
LOAN AGREEMENT

by and between

CITY OF FULLERTON PUBLIC FINANCING AUTHORITY,
as the Authority

and

MARSHALL B. KETCHUM UNIVERSITY,
as the Trustee

§[PARA]

City of Fullerton Public Financing Authority
Refunding Revenue Bonds
Marshall B. Ketchum University
Series 2021A

§[PARB]

City of Fullerton Public Financing Authority
Refunding Revenue Bonds
Marshall B. Ketchum University
Series 2021B (Taxable)

Dated as of [September] 1, 2021

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of [September] 1, 2021 (this “Agreement”), by and between the **CITY OF FULLERTON PUBLIC FINANCING AUTHORITY**, a joint exercise of powers authority and a public entity of the State of California (the “Authority”), and the **MARSHALL B. KETCHUM UNIVERSITY** (previously known as the Southern California College of Optometry), a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Corporation”).

WITNESSETH:

WHEREAS, the Corporation previously financed certain educational facilities, which are presently owned and operated by the Corporation, through the execution and delivery of (a) the City of Fullerton Public Financing Authority Revenue Bonds (Marshall B. Ketchum University) Series 2015A originally issued in the aggregate principal amount of \$25,600,000 and (b) the City of Fullerton Public Financing Authority Revenue Bonds (Marshall B. Ketchum University) Series 2015B (Taxable) originally issued in the aggregate principal amount of \$10,400,000 (the currently outstanding principal amounts thereof, collectively, the “Refunded Bonds”), the proceeds of which were used to (i) finance or refinance all or portion of the costs of the acquisition, construction, improvement, renovation, furnishing and equipping of certain educational facilities for the Corporation and facilities related and appurtenant thereto, consisting of a 80,998 gross square foot, two story building, located at 5460 East La Palma, Anaheim, California (the “Anaheim Facility”); (ii) finance or refinance all or portion of the costs of the acquisition, construction, improvement, renovation, furnishing and equipping of educational facilities of the Corporation located at 2575 Yorba Linda Boulevard, Fullerton, California, including a library and lecture hall, parking and maintenance facilities and lab and clinic renovations for physician assistant and pharmacy programs, and other campus facilities and improvements (the “Fullerton Educational Facilities”); and (iii) finance or refinance all or portion of the costs of the acquisition of student and faculty housing, in the vicinity of the Corporation’s campus located at 2029 Woodbriar Court, 2016 Ravenhill Court and 2025 Ravenhill Court, Fullerton, California (collectively with the Fullerton Educational Facilities, the “Fullerton Facilities,” and together with the Anaheim Facility, the “Facilities”); and

WHEREAS, the Corporation has applied for the financial assistance of the Authority in order to (a) current refund the Refunded Bonds and (b) pay certain costs of issuance in connection with the Bonds (as defined below) (collectively, the “Project”); and

WHEREAS, a portion of the Project is located within the territorial limits of the City of Fullerton, California (the “City”), and a portion of the Project is located within the territorial limits of the City of Anaheim, and a substantial portion of the persons to be utilizing the services to be provided at the Corporation are expected to be residents of the City and a substantial portion of the persons to be employed by the Corporation are expected to be residents of the City; and

WHEREAS, the financing of the Project including the current refunding of the Refunded Bonds will promote significant and growing opportunities for the creation and retention of employment to the California economy and the enhancement of the quality of life to residents of the City, and will promote opportunities for the creation or retention of employment within the

jurisdiction of the City and is within the powers conferred upon the Authority by its Joint Powers Agreement (as amended from time to time, the “Joint Powers Agreement”); and

WHEREAS, the Authority has authorized the issuance of its (a) City of Fullerton Public Financing Authority Refunding Revenue Bonds (Marshall B. Ketchum University) Series 2021A in the aggregate principal amount of \$[PARA]; and (b) City of Fullerton Public Financing Authority Refunding Revenue Bonds (Marshall B. Ketchum University) Series 2021B (Taxable) in the aggregate principal amount of \$[PARB] (collectively, the “Bonds”), to finance the Project including the current refunding of the Refunded Bonds; and

WHEREAS, the Authority and the Corporation have each duly authorized the execution, delivery and performance of this Loan Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definition of Terms. Unless the context otherwise requires, the terms used in this Agreement shall have the meanings specified in Section 1.01 of the Indenture.

Section 1.02. Number, Gender and Variant. The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders. The terms defined for purposes of this Agreement shall include all variants of such terms.

