section 7.3. Payment on Note Pledged. All payments to be made by the Borrower on the Note will be pledged to the Bondholder pursuant to an assignment and endorsement thereof to the Bondholder by the Urban County Government and, subsequent to the execution and delivery of the assignment, as to the Bondholder, the obligation of the Borrower to make such payments shall be absolute and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Urban County Government of any obligation to the Borrower, whether under this Loan Agreement or otherwise, or out of any indebtedness or liability at any time owing to the Borrower by the Urban County Government.

ARTICLE 8. REPRESENTATIONS AND AGREEMENTS OF THE BORROWER

Section 8.1. Due Organization, etc. The Borrower is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State. The Borrower has corporate powers adequate for the execution, delivery, and performance of its obligations under the Bond Documents. The Borrower has taken or will take all necessary corporate action required to make the Bond Documents and the other documents and instruments executed in connection therewith the valid and enforceable obligations they purport to be. When executed and delivered by the Borrower, the Bond Documents will constitute valid and binding obligations of the Borrower in accordance with their respective terms.

Section 8.2. Compliance with Law; Consents, etc. The execution, delivery, and performance of and compliance with the Bond Documents will not violate or constitute a default under the articles of incorporation or bylaws of the Borrower or, to the knowledge of the Borrower, of any term or provision of any mortgage, lease, agreement, or other instrument, or of any judgment, decree, governmental order, statute, rule, or regulation by which the Borrower is bound or to which any of its assets is subject. No approval by, authorization of, or filing with any Federal, state, or municipal or other governmental commission, board, agency, or other governmental authority is necessary in connection with the execution and delivery of the Bond Documents by the Borrower.

Section 8.3. The Property. The willingness of the Urban County Government to issue the Prior Bonds and the Bonds for the purpose of refinancing the Property has induced the

Borrower to undertake the construction and continued operation of the Property in furtherance of the nonprofit educational purposes of the Borrower.

Section 8.4. Adequacy of Disclosure. Neither this Loan Agreement nor the Bond Purchase Agreement nor any other document, certificate, or statement furnished to the Bondholder by or on behalf of the Borrower in connection with the transactions contemplated hereby or thereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

Section 8.5. Use of Proceeds. The proceeds of the issuance of the Bonds will be used to refinance costs of the improvements to the Property as provided in this Loan Agreement. The proceeds of the Bonds will not be used, directly or indirectly, for the purpose, whether immediate, incidental, or ultimate, of “purchasing” or “carrying” any “margin stock,” within the meaning of those terms as defined in Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time.

Section 8.6. Other Representations.

A. Taxes. The Borrower has filed all returns and reports that are required to be filed by it in connection with any federal, state, or local tax, duty, or charge levied, assessed, or imposed upon the Borrower or its property, including unemployment, social security, and similar taxes, and all of such taxes have been either paid or an adequate reserve or other provision has been made therefor.

B. Litigation. There are no actions, suits, proceedings, or governmental investigations pending or, to the knowledge of the Borrower, threatened against the Borrower which could result in a material adverse change in its business, assets, operations, financial condition, or results of operations, and there is no basis known to the Borrower or its directors or officers for any such action, suit, proceedings, or investigation.

C. Financial Statements. The Borrower's latest financial statements provided to the Bondholder are true, complete, and accurate in all material respects and fairly present the financial condition, assets, and liabilities, whether accrued, absolute, contingent, or otherwise, and the results of the Borrower's operations for the period specified therein. The Borrower's financial statements have been prepared in accordance with generally accepted accounting principles consistently applied from period to period subject in the case of interim statements to normal year-end adjustments. Since the date of the latest financial statements provided to the Bondholder, the Borrower has not suffered any damage, destruction, or loss which has materially adversely affected its business, assets, operations, financial condition, or results of operations.

D. No Defaults. There does not exist any default or violation by the Borrower of, or under any of the terms, conditions or obligations of, (1) its Articles of Incorporation or Bylaws; (2) any indenture, mortgage, deed of trust, franchise, permit, contract, agreement, or other instrument to which it is a party or by which it is bound; or (3) any law, regulation, ruling, order, injunction, decree, condition, or other requirement applicable to or imposed upon the

Borrower by any law or by any governmental authority, court, or agency. As of the date hereof, there exists no “event of default” or “default” within the meaning of Section 10.1.

E. Binding Obligations. Each Bond Document to which Borrower is a party, when issued for value, will constitute a legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with its terms, except as the same may be limited by reorganization, bankruptcy, insolvency, moratorium or other laws affecting generally the enforcement of creditors' rights.

F. No Material Adverse Change. The information submitted by Borrower to the Bondholder, including but not limited to Financial Statements, discloses all known or anticipated material liabilities, direct or contingent, of Borrower as of the dates thereof, and since such dates, there has been no material adverse change in Borrower's financial condition.

G. Marketable Title. Except as to the 2092 Lansill Road property, Borrower has good and marketable title to all of its real property and good title to all of its other properties and assets shown on the balance sheet included in the Financial Statements, except such properties or assets as have been disposed of since the date of such statements in the ordinary course of business.