Section 1.03. Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions in this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole. The headings or titles of the several Articles and Sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II

FINDINGS; REPRESENTATIONS

Section 2.01. Findings of the Authority. The Authority hereby finds and determines that: (a) pursuant to the provisions of the Act, the City of Fullerton and the former Fullerton Redevelopment Agency entered into the Joint Powers Agreement pursuant to which the Authority was organized; (b) the Authority is authorized by the Joint Powers Agreement to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development; (c) pursuant to the provisions of the Act, the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal; (d) pursuant to the provisions of the Act and the Joint

Powers Agreement, the Authority is authorized to deliver certificates of participation in installment purchase and/or sale agreements with the Corporation; (e) pursuant to the provisions of the Act, the Authority may, at its option, issue bonds, rather than certificates of participation, and enter into a loan agreement with the Corporation; (f) the financing of the Project will promote opportunities for the enhancement of the quality of life of residents of the City, and the financing of the Project will promote opportunities for the creation or retention of employment within the jurisdiction of the City and is within the powers conferred upon the Authority by the Act and the Joint Powers Agreement; (g) the financing of the Project will be a significant factor in the economic development of the City, promoting residential and commercial development within the jurisdiction of the City and thereby stimulating economic activity and increasing the tax base, and is within the powers conferred upon the Authority by the Joint Powers Agreement; and (h) the financing of the Project is a significant factor in maintaining the operations of the Corporation that are within the jurisdiction of the City.

Section 2.02. Representations of the Corporation. The Corporation represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the Trustee (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State, has full legal right, power and authority to enter into this Loan Agreement and the Tax Agreement, and to carry out and consummate all transactions contemplated hereby and by the Indenture and the Tax Agreement, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement and the Tax Agreement.

(b) The officers of the Corporation executing this Loan Agreement and the Tax Agreement are duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement and the Tax Agreement have been duly authorized, executed and delivered by the Corporation.

(d) This Loan Agreement, when assigned to the Trustee pursuant to the Indenture and the Tax Agreement, will constitute the legal, valid and binding agreement of the Corporation enforceable against the Corporation by the Trustee in accordance with its terms for the benefit of the Owners of the Bonds, and any rights of the Authority and obligations of the Corporation not so assigned to the Trustee constitute the legal, valid and binding agreement of the Corporation enforceable against the Corporation by the Authority in accordance with its terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Loan Agreement and the Tax Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with

or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the Tax Agreement, or the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or owner of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity of the corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of this Loan Agreement or the Tax Agreement, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement or the Tax Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the Tax Agreement, or the financial condition, assets, properties or operations of the Corporation. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Corporation enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(h) No written information, exhibit or report furnished to the Authority by the Corporation in connection with the negotiation of this Loan Agreement or the Tax Agreement contains any untrue statement of a material fact or omits to state a material fact

required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code. The Corporation at all times will maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. The facts and circumstances which formed the basis of the Corporation's being determined by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Code continue to exist substantially as originally represented to the Internal Revenue Service. To the knowledge of the Corporation, no proceedings are pending or threatened in any way contesting or affecting the Corporation's status as an organization described in Section 501(c)(3) of the Code.

(j) The Corporation has good and marketable title to the Project and the Facilities free and clear from all encumbrances other than Permitted Encumbrances.

(k) The Corporation's audited consolidated balance sheets at June 30, 2019 and June 30, 2020, and the related consolidated statements of income and consolidated statements of cash flows for the years then ended fairly present the financial position of the Corporation at such date and the results of operations for the year ended on such date, with such exceptions as may be disclosed in such certificate of said independent certified public accountants, and since such date there has been no material adverse change in the financial condition or results of operations of the Corporation.

(l) The Corporation is or will be the legal and beneficial owner, of record and in fact, of title to the Project financed with the proceeds of the Bonds.

(m) The Corporation is accredited by: (i) WASC, (ii) the Accreditation Council on Optometric Education, and (iii) the Accreditation Counsel for Pharmacy Education, and none of such accrediting authorities has issued a warning to the Corporation or placed it on probation in the last 10 years.

(n) The Corporation complies in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of Hazardous Substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation except to the extent that such non-compliance would not have a material adverse effect on the Corporation or payment, when due, of the principal, premium, if any, or interest on the Bonds.

(o) Neither the Corporation nor the Project is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(p) To its knowledge, after reasonable investigation, the Corporation does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment that would have a material adverse effect on the Corporation or payment, when due, of the principal, premium, if any, or interest on the Bonds.

(q) The Project consists and will consist of those facilities, buildings, fixtures, equipment and furnishings as are generally described in Exhibit A hereto, and, to the extent within its control, for so long as it owns or operates the Project, the Corporation shall make no changes to the Project or to the operation of the Project. The Corporation shall comply with all requirements set forth in the Tax Agreement. The Corporation intends to own and operate the Project until the principal of and the interest on the Bonds have been paid in full.

(r) To the extent necessary to preserve the security for the Bonds and the Tax-Exempt status of interest on the Series 2021A Bonds, all material certificates, approvals, permits and authorizations of applicable local governmental agencies, and agencies of the State and the federal government have been or will be obtained with respect to the Project will be acquired, constructed, improved, restored, developed and financed, and operated pursuant to and in accordance with such certificates, approvals, permits and authorizations.

(s) To the best knowledge of the Corporation, no member, officer or other official of the Authority has any interest whatsoever in the Corporation or in the transactions contemplated by this Agreement.

(t) The Corporation neither restricts entry on racial or religious grounds nor requires all students gaining admission to receive instruction in the tenets of a particular faith.

(u) The Corporation:

(i) is in compliance with all material laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as an organization described in Section 501(c)(3) of the Code; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary and material to the ownership of its property or to the conduct of its activities, and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for the Facilities and for its operations in all cases where failure to obtain such licenses, permits, franchises or other governmental authorizations could reasonably be expected to materially and adversely affect the condition (financial or otherwise) of the Corporation or its ability to perform its obligations under this Agreement.

(v) Each ERISA Plan has been established and heretofore maintained by the Corporation in compliance in all material respects with the applicable provisions of ERISA

and the Code. To the knowledge of the Corporation, no ERISA Plan has engaged in a prohibited transaction and compliance by the Corporation with the provisions of this Agreement will not involve any prohibited transaction that would subject the Corporation to a tax or penalty on prohibited transactions. No ERISA Plan that is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has had an accumulated funding deficiency, whether or not waived as of the last day of the most recent plan year of such ERISA Plan ended prior to the date hereof. No liability to the PBGC has been, or is expected by the Corporation to be, incurred by the Corporation with respect to any ERISA Plan subject to Title IV of ERISA, other than for premium payments. There has been no material Reportable Event with respect to any ERISA Plan subject to Section 4043 of ERISA since the effective date of said Section 4043, and since such date no event or condition has occurred that presents a material risk of termination of any such ERISA Plan by the PBGC. As of the most recent valuation date, the present value of all vested accrued benefits under each ERISA Plan subject to Title IV of ERISA as determined by each ERISA Plan's enrolled actuary within the meaning of Section 103 of ERISA under actuarial assumptions used in connection with the actuarial valuation of each such ERISA Plan did not exceed the value of such ERISA Plan's assets (less all liabilities other than those attributable to accrued benefits), as determined by each such enrolled actuary, allocable to such vested accrued benefits by more than \$1,000,000. Neither the Corporation nor any Common Control Entity has incurred any withdrawal liability in connection with a Multiemployer Plan which has not yet been paid. As used in this paragraph, the terms PBGC, "Common Control Entity" and "Multiemployer Plan" shall have the respective meanings ascribed thereto in Section 5.12(d) of this Agreement.

ARTICLE III

ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS

Section 3.01. Agreement To Issue Bonds; Application of Bond Proceeds. To provide funds to finance Costs of the Project and Costs of Issuance, the Authority agrees that it will issue the Bonds pursuant to the terms and conditions contained in the Indenture. The Authority will thereupon direct the Trustee to apply the proceeds received from the sale of the Bonds as provided in the Indenture.

Section 3.02. Investment of Moneys in Funds. Subject to the provisions of Section 5.06(b), any moneys in any fund held by the Trustee shall, to the extent permitted under the Indenture, at the written request of an Authorized Corporation Representative, be invested or reinvested by the Trustee as provided in the Indenture. Such investments shall be deemed at all times to be a part of the fund from which such investments were made, and the interest accruing thereon and any profit or loss realized therefrom shall, except as otherwise provided in the Indenture, be credited or charged to such fund.

The Corporation acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Corporation specifically waive receipt of such confirmations to the extent permitted by law.

Section 3.03. Agreement To Acquire the Project. The Corporation agrees that it will acquire, construct, equip, furnish and install or cause to be acquired, constructed, equipped, furnished and installed all facilities and real and personal property deemed necessary for the operation of the Project, substantially in accordance with the description of the Project attached hereto as Exhibit A, including any and all supplements, amendments and additions or deletions thereto or therefrom, it being understood that the approval of the Authority shall not be required for changes in such descriptions which do not substantially alter the purpose and description of the Project referred to in Exhibit A. The Corporation further agrees to proceed with due diligence to acquire the Project.

In the event that the Corporation desires to alter or change the description of the Project, and such alteration or change substantially alters the purpose and description of the Project from that contained in Exhibit A hereto, the Authority (upon receipt of written direction from the Corporation) will enter into, without further act of its governing board, and will instruct the Trustee to consent to, such amendment or supplement as shall be required to reflect such alteration or change to the Project upon receipt of:

- (a) a certificate of an Authorized Corporation Representative describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;
- (b) a copy of the proposed form of such amendment or supplement; and
- (c) an Opinion of Bond Counsel that such proposed changes will not adversely affect the Tax-Exempt status of interest on the Series 2021A Bonds.

Section 3.04. Disbursements of Bond Proceeds.

- (a) Reserved.
- (b) The Corporation will authorize and direct the Trustee to disburse the moneys in the Costs of Issuance Fund to or on behalf of the Corporation only for Costs of Issuance. Each of the payments referred to in this Section 3.04(b) shall be made upon receipt by the Trustee of a written requisition in the form prescribed by Section 5.04 of the Indenture, signed by an Authorized Corporation Representative.