Section 8.7. Covenants. Unless compliance is waived in writing by the Bondholder or until payment in full of the Bonds:

A. Financial Statements. Within one hundred twenty (120) days after the end of each of its fiscal years, the Borrower shall furnish to the Bondholder the annual Financial Statements of the Borrower, prepared in accordance with generally accepted accounting principles consistently applied and audited by an independent certified public accountant or firm of independent certified public accountants selected by the Borrower and acceptable to the Bondholder. As soon as available, and in any event within sixty (60) days after the end of each fiscal quarter of the Borrower, the Borrower shall furnish to the Bondholder unaudited Financial Statements for the immediately preceding quarter. For purposes of this Section, “Financial Statements” means the balance sheet and statement of income and cash flow of the Borrower prepared in accordance with generally accepted accounting principles in effect from time to time applied on a consistent basis subject in the case of interim statements to normal year-end adjustments.

B. Liens and Encumbrances. Except for the Mortgage and the mortgage securing the Prior Bonds prior to the release thereof pursuant to Section 4.1 hereof, the Borrower will not create, assume, incur, or suffer to exist any mortgage, pledge, encumbrance, security interest, lien, or charge of any kind upon any of its property, now owned or hereafter acquired, or acquire or agree to acquire any kind of property under conditional sales or other title retention agreements; provided, however, that the foregoing restrictions shall not prevent the Borrower from:

- (1) incurring liens for taxes, assessments, or governmental charges or levies which shall not at the time be due and payable or can

thereafter be paid without penalty or are being contested in good faith by appropriate proceedings diligently conducted and with respect to which it has created adequate reserves;

- (2) making pledges or deposits to secure obligations under workers' compensation laws or similar legislation; or
- (3) granting liens or security interests in favor of the Bondholder;
- (4) granting easements, licenses, rights-of-way, and other rights or privileges in the nature of easements as provided in the Mortgage.

C. Primary Deposit Account. The Borrower shall maintain its primary deposit account with the Bondholder.

D. Negative Pledge.

- (a) In order to provide assurance to the Bondholder regarding

the Borrower's ability to pay and perform its obligations hereunder, the Borrower makes the following negative pledge in favor of the Bondholder. As of each June 30 and December 31 (each a "testing date") while any of the Bonds are outstanding, the Borrower shall hold cash, and/or securities with a fair market value, of not less than \$5,000,000 or, if less, the principal amount of the Bonds outstanding from time to time (the "minimum balance"). Except as otherwise provided below, the minimum balance shall not be subject to any pledge, lien, security interest, or other encumbrance in favor of the Bondholder or any other person, and the cash and/or securities held by the Borrower may on the respective testing date be spent or depreciate in value such that the fair market value thereof is less than the minimum balance, provided that the minimum balance is held by the Borrower as of each testing date.

- (b) In the event (i) the Borrower fails to keep the minimum balance free of all pledges, liens, security interests, and other encumbrances, (ii) the Borrower fails to hold the minimum balance as of any testing date, or (iii) an Event of Default (as defined in Section 10.1 hereof) has occurred and is continuing, then in any such event the Bondholder shall immediately have a pledge of and security interest in all cash and securities held by the Borrower. Such pledge and security interest shall take effect automatically and without any action on the part of the Bondholder, but the Borrower shall nevertheless execute and deliver to the Bondholder such documents and instruments and shall take such further action as the Bondholder may reasonably require to evidence and perfect such pledge and security interest in favor of the Bondholder.

- (c) The Borrower and the Bondholder acknowledge and agree that the amount of the minimum balance does not exceed the reasonable needs of the Borrower for which such amount is maintained and that such amount may be spent without any restriction other than a requirement to replenish the amount by the next testing date.

E. Compliance with Law. Borrower is in substantial compliance with all applicable requirements of law and of all governmental authorities noncompliance with which would have a materially adverse effect upon the business, operations, financial condition, properties or prospects of Borrower.

F. Insurance. The Bondholder shall have received satisfactory evidence in such form as the Bondholder may reasonably require that all types of insurance required are in place. The Borrower shall obtain and maintain permanent all risk insurance coverage, or fire and hazard coverage, as appropriate, satisfactory to the Bondholder, on the real estate and personal property securing the Bonds. All insurance policies shall be issued by carriers with a Best's Insurance Reports policy holder's rating "A" and shall include a standard mortgage clause (without contribution) in favor of and acceptable to the Bondholder. The policies shall provide for the coverages the Bondholder may from time to time deem necessary. Each policy shall provide that it may not be cancelled, reduced or terminated without at least thirty (30) days prior written notice to Bondholder. The initial policies shall be prepaid and delivered to the Bondholder prior to closing and all renewal policies shall be deposited with Bondholder as evidence of such insurance.

G. Waiver of Covenants. The covenants of the Borrower contained in this Section 8.7, or any of them, may be waived by the Bondholder in its sole discretion.

Section 8.8. No Abatement. The Borrower shall be obligated to continue to make the payments on the Note required by Section 9.1 below whether or not the Property is damaged, destroyed or taken in condemnation and there shall be no abatement of any payments and other charges payable by the Borrower under the Bond Documents by reason of any such damage, destruction or taking by condemnation.

ARTICLE 9.

LOAN AND LOAN PAYMENTS; CERTAIN AGREEMENTS OF BORROWER

Section 9.1. Loan; Loan Payments; Additional Payments.

A. Loan. As evidenced by the Note, the Urban County Government hereby loans to the Borrower, and the Borrower hereby borrows from the Urban County Government, the proceeds from the sale of the Bonds to the Bondholder.

B. Loan Payment. Not later than the date on which any interest, principal, or prepayment premium is due on the Bonds, pursuant to the Note, the Borrower agrees to pay as a Loan Payment to the Bondholder, for the account of the Urban County Government, a sum in immediately available funds equal to all such payments then due. The Borrower hereby authorizes the Bondholder to debit any demand deposit account maintained by the Borrower with the Bondholder, automatically and without any further authorization from the Borrower, for the amount of such Loan Payment as of the due date thereof, with written notice thereof to the Borrower.

C. Additional Payments. The Borrower also agrees to duly make Additional Payments as follows:

- [1] To the Urban County Government, as reimbursement for costs, reasonable expenses, and liabilities paid by the Urban County Government in satisfaction of any obligations of the Borrower not performed by the Borrower as required hereunder or under the Bond Purchase Agreement.
- [2] To the Urban County Government, as reimbursement for or prepayment of its expenses and liabilities paid or to be paid at the request of the Borrower or as required by the Act, this Loan Agreement, or the Bond Purchase Agreement, and not otherwise required to be paid by the Borrower under this Loan Agreement.
- [3] To the Bondholder, all reasonable out-of-pocket costs and expenses, including the reasonable fees and expenses of its counsel, in connection with the Bond Documents.

D. Obligations Unconditional. The Borrower's obligations to make the payments required by this Loan Agreement and the Note shall be absolute and unconditional and shall not be subject to any right of recoupment or set-off Until the lien of this Loan Agreement has terminated and ceased to have effect, the Borrower will not suspend or discontinue any payments required by this Loan Agreement and the Note.

Section 9.2. Borrower to Maintain its Corporate Existence; Merger. Except with the prior written consent of the Bondholder which shall not be unreasonably withheld, the Borrower will maintain its corporate existence and qualification to do business in the State, and will not merge or consolidate with any other entity, or sell, lease, transfer, or otherwise dispose of all or substantially all of its assets, except that the Borrower may merge into any other entity provided the Borrower is the surviving entity and no event of default occurs hereunder as a result of such merger.

Section 9.3. Covenants of Borrower Related to the Property.

A. Compliance with Regulations. The Property and the use thereof by the Borrower shall conform with all applicable zoning, planning, building, land use, environmental, and other regulations of governmental authorities having jurisdiction over the Property. Subject to the foregoing, the Borrower may at its own cost remodel or make substitutions, modifications, and improvements to the Property as it deems desirable for its uses and purposes and the same shall be included as part of the Property.

B. Taxes, Other Governmental Charges, and Utility Charges. The Borrower shall duly pay all taxes and governmental charges of any kind that may at any time be lawfully assessed or levied against or with respect to the Property, all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Property, and all assessments and

charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Property. However, the Borrower may contest in good faith any such items, assessments, and other charges and in such event may permit the taxes, assessments, or other charges to be contested or remain unpaid during any period, including appeals, when the Borrower is in good faith contesting the same, so long as adequate reserves have been established and enforcement of the contested item is effectively stayed.

C. Right of Access. The Borrower agrees that, upon reasonable request, the Urban County Government and the Bondholder and their respective representatives may at all reasonable times examine and inspect the Property.

D. Appraisal. The Bondholder may cause a subsequent re-appraisal of the Property to be completed for the benefit of Bondholder, the cost of which shall be paid by Borrower, if the Bondholder shall reasonably believe that the Property may have materially deteriorated in market value for any reason. The Bondholder shall not be limited in number of subsequent re-appraisals required, but in no event shall Borrower be required to pay for more than one subsequent re-appraisal in any two year period, except in the event of default hereunder.

Section 9.4. Instruments of Further Assurance. The Urban County Government and the Borrower will do, execute, acknowledge, deliver, and perform such agreements and such further acts, instruments, and transfers as the Bondholder may reasonably require for the better assuring, transferring, pledging, assigning, and conferring unto the Bondholder the Pledged Receipts.

Section 9.5. Borrower's Indemnification of Urban County Government and Bondholder. The Borrower shall indemnify and save harmless the Urban County Government and its elected or appointed officials, officers, board members, employees, and agents and the Bondholder, its directors, officers, employees, and agents, against and from [a] all claims by or on behalf of any person arising out of [i] the condition of the Property, or [ii] the construction, reconstruction, improvement, use, occupancy, conduct, or management of any work or anything done or omitted to be done in or about the Property (unless such accident, injury, or damage is caused by the Urban County Government or the Bondholder or either of their respective elected or appointed officials, directors, board members, officers, agents, or assigns), or [iii] any accident, injury, or damage to any person occurring in or about the Property, or [iv] any breach or default by the Borrower of any of its obligations under any of the Bond Documents, or [v] any act or omission of the Borrower or any of its agents, contractors, servants, employees, or licensees, or [vi] the offering, issuance, sale, or resale of the Bonds, but only to the extent permitted by law, and [b] all costs, reasonable attorneys' fees, expenses, or liability reasonably incurred in connection with any such claim or action or proceeding brought thereon. If any action or proceeding is brought against the Urban County Government or the Bondholder or any such elected or appointed official, board member, director, officer, employee, or agent by reason of any such claim, the Borrower upon notice from the affected party shall resist or defend such action or proceeding. Subject to the foregoing, the Urban County Government and the Bondholder shall cooperate and join with the Borrower as may be required in connection with any action taken or defended by the Borrower.