ARTICLE IV

LOAN TO CORPORATION; REPAYMENT PROVISIONS

Section 4.01. Loan to Corporation. The Authority covenants and agrees, upon the terms and conditions in this Agreement, to make a loan to the Corporation for the purposes set forth in Section 3.01. Pursuant to said covenant and agreement, the Authority will use its best efforts to issue the Bonds upon the terms and conditions contained in this Agreement and the Indenture. The Authority and the Corporation agree that the application of the proceeds of sale of the Bonds as provided in the Indenture will be deemed to be and treated for all purposes as a loan to the Corporation of an amount equal to the aggregate principal amount of the Bonds.

Section 4.02. Loan Payments and Other Amounts Payable.

(a) With respect to the Bonds, the Corporation covenants and agrees to pay to the Trustee as a Loan Payment, on the Business Day next preceding each Interest Payment Date (whether at maturity or upon prior redemption) for the Bonds, and continuing until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article X of the Indenture, in immediately available funds, for deposit in the Bond Fund, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration) and interest on the Bonds as provided in the Indenture.

Each payment made by the Corporation pursuant to this Section 4.02(a) shall at all times be sufficient to pay the total amount of interest, premium, if any, and principal (whether at maturity or upon redemption or acceleration) then payable on the Bonds; provided that any amount held by the Trustee in the Bond Fund on any due date for a Loan Payment hereunder; and provided further that, subject to the provisions of this paragraph, if at any time the available amounts held by the Trustee in the Bond Fund are sufficient to pay all of the principal of and interest and premium, if any, on the Outstanding Bonds as such payments become due, the Corporation and the Trustee shall be relieved of any obligation to make any further payments with respect to the Bonds under the provisions of this Section 4.02(a). Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund in an amount sufficient for the payment of Loan Payments) is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest on the Bonds as such payments become due, (i) the Corporation shall forthwith pay such deficiency as a Loan Payment hereunder, and (ii) any required payments of principal of (whether at maturity or upon redemption or acceleration).

(b) Without limiting the generality of the obligations of the Corporation under Section 4.02(a) above, to ensure that the moneys available in the Bond Fund are sufficient to pay when due the principal of and interest on the Outstanding Bonds, but without duplication, the Corporation shall make the deposits with the Trustee of the amounts described in Sections 4.02(b)(i) and (ii) below.

(i) *Interest Deposits.* The Corporation hereby agrees that it will deposit or cause to be deposited with the Trustee on the Business Day preceding each Interest Payment Date an amount equal to the amount of the interest payable on the Bonds on such Interest Payment Date less any amounts then on deposit in the Bond Fund available to pay the interest on the Bonds payable on such Interest Payment Date.

(ii) *Principal Deposits.* The Corporation hereby agrees that it will deposit or cause to be deposited with the Trustee on the Business Day preceding each Principal Installment Date an amount equal to the amount of the Principal Installment payable on the Bonds on such Principal Installment Date less any amounts then on deposit in the Bond Fund available to pay such Principal Installments on such Principal Installment Date.

(c) The Corporation agrees to pay to the party entitled thereto, to the extent not previously paid from Bond proceeds, each of the following as an “Additional Payment”:

(i) the annual fee of the Trustee for its ordinary services rendered as trustee, and its ordinary expenses incurred under the Indenture, as and when the same become due;

(ii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses (including reasonable attorneys’ fees) incurred by it under the Indenture, as and when the same become due;

(iii) the cost of printing any Bonds required to be furnished by the Authority;

(iv) all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Corporation’s expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Authority or the Trustee or the payment when due of the principal of and interest on the Bonds;

(v) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions, continuing disclosure, if required, or provide such other services required under this Loan Agreement, the Tax Agreement or the Indenture;

(vi) the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Loan Agreement, the Tax Agreement, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, the Tax Agreement, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties,

assets or operations or otherwise in connection with the administration of this Loan Agreement or the Tax Agreement; and

(vii) the periodic fees of any rating agency requested by the Corporation to rate the Bonds.

(viii) to the Dissemination Agent, if any, the fees and expenses thereof pursuant to the terms of the Continuing Disclosure Agreement.

Such Additional Payments shall be billed to the Corporation by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within 30 days after receipt of the bill by the Corporation.

The Corporation agrees that the provisions of this Section 4.02(c) shall survive the discharge of the Indenture, this Agreement and the retirement of the Bonds or the resignation or removal of the Trustee. In the event the Corporation should fail to make any of the payments required by this Section, such payments shall continue as obligations of the Corporation until such amounts shall have been fully paid.

Section 4.03. Unconditional Obligation. The obligations of the Corporation to make the payments required by Section 4.02 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Authority or any other Person, and the Corporation shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 4.02 and all other payments required hereunder, free of any deductions and without abatement, diminution or setoff. Until such time as the principal of and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by Article X of the Indenture, and all other amounts payable by the Corporation to the Authority and the Trustee hereunder have been paid in full, the Corporation (a) will not suspend or discontinue any payments provided for in Section 4.02 hereof; (b) will perform and observe all of its other covenants contained in this Agreement; and (c) except as provided in Article VIII hereof, will not terminate this Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of, all or any part of the Project, termination of any lease relating to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement or the Indenture.

Section 4.04. Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, other than the Reserved Rights, but not its obligations, under this Agreement, including the right to receive Loan Payments hereunder and the Authority hereby directs the Corporation to make the Loan Payments directly to the Trustee. The Corporation hereby assents to such assignment and agrees to make the Loan

Payments directly to the Trustee without defense or set-off by reason of any dispute between the Corporation and the Authority or the Trustee.

Section 4.05. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any fund held by the Trustee under the Indenture after payment in full of (a) the Bonds, or after provision for such payment shall have been made as provided in Article X of the Indenture; (b) the fees, charges and expenses of the Trustee due and owing in accordance with this Agreement and the Indenture; and (c) all other amounts required to be paid under this Agreement and the Indenture, including the Rebate Requirement, shall be applied as provided in Section 5.09 of the Indenture.

Section 4.06. Deed of Trust. In order to further secure the payment and performance of all obligations of the Corporation under this Agreement, the Corporation agrees to execute and deliver the Deed of Trust and such other deed of trust as may be necessary from time to time to grant the Trustee a first priority lien to the Trustee upon certain land and Improvements comprising the Corporation's core campus located at 2575 Yorba Linda Boulevard, Fullerton, California (the "Campus") and the property located at 5460 East La Palma, Anaheim, California, together generally comprising the Anaheim Facility and the Fullerton Educational Facilities (collectively, the "Deed of Trust Property"); which Deed of Trust Property, for the avoidance of doubt, shall not include the Fullerton Residential Properties. The Corporation hereby covenants and agrees to grant, concurrently with the delivery of the Bonds, a lien on the Deed of Trust Property pursuant to the Deed of Trust; provided that lien of such Deed of Trust will be subject to such other Permitted Encumbrances as are permitted by the Indenture and the Deed of Trust. The Corporation hereby covenants and agrees that, simultaneously with the delivery of the Bonds, the Corporation will deliver to the Trustee a mortgagee title insurance policy on the Deed of Trust Property in an amount equal to the aggregate outstanding principal amount of the Bonds.

ARTICLE V

SPECIAL COVENANTS AND AGREEMENTS

Section 5.01. Right of Access to the Project. The Corporation agrees that during the term of this Agreement the Authority, the Trustee and the duly authorized agents of any of them, shall have the right (but not the duty) at all reasonable times during normal business hours to enter the Corporation to examine and inspect the Project. The rights of access hereby reserved to the Authority, the Trustee and their respective authorized agents may be exercised only after the party seeking such access shall have given reasonable advance notice and executed release of liability (which release shall not limit any of the Corporation's obligations hereunder) agreements if requested by the Corporation in the form then currently used by the Corporation.

Section 5.02. Corporation's Maintenance of Its Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions.

(a) The Corporation agrees that during the term of this Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or

merge into it; provided, that the Corporation may, without violating the agreements contained in this Section 5.02, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation or an agency of the State all or substantially all of its assets as an entirety and thereafter dissolve; provided, that in the event the Corporation is not the surviving, resulting or transferee corporation, as the case may be, that the surviving, resulting corporation, or the transferee of all or substantially all of the Corporation's assets (i) is a corporation (A) organized under the laws of the United States or any state, district or territory thereof; (B) is qualified to do business in the State; and (C) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (ii) assumes in writing all of the obligations of the Corporation under this Agreement. Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee and the Authority shall receive (1) an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself affect the Tax-Exempt status of interest on the Series 2021A Bonds; and (2) an Opinion of Counsel reasonably acceptable to the Authority to the effect that after such merger, consolidation, sale or other transfer, this Agreement is a valid and binding obligation of the surviving, resulting or transferee corporation, enforceable according to its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, or by the application of equitable principles if equitable remedies are sought, and the security interest created in this Agreement will not be adversely affected by such sale or other transfer.

Notwithstanding any other provision of this Section 5.02(a), the Corporation need not comply with any of the provisions of the first paragraph of this Section 5.02(a) if, at the time of any transaction not satisfying the terms of the first paragraph of this Section 5.02(a), provision for the payment of all Outstanding Bonds will be made as provided in Article X of the Indenture.

(b) If a merger, consolidation, sale or other transfer is effected, as provided in this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section 5.02.

(c) Another entity may also agree to become a co-obligor and jointly and severally liable with the Corporation (without the necessity of merger, consolidation or transfer of assets) under this Agreement if the foregoing provisions are satisfied. In such event, references in this Agreement to indebtedness of the Corporation shall apply to the combined indebtedness of the Corporation and such other entity, references to the financial condition or results of operation of the Corporation shall apply to the combined financial condition and results of operation of the Corporation and such other entity, and the Corporation and such other entity shall be considered to be the Corporation for all purposes of this Agreement.