The Urban County Government and the Bondholder and their respective elected or appointed officials, directors, board members, officers, employees, and agents shall be entitled to the advice of counsel and shall be wholly protected as to action taken or omitted to be taken in good faith in reliance on such advice. They may rely conclusively on any communication or other document furnished to them hereunder and reasonably believed to be genuine. They shall not be liable for any action [a] taken by them in good faith and reasonably believed by them to be within the discretion or powers conferred upon them, or [b] in good faith not taken by them because reasonably believed to be beyond the discretion or powers conferred upon them, or [c] taken by them pursuant to any direction or instruction by which they are governed hereby, or [d] omitted to be taken by them by reason of the lack of any direction or instruction required hereby for such action; nor shall they be responsible for the consequences of any error of judgment reasonably made by them. They shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any person except their own respective elected or appointed officials, directors, board members, officers, employees, and agents. When any consent or other action by them is called for hereby, they may defer such action pending receipt of such evidence as they may require in support thereof. They shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity is furnished for any expense or liability to be incurred thereby. They shall be entitled to reimbursement for expenses reasonably incurred or advances reasonably made, with interest, in the exercise of their rights or the performance of their obligations hereunder, to the extent that they act without previously obtaining indemnity. No permissive right or power to act which they may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect the subsequent exercise of that right or power. The Urban County Government shall not be required to take notice of any breach or default by the Borrower hereunder, except when given notice thereof by the Bondholder. No recourse shall be had by the Borrower or any Bondholder for any claim based on any of the Bond Documents against any elected or appointed official, officer, board member, employee, or agent of the Urban County Government alleging personal liability on the part of such person unless such claim is based upon the bad faith, fraud, or deceit of such person.

PART V: EVENTS OF DEFAULT

ARTICLE 10.

DEFAULT PROVISIONS AND REMEDIES OF BONDHOLDER AND URBAN COUNTY GOVERNMENT

Section 10.1. Events of Default; Defaults. The occurrence and continuance of any of the following events shall constitute an “event of default” hereunder:

A. Failure to pay interest on any Bond for a period of ten (10) days when such interest is due and payable.

B. Failure to pay any principal of any Bond for a period of ten (10) days when such principal is due and payable, whether at stated maturity or by acceleration or pursuant to any prepayment requirements.

C. Failure by the Borrower to make any Loan Payment for a period of five (5) days when such payment is due and payable.

D. Failure by the Borrower or the Urban County Government to observe or perform any other covenant, condition, or agreement on its part to be observed or performed in any of the Bond Documents, for a period of 30 days after notice of such failure given to the Borrower by the Bondholder or the Urban County Government, or to the Urban County Government by the Bondholder.

E. The material inaccuracy or incompleteness of any representation or warranty made in writing by or on behalf of the Borrower as of the date made in connection with the transactions contemplated hereby.

F. If the Borrower shall be involved in financial difficulties as evidenced by:

[1] its admitting in writing its inability to pay its debts generally as they become due; or

[2] its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its board of directors, the commencement of such a voluntary case; or

[3] its filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to, or acquiescing in the relief therein provided, or by its failing to controvert timely the material allegations of any such petition; or

[4] the entry of an order for relief in any involuntary case commenced under said Title 11; or

[5] its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief; or

[6] the entry of an order by a court of competent jurisdiction [a] finding it to be bankrupt or insolvent, [b] ordering or approving its liquidation, reorganization, or any modification or alteration of the rights of its creditors, or [c] assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property; or

[7] its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property.

If the Borrower shall fail to pay any amount of principal of or interest on any indebtedness for borrowed money at maturity or within any applicable period of grace or otherwise fail to observe or perform any terms, covenant, or promise contained in any agreement evidencing or securing borrowed money or under which the Borrower may have any direct, indirect, or contingent obligations with respect to borrowed money, all for such period of time as would permit the holder or holders of any obligations issued pursuant to such agreement to accelerate the maturity thereof.

G. If the Borrower shall suffer any material adverse change in its financial condition which would impact its ability to make any Loan Payment.

H. The occurrence and continuance of an Event of Default under and as defined in the Mortgage.

The term “default” hereunder means a default by the Urban County Government or the Borrower which, with the passage of time or the giving of notice or both, would constitute an event of default.

The Borrower agrees to notify the Urban County Government and the Bondholder promptly in writing of the occurrence of any event of default.

Within five days after knowledge of an event of default under subsection A. or B. above, the Bondholder shall give written notice, by registered or certified mail, to the Urban County Government and the Borrower, provided that any failure of the Bondholder to give such notice shall not constitute a waiver of such event of default.

Section 10.2. Acceleration. Upon the occurrence and continuance of any event of default, the holders of more than two-thirds in principal amount of the outstanding Bonds, by written notice to the Urban County Government and the Borrower, may declare all Bonds then outstanding to be due and payable immediately, and, upon said declaration, all principal and interest accrued thereon shall become immediately due and payable and there shall be an automatic corresponding acceleration of the Loan Payments. Interest shall accrue to the payment date determined by the Bondholder pursuant to such declaration or the actual payment date, if later.

Section 10.3. Other Remedies; Rights of Bondholder. Upon the occurrence and continuance of an event of default, the Bondholder may pursue any available remedy to enforce the payment of principal of, interest on, and any other amounts due with respect to the Bonds then outstanding.

Upon the continuance of an event of default, the Bondholder may exercise such of the rights and powers conferred upon it by this Loan Agreement and the Mortgage as the Bondholder, being advised by counsel, shall deem most effective to enforce and protect its interest.

No remedy under this Loan Agreement or the Mortgage is intended to be exclusive, and each remedy shall be cumulative and in addition to any other remedy hereunder or now or hereafter existing.

No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any default or event of default or acquiescence therein; and each such right and power may be exercised as often as deemed expedient.

No waiver by the Bondholder of any default shall extend to any subsequent default or event of default.

Section 10.4. Application of Moneys. Upon the occurrence and continuance of an event of default, all moneys and proceeds held or received by the Bondholder pursuant to this Loan Agreement or the Mortgage or the exercise of any rights granted under this Loan Agreement or the Mortgage, less all costs, expenses, liabilities, and advances incurred by the Bondholder, shall be applied [i] to the payment of any amounts due as Additional Payments under Section 9.1.0 and [ii] then to the payment of interest, including interest on overdue principal, then due on the Bonds, without regard to when such interest became due, and next to the payment of principal then due on the Bonds, without regard to when such principal became due; or in such order as may be determined by the Bondholder with the written consent of the Urban County Government, if the Urban County Government is affected thereby.

Section 10.5. Waivers of Events of Default. The Bondholder may waive any event of default and its consequences and rescind any declaration of maturity of principal, but no such waiver or rescission shall extend to any subsequent or other event of default.

Section 10.6. Remedies of Urban County Government upon Event of Default. Upon the occurrence and continuance of an event of default, the Urban County Government [i] shall, if requested by the Bondholder, confirm in writing any acceleration of Loan Payments, [ii] may, upon the request of the Bondholder, take such action in law or equity as may appear desirable to collect any past due or accelerated Loan Payments or other payments hereunder or to enforce compliance with any obligation or agreement of the Borrower in this Loan Agreement or the Mortgage and [iii] shall have access to and may examine and make copies of the books, accounts, and other data and tax returns of the Borrower. However, the Urban County Government shall not be required to take any action which in its opinion might cause it to expend time or money or otherwise incur any liability unless a satisfactory indemnity bond has been furnished to it.

PART VI: SUPPLEMENTAL AGREEMENTS AND WAIVERS; MISCELLANEOUS

ARTICLE 11. SUPPLEMENTAL AGREEMENTS AND WAIVERS

Section 11.1. Supplemental Loan Agreements and Waivers. The parties hereto may execute and deliver supplemental agreements or waivers for the purpose of modifying, altering, amending, adding to, or rescinding or waiving (generally or in a particular

circumstance) any terms or provisions contained in this Loan Agreement or in any prior supplemental agreement or in the Bonds.

ARTICLE 12. MISCELLANEOUS

Section 12.1. Limitation of Rights. With the exception of rights herein expressly or impliedly conferred upon the parties hereto, nothing expressed or implied from this Loan Agreement or the Bonds shall give to any person other than the parties hereto any right or remedy with respect to this Loan Agreement.

Section 12.2. Severability. In the event that any provision of this Loan Agreement shall be held to be invalid in any circumstance, such validity shall not affect any other provision or circumstance.

Section 12.3. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed to the appropriate Notice Address, with a copy to each other party hereto.

Section 12.4. Payments Due on Saturdays, Sundays, or Holidays. In any case where the date of payment or prepayment of interest on or principal of any Bonds shall be a Saturday, Sunday, or a day on which the Bondholder is required, authorized, or not prohibited by law (including executive orders) to close and is closed for business, then payment of such interest or principal need not be made on such date but may be made on the next succeeding business day on which the Bondholder is open for business with the same force and effect as if made on the date of maturity or the date fixed for prepayment, provided, however, that interest shall accrue to and including the date of actual payment.

Section 12.5. Extent of Covenants; No Personal Liability. No covenant, stipulation, obligation, or agreement of the Urban County Government or the Borrower contained in this Loan Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future elected or appointed official, officer, board member, employee, or agent of the Urban County Government or the Borrower in his individual capacity; and no such person (including any such person executing the Bonds) shall be liable personally on the Bonds or be subject to any personal liability by reason of their issuance.

Section 12.6. Captions: Table of Contents. The captions, headings, and table of contents in this Loan Agreement are for convenience of reference only and in no way limit the scope or content of any provision of this Loan Agreement.

Section 12.7. Counterparts. This Loan Agreement may be executed simultaneously in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.8. Governing Law. This Loan Agreement and the Bonds shall be governed by and construed in accordance with the laws of the State.

[Remainder of this Page Left Blank Intentionally]

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first above written.

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

By: _____
Mayor

Attest:

Clerk of the Urban County Council

THE LEXINGTON SCHOOL, INC.

By: _____
President

Attest:

Secretary-Treasurer

REPUBLIC BANK & TRUST COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT A

AMENDED AND RESTATED SERIES 2013 BOND
UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

REFUNDING REVENUE BONDS,
SERIES 2009
(THE LEXINGTON SCHOOL, INC. PROPERTY)

Dated May __, 2013

No. 1

\$7,695,000.00

This Series 2013 Bond amends and restates in its entirety that certain Lexington-Fayette Urban County Government Refunding Revenue Bonds, Series 2009 (The Lexington School, Inc. Project) originally dated September 15, 2009.