Section 5.03. Accounting Records and Financial Statements; Other Information. The Corporation covenants and agrees at all times to keep proper books of record and account, prepared

in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Corporation. Such books of record and account shall be available for inspection by the Trustee and Authority at reasonable hours and under reasonable circumstances. The Corporation shall provide promptly upon the request of the Authority or the Trustee, such other information regarding the financial position, results of operations, business or prospects of the Corporation as such party may reasonably request from time to time.

Section 5.04. Maintenance and Repair; Taxes, Utility and Other Charges. The Corporation agrees to maintain, or cause to be maintained, the Project and the Facilities (a) in as reasonably safe condition as its operations shall permit; and (b) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

The Corporation agrees that as between the Authority and the Corporation, the Corporation will pay or cause to be paid all taxes and governmental charges of any kind lawfully assessed or levied upon the Project or any part thereof, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated to pay or cause to be paid only such installments as are required to be paid during the term of this Agreement. The Corporation may, at the Corporation's expense and in the Corporation's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Project or any part thereof will be subject to loss or forfeiture.

Section 5.05. Qualification in California. The Corporation agrees that throughout the term of this Agreement it, or any successor or assignee as permitted by Section 5.02, will be qualified to do business in the State.

Section 5.06. Tax-Exempt Status of Interest on Series 2021A Bonds.

(a) It is the intention of the parties hereto that interest on the Series 2021A Bonds shall be and remain Tax-Exempt, and to that end the covenants and agreements of the Authority and the Corporation in this Section and the Tax Agreement are for the benefit of the Trustee and each and every Person who at any time will be an Owner of Series 2021A Bonds.

(b) Each of the Corporation and the Authority covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Series 2021A Bonds or other funds, or take or omit to take any action that will cause any Series 2021A Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. Each of the Corporation and the Authority further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Indenture or this Agreement, in such manner as would, or enter into or allow any related person to enter into any arrangement

(formal or informal) that would, cause any Series 2021A Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To such ends with respect to the Series 2021A Bonds, the Authority and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2021A Bonds. In the event that at any time the Authority or the Corporation is of the opinion that for purposes of this Section 5.06(b) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Agreement or the Indenture, the Authority or the Corporation shall so instruct the Trustee in writing and the Trustee shall comply with such written instructions.

Without limiting the generality of the foregoing, the Corporation and the Authority agree that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full of the Series 2021A Bonds or provision for the payment of the Series 2021A Bonds in accordance with the Indenture. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid for and on behalf of the Authority to the United States of America at the times and in the amounts determined under Section 6.05 of the Indenture the Rebate Requirement as described in the Tax Agreement, and under no circumstance shall payment of the Rebate Requirement be the obligation of the Authority.

(c) The Authority certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Series 2021A Bonds to become includable in gross income of the Owners of the Series 2021A Bonds for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Series 2021A Bonds to become includable in gross income of the Owners of the Series 2021A Bonds for federal income tax purposes pursuant to such provisions of the Code. The Corporation acknowledges having read Section 6.05 of the Indenture and agrees to perform all duties imposed on it by such Section, by this Section and by the Tax Agreement. Insofar as Section 6.05 of the Indenture and the Tax Agreement impose duties and responsibilities on the Corporation, they are specifically incorporated herein by reference.

(d) Notwithstanding any provision of this Section 5.06, Section 6.05 of the Indenture or any provision of the Tax Agreement, if the Corporation shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under this Section 5.06, Section 6.05 of the Indenture or any provision of the Tax Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Series 2021A Bonds, the Corporation, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, Section 6.05 of the Indenture and the provisions of the Tax Agreement; and the covenants contained in this Section 5.06, Section 6.05 of the Indenture and the Tax Agreement shall be deemed to be modified to that extent.

Section 5.07. [Reserved]

Section 5.08. Insurance. The Corporation covenants and agrees that it will keep (or cause to be kept) insurance (including builder's all-risk insurance during any period of construction at the Facilities) against loss or damage to any structure constituting any part of the Facilities by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance; provided, however, that nothing herein shall require or be construed to require that the Corporation obtain or maintain earthquake insurance. All insurance provided pursuant to this subsection shall be in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost (without deduction for depreciation) of all buildings, structures and fixtures constituting any part of the Facilities owned by the Corporation, or (ii) the principal amount of the Bonds then outstanding, and shall be subject to a deductible not to exceed \$100,000 per occurrence.

The Corporation covenants and agrees to procure and maintain (or cause to be procured or maintained), throughout the term of the Bonds, business interruption insurance to cover loss, total or partial, of the use of any structures constituting any part of the Facilities as the result of any of the hazards covered by the insurance required by, in an amount sufficient to pay the Debt Service Requirements for a period of at least twelve (12) months. Proceeds of such insurance in the amount of at least twelve (12) months of Debt Service Requirements shall be deposited into the "Insurance and Condemnation Proceeds Fund" created hereunder and applied to the payment of the Debt Service Requirements, in installments as the proceeds are paid to the Corporation.