The Lexington-Fayette Urban County Government (the “Urban County Government”), an urban county government and political subdivision of the Commonwealth of Kentucky (the “State”), for value received, hereby promises to pay to Republic Bank & Trust Company, or registered assigns (the “Bondholder”), Seven Million Six Hundred Ninety-Five Thousand Dollars (\$7,695,000.00), together with interest thereon. Unless prepaid as hereinafter provided, the principal of and interest on this Bond shall be payable in two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments of principal and interest, commencing on July 15, 2009 and continuing to and including June 15, 2031 (the “Maturity Date”). The first one hundred thirty-two (132) monthly installments shall each be in an amount that would fully amortize the initial principal amount of this Bond together with the interest accrued thereon at the Applicable Rate (as hereinafter defined) assuming two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments. The amount of each monthly installment shall be adjusted as of each Interest Rate Reset Date (as hereinafter defined) so that the principal amount of this Bond outstanding on such Interest Rate Reset Date together with the interest accrued thereon at the Applicable Rate as of such Interest Rate Reset Date would be fully amortized in equal (or as nearly equal as practicable) monthly installments over the number of months remaining from such Interest Rate Reset Date until the Maturity Date. Unless prepaid, the entire outstanding principal amount of this Bond and interest accrued thereon at the Applicable Rate shall in any event be due and payable on the Maturity Date.

The principal amount of this Bond outstanding from time to time shall bear interest at the Applicable Rate. The Applicable Rate shall mean (i) commencing on September 15, 2009 and continuing through May __, 2013, the rate of two and eighty-seven hundredths percent (2.87%) per annum; (ii) commencing on May __, 2013, and continuing until the first Interest Rate Reset Date, the rate of two and eighty-seven hundredths percent (2.87%) per annum; and (iii) commencing as of June 15 of each of the years 2020, 2025 and 2030 (each an “Interest Rate Reset Date”), a rate per annum (a) equal to the sum of $(x + 2.75\%)$ multiplied by 0.68, where x is the “Federal Home Loan Bank of Cincinnati 5-year Stated Fixed Advance Rate”

in effect on such Interest Rate Reset Date as announced to its member banks by the Federal Home Loan Bank of Cincinnati but (b) not less than 2.87%. Interest shall be computed on a 365/360 interest accrual basis.

This Bond is subject to optional prepayment at any time, in whole or in part, together with interest thereon to the date of prepayment at the Applicable Rate. Any partial prepayments will be applied to principal. In the event the Borrower uses funds obtained from a financial institution other than the Bondholder to make such an optional prepayment on any date other than an Interest Rate Reset Date, a prepayment premium shall also be due in an amount equal to two percent (2%) of (i) the initial principal amount of this Bond, in the case of an optional prepayment prior to the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of this Bond as of the preceding Interest Rate Reset Date. In the event the Bondholder releases from the Mortgage a portion of the mortgaged property as a result of the partial prepayment of this Bond at any time using funds obtained from a financial institution other than the Bondholder, a prepayment premium shall be due in an amount equal to two percent (2%) of the principal amount of the Bond prepaid.

The principal amount of this Bond, together with interest accrued thereon at the Applicable Rate, shall be subject to mandatory prepayment in full on the second Interest Rate Reset Date and on each Interest Rate Reset Date thereafter unless the Borrower notifies the Bondholder in writing at least sixty (60) days prior to such Interest Rate Reset Date that the Borrower does not intend to exercise its option to prepay this Bond on or prior to such Interest Rate Reset Date. Notwithstanding any such notice by the Borrower to the Bondholder, the Bondholder may by notice to the Borrower on or prior to any such Interest Rate Reset Date notify the Borrower that the entire outstanding principal amount of this Bond, together with interest accrued thereon at the Applicable Rate in effect immediately prior to such Interest Rate Reset Date, is subject to mandatory prepayment within sixty (60) days of the date of such notice of mandatory prepayment.

Upon at least sixty (60) days prior written notice to the Bondholder, the Borrower may require the Bondholder to sell this Bond to the Borrower or its nominee (who may but need not be identified in such notice) on any Interest Rate Reset Date at a purchase price equal to the outstanding principal amount thereof plus accrued interest thereon at the Applicable Rate. In the event (a) the Borrower uses funds obtained from a financial institution other than the Bondholder to purchase this Bond or (b) a financial institution other than the Bondholder purchases this Bond, the purchase price paid to the Bondholder shall include a premium equal to two percent (2%) of (i) the initial principal amount of this Bond, in the case of such a purchase on the first Interest Rate Reset Date or (ii) after the first Interest Rate Reset Date, the outstanding principal amount of this Bond as of the preceding Interest Rate Reset Date.

This Bond is issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the "Act"), and an ordinance of the Urban County Government duly enacted on May 14, 2009 (the "Bond Ordinance"). The Bond Ordinance authorizes the execution and delivery of a Loan Agreement of even date herewith (the "Loan Agreement") among the Urban County Government, The Lexington School,

Inc. (the "Borrower"), a Kentucky nonprofit corporation, and Republic Bank & Trust Company, as Bondholder; the issuance under the Loan Agreement of the series of bonds designated as above and issued as a single fully registered bond in the original principal amount of \$7,695,000 (the "Bonds"); and the loan of the proceeds of the Bonds to the Borrower to refund the Prior Bonds as described in the Loan Agreement; all for the public purposes declared in the Act of promoting the economic development of the State, relieving conditions of unemployment, and encouraging the increase of industry therein.

The Loan Agreement requires the Borrower to make Loan Payments to the Bondholder for the account of the Urban County Government sufficient for the prompt payment when due of the principal of and interest on the Bonds. The Loan Payments are to be paid directly to the Bondholder and have been duly pledged by the Urban County Government for that purpose. The Borrower has under the Loan Agreement authorized the Bondholder to debit any demand deposit account maintained by the Borrower with the Bondholder, automatically and without any further authorization from the Borrower, in the amount of any payment of principal, interest, or prepayment premium, if any, due on this bond as of the due date thereof. This bond shall be surrendered to the Borrower upon the final payment of principal and interest.

The Bonds are secured under and entitled to the benefit and protection of the Loan Agreement and the Mortgage and Security Agreement of even date herewith (the "Mortgage") by and between the Borrower, as mortgagor and debtor, and the Bondholder, as mortgagee and secured party. Reference is hereby made to the Loan Agreement and the Mortgage for a description of the security for and source of payment of the Bonds, the rights, duties, and obligations of the Urban County Government, the Borrower, and the Bondholder, and the terms upon which the Bonds are issued and secured. Acceptance of the terms and conditions of the Loan Agreement and the Mortgage is a material part of the consideration for the issuance of this bond, and each holder hereof by acceptance of this bond hereby assents to all of said terms and conditions.

This bond is transferable on the bond register upon its surrender at the office of the Borrower accompanied by a written instrument of transfer in form satisfactory to the Borrower, duly executed by the Bondholder or its attorney or legal representative, for notation by the Borrower indicating the name of the transferee, the date to which interest has been paid, and the balance of principal due hereon. The Urban County Government and the Borrower may treat the person in whose name this bond is registered as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary.

As provided in the Loan Agreement, principal of the Bonds is subject to mandatory prepayment in the event of condemnation, destruction, or damage of or to the Property.

In certain events as provided in the Loan Agreement, the principal of the Bonds then outstanding under the Loan Agreement may become or be declared due and payable before its stated maturity, together with interest accrued thereon and any prepayment premium as provided above. Modifications or alterations of the Loan Agreement, or of any supplements thereto, may be made as provided in the Loan Agreement.

No recourse shall be had for the payment of the principal or interest on this bond, or for any claim based hereon or on the Loan Agreement, against any elected or appointed official, officer, board member, employee, or agent, past, present, or future, of the Urban County Government or of any successor body, as such, either directly or through the Urban County Government or any such successor body, under any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability of such elected or appointed officials, officers, board members, employees, and agents being released as a condition of and as an explicit and material part of the consideration for the execution of the Loan Agreement and the issuance of this bond.

This bond and the interest and any prepayment premium hereon do not constitute a general obligation or indebtedness of the Urban County Government within the meaning of the Constitution and laws of the State and are not a charge against the general credit or taxing power of the Urban County Government but are a limited obligation of the Urban County Government payable solely from and secured solely by the Pledged Receipts as defined in the Loan Agreement.

[Remainder of this Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Urban County Government has caused this bond to be signed in its name by its Mayor and attested by its Clerk of the Urban County Council under the official seal of the Urban County Government, all on the date first above written.

LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

By: _____
Mayor

Attest:

Clerk of the Urban County Council

(SEAL)

SCHEDULE OF TRANSFERS

NOTE: Before notation of transfer of this bond is entered by the Borrower below and on its bond register, this bond shall be surrendered accompanied by a written instrument of transfer in form satisfactory to the Borrower duly executed by the registered owner hereof in person or by its attorney or legal representative.

Name and Address of New Registered Holder	Date of Transfer	Balance of Principal Due on Date of Transfer	Date to which Interest Paid	Signature of Borrower
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EXHIBIT B

THIS NOTE HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933, AS AMENDED

THE LEXINGTON SCHOOL, INC.
SERIES 2013 AMENDED AND RESTATED NOTE

\$7,695,000

May __, 2013

This Series 2013 Amended and Restated Note amends and restates in its entirety that certain Note dated June 15, 2009, from The Lexington School, Inc., a Kentucky nonprofit corporation (the "Borrower") to the Lexington-Fayette Urban County Government (the "Issuer", an urban county government of the Commonwealth of Kentucky.

The Lexington School, Inc., a Kentucky nonprofit corporation (the "Borrower"), for value received, promises to pay to Republic Bank and Trust Company, as bondholder (the "Bondholder") under the Loan Agreement hereinafter referred to, the principal sum of

SEVEN MILLION SIX HUNDRED NINETY-FIVE THOUSAND DOLLARS
(\$7,695,000.00)

and to pay interest on the unpaid balance of such principal sum from and after the date of this Note at the interest rate borne by the Bonds from time to time.

This Note has been executed and delivered by the Borrower pursuant to a certain Loan Agreement (the "Loan Agreement"), dated as of June 15, 2009, among the Lexington-Fayette Urban County Government (the "Issuer"), the Bondholder and the Borrower. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement

Under the Agreement, the Issuer has loaned the Borrower the proceeds received from the sale of the \$7,695,000 aggregate principal amount of Lexington-Fayette Urban County Government Refunding Revenue Bonds, Series 2009 (The Lexington School, Inc. Project), dated the date of their initial delivery (the "Bonds"), to be applied to the refunding of all of the outstanding Prior Bonds (as defined in the Loan Agreement). The Borrower has agreed to repay such loan by making Loan Payments at the times and in the amounts set forth in this Note. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Loan Agreement and the Mortgage as defined therein.