The Corporation covenants and agrees that it will maintain (or cause to be maintained) (i) general liability insurance of no less than \$1,000,000 per occurrence and (ii) worker's compensation insurance as required by the laws of the State.

An Insurance Consultant shall review the insurance requirements with respect to the Facilities from time to time (but not less frequently than once every five years) commencing July 1, 2026. If such review indicates that the Corporation should increase any of the coverages required hereof, the Corporation shall review such recommendation with the governing body of the Corporation and shall increase such coverage; provided, however, that such coverage is available from reputable insurance companies at a reasonable cost on the open market.

The Corporation hereby covenants that it will use its best efforts to apply for any grants, loans or other relief available from each state government, as applicable, or the federal government to obtain amounts necessary to rebuild any portion of the Facilities destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage; provided, however, that the Corporation shall not be required to accept such amounts if doing so would jeopardize the integrity of the Corporation's programs.

Section 5.09. Investments. The Corporation, by written request, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the Indenture, subject to the limitations set forth in Section 5.07 and Section 6.05 of the Indenture. The Corporation covenants that it will not direct the Trustee to make any investments and itself will not make any investments of the proceeds of the Bonds, or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Bonds, which would cause any of the Series 2021A Bonds to be "arbitrage bonds" subject to federal income taxation by reason of

Section 103(b)(2) of the Code. The Corporation shall not purchase any obligations of the Authority, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loans made to the Corporation under this Agreement. Nothing in this Section 5.09 shall prohibit the Corporation from receiving Bonds by gift, bequest or devise or from purchasing Bonds in the secondary market other than pursuant to an arrangement related to the loan made hereby.

Section 5.10. Compliance With Laws. The Corporation will comply in all material respects with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Corporation or its operations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Corporation's assets, operations or financial condition or upon the Bonds.

Section 5.11. Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (a) for sectarian instruction or study or as a place for devotional activities or religious worship for the useful life of the Project; or (b) by a person that is not an organization described in Section 501(c)(3) of the Code or a Governmental Unit or by an organization described in Section 501(c)(3) of the Code (including the Corporation) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Series 2021A Bonds being treated as an obligation not described in Section 103(a) of the Code.

Section 5.12. ERISA. The Corporation will not, so long as any Bonds are Outstanding, with respect to any ERISA Plan:

(a) incur any "accumulated funding deficiency," as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an "event of default" under Section 16 hereof if it is reduced below \$100,000 or eliminated within 90 days after the date upon which the Corporation becomes aware of such accumulated funding deficiency; or

(b) terminate any such ERISA Plan in a manner which could result in the imposition of a material lien on the property of the Corporation pursuant to Section 4068 of ERISA and which could materially adversely affect the business, earnings, properties or financial condition of the Corporation; or

(c) withdraw from a Multiemployer Pension Plan in a "complete withdrawal," or a "partial withdrawal" as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could materially adversely affect the Corporation's ability to comply at any time with any of the provisions of this Agreement.

(d) The Corporation will:

(i) fund all current and past service pension liabilities under the provisions of all ERISA Plans such that if all such ERISA Plans were terminated at

the same time by the Corporation any liens imposed on the Corporation under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Corporation's ability to, comply at any time with any of the provisions of this Agreement; and

(ii) otherwise comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder; and

(iii) notify the Authority promptly in writing after the Corporation knows or has reason to know (A) of the happening of any material Reportable Event with respect to any ERISA Plan and, in any event, at least five days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043; or (B) of an assessment against the Corporation or any Common Control Entity of any withdrawal liability to a Multiemployer Pension Plan. Notwithstanding anything herein to the contrary, the Corporation need not notify the Trustee or the Authority of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Corporation.

(iv) For purposes of this paragraph and representations and warranties of the Corporation contained in Section 2.02(v), the following terms shall have the following meanings. The term "Multiemployer Plan" has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term "Common Control Entity" means any entity which is a member of a "controlled group of corporations" with, or is under "common control" with, the Corporation as defined in Section 4144(b) or (c) of the Code. The term "PBGC" means the Pension Benefit Guaranty Corporation.

Section 5.13. Debt Service Coverage Ratio. The Corporation covenants and agrees to calculate for each Fiscal Year, beginning with the Fiscal Year ending June 30, 2022, the Debt Service Coverage Ratio based on its audited financial statements for such Fiscal Year (such audited financial statements to be provided in accordance with the Continuing Disclosure Agreement), and to provide a copy of such calculation to the Trustee at such time as the Corporation delivers its Annual Report (as defined in the Continuing Disclosure Agreement) in accordance with the Continuing Disclosure Agreement. The Corporation covenants to maintain Gross Revenues such that the Debt Service Coverage Ratio at the end of each Fiscal Year is at least 1.10 to 1.00. Except as provided below, the Corporation's failure to achieve the required Debt Service Coverage Ratio will not constitute an Event of Default under this Loan Agreement if the Corporation promptly engages an Independent Consultant to prepare a report with recommendations for meeting the required Debt Service Coverage Ratio or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. Any Independent Consultant will be required to submit its recommendations to the Corporation and the Trustee within 90 days after being so retained. The Corporation agrees to implement the recommendations of the Independent Consultant, to the fullest extent permitted by law. The Corporation will not be obligated to retain an Independent Consultant pursuant to this Section more often than once during any 24-month period. Notwithstanding the foregoing, the

Corporation's failure to achieve a Debt Service Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under this Loan Agreement.

Section 5.14. Limitation on Indebtedness. The Corporation covenants and agrees that it will not incur any additional Indebtedness; provided, however, that:

(a) Long-Term Indebtedness may be incurred by the Corporation if, prior to the issuance of such additional Indebtedness, the Corporation certifies that the following will be satisfied:

(i) the Debt Service Coverage Ratio for each of the three consecutive full Fiscal Years beginning in the earlier of: (i) the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Additional Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such Facility or Facilities; or (ii) the first full Fiscal Year in which the obligor of such additional Indebtedness will have scheduled payments of interest on or principal of the additional Indebtedness to be issued for the payment of which provision has not been made from proceeds of such additional Indebtedness, investment income thereon or from other appropriate sources, provides for a Debt Service Coverage Ratio, taking into account all Outstanding Long Term Indebtedness and the additional Indebtedness to be issued, of not less than 1.10 to 1.00; and

(ii) the Debt Service Coverage Ratio for the Fiscal Year immediately preceding the assumption of the proposed additional Indebtedness is calculated to be at least 1.10 to 1.00 in such Fiscal Year[, or would have been greater than it would otherwise have been, absent such proposed additional Indebtedness].

The certification will take into account the audited results of operations of the Corporation for the most recently completed Fiscal Year and projected Gross Revenue at the completion of such Facility or Facilities financed with such additional Indebtedness

(b) Long Term Indebtedness may be incurred by the Corporation for the purpose of refunding any Outstanding Indebtedness if, prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long Term Indebtedness and after giving effect to the disposition of the proceeds thereof or (ii) the total Debt Service Requirement on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements summarized in paragraph (a)(i) above are met.

(c) Short-Term Indebtedness may be incurred for working capital purposes as in the Corporation's judgment is deemed expedient, provided that in no event will the Corporation incur Short-Term Indebtedness that, together with outstanding Nonrecourse Indebtedness, is in excess of 25% of Operating Expenses in any Fiscal Year.

(d) The Corporation may incur or assume Nonrecourse Indebtedness, provided that in no event will the Corporation incur Nonrecourse Indebtedness that, together with Short-Term Indebtedness, is in excess of 25% of Operating Expenses in any Fiscal Year.

(e) Indebtedness consisting of purchase money obligations with respect to any item of equipment related to the Facility may be incurred without limitation.

(f) Indebtedness consisting of leases which are considered operating leases under generally accepted accounting principles may be incurred without limitation.

(g) Subordinated Indebtedness may be incurred without limitation.

Section 5.15. Gross Revenue Pledge.

(a) In consideration of the issuance of the Bonds by the Authority and the loan of the proceeds thereof to the Corporation and to secure the payment of the Loan Payments and Additional Payments and the performance of the other obligations of the Corporation hereunder, the Corporation hereby pledges and grants a security interest, to the extent permitted by law, to the Trustee, as assignee of the Authority, in all Gross Revenues and the proceeds thereof, to secure the obligations of the Corporation hereunder. The Corporation agrees that, as long as any of the Bonds remain Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund," which the Corporation shall establish and maintain subject to the provisions of subsection (b) of this Section, in an account or accounts at such banking institution or institutions as the Corporation shall from time to time designate in writing to the Trustee for such purpose (herein called the "Depository Bank(s)"). Subject to the provisions of this Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation hereby pledges, and to the extent permitted by law grants a security interest to the Trustee, as assignee of the Authority (for the benefit of the Owners and the holders of any Parity Debt, as and to the extent set forth in this Section 5.15), in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Loan Payments and Additional Payments and the performance by the Corporation of its other obligations under this Loan Agreement and the payment and performance of all obligations of the Corporation under any Parity Debt agreements. The Corporation agrees to execute and deliver such control agreements and other documents and instruments, and to take any other action as may be necessary or reasonably requested by the Trustee or the Authority in order to perfect or maintain as perfected such security interest or give public notice thereof, including the Account Control Agreement. If at any time when there are Bonds Outstanding, the Corporation shall establish a new depository account with a Depository Bank constituting a part of the Gross Revenue Fund, the Corporation covenants and agrees to notify the Trustee thereof and to cooperate with the Trustee in effecting a first lien on such agreements and other documents and instruments and by taking any other action, as may be necessary or reasonably required by the Trustee or the Authority in order to perfect or maintain as perfected such security interest or give public notice thereof. For the avoidance of doubt, to the extent the Corporation employs investment managers who by the terms of their engagement, reinvest earnings, receipts and proceeds of investments, to the extent