To provide funds to pay the principal and interest on the Bonds as and when due, the Borrower hereby agrees to and shall make payments on this Note as follows:

Unless prepaid as hereinafter provided, the principal of and interest on this Note shall be payable in two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments of principal and interest, commencing on July 15, 2009 and continuing to and

including June 15, 2031 (the “Maturity Date”). The first one hundred thirty-two (132) monthly installments shall each be in an amount that would fully amortize the initial principal amount of this Note together with the interest accrued thereon at the Applicable Rate (as hereinafter defined) assuming two hundred sixty-four (264) equal (or as nearly equal as practicable) monthly installments. The amount of each monthly installment shall be adjusted as of each Interest Rate Reset Date (as hereinafter defined) so that the principal amount of this Note outstanding on such Interest Rate Reset Date together with the interest accrued thereon at the Applicable Rate as of such Interest Rate Reset Date would be fully amortized in equal (or as nearly equal as practicable) monthly installments over the number of months remaining from such Interest Rate Reset Date until the Maturity Date. Unless prepaid, the entire outstanding principal amount of this Note and interest accrued thereon at the Applicable Rate shall in any event be due and payable on the Maturity Date.

The principal amount of this Note outstanding from time to time shall bear interest at the Applicable Rate. The Applicable Rate shall mean (i) commencing on September 15, 2009 and continuing through May __, 2013, the rate of two and eighty-seven hundredths percent (2.87%) per annum; (ii) commencing on May __, 2013, and continuing until the first Interest Rate Reset Date, the rate of two and eighty-seven hundredths percent (2.87%) per annum; and (iii) commencing as of June 15 of each of the years 2020, 2025, and 2030 (each an “Interest Rate Reset Date”), a rate per annum (a) equal to the sum of $(x + 2.75\%)$ multiplied by 0.68, where x is the “Federal Home Loan Bank of Cincinnati 5-year Stated Fixed Advance Rate” in effect on such Interest Rate Reset Date as announced to its member banks by the Federal Home Loan Bank of Cincinnati but (b) not less than 2.87%. Interest shall be computed on a 365/360 interest accrual basis.

In the event of any required payment of principal and/or interest due on this Note is not paid in full within ten (10) days after the payment first became due and payable, the Borrower shall immediately pay to the Bondholder a late fee equal to fifty dollars (\$50) per month or five percent (5%) of each such overdue payment, whichever is greater. The unpaid balance of this Note, while any Event of Default exists under the Loan Agreement, this Note or any other agreement related to this Note, shall bear interest at the Default Rate (as defined in the Loan Agreement).

If payment or provision for payment in accordance with the Loan Agreement is made in respect of the principal and interest on the Bonds from moneys other than payments on this Note, this Note shall be deemed paid to the extent such payments or provision for payment of such principal and interest has been made. All payments on this Note shall be payable in lawful money of the United States of America and shall be made to the Bondholder at its office designated in or pursuant to the Loan Agreement.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Bondholder or any other person.

The Bonds shall not be a general obligation or indebtedness of the Issuer, the Commonwealth or any agency or political subdivision thereof within the meaning of the Constitution and the laws of the Commonwealth but shall be payable solely from the Loan Payments to be made by or on behalf of the Borrower to Issuer pursuant to the Agreement and any security pledged therefor.

This Note is subject to optional and mandatory prepayment, in whole or in part upon the same terms and conditions, on the same dates and at the same prepayment prices, as the Bonds are subject to optional and mandatory redemption as set forth in Section 3.1 of the Loan Agreement. Any optional or mandatory prepayment is also subject to satisfaction of any applicable notice requirements set forth in the Loan Agreement.

Whenever an Event of Default under Section 10.1 of the Loan Agreement shall have occurred and, as a result thereof, the principal of all Bonds then outstanding, interest accrued thereon, and any required premium shall have been declared to be immediately due and payable pursuant to Section 10.2 of the Loan Agreement the unpaid principal amount of, accrued interest, and any required premium on this Note also shall be due and payable on the date on which the principal of, accrued interest, and any premium on the Bonds have been declared due and payable; provided that the annulment of a declaration of acceleration of the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

[Remainder of this Page Left Blank Intentionally]

IN WITNESS WHEREOF, the Borrower has signed this Note on May __, 2013.

THE LEXINGTON SCHOOL, INC.

Secretary-Treasurer

By: _____
President

ASSIGNMENT

FOR VALUE RECEIVED, the Lexington-Fayette Urban County Government, hereby assigns without recourse all its right, title, and interest in the Amended and Restated Note to Republic Bank and Trust Company, as Bondholder under the Original Loan Agreement dated as of June 15, 2009, among the Lexington-Fayette Urban County Government, the Bondholder and the Borrower.

Dated as of May __, 2013.

LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

By: _____
Mayor

Attest:

Clerk of the Urban County Council

The above assignment is hereby accepted, as of as of May __, 2013.

REPUBLIC BANK & TRUST COMPANY

By: _____
Title: _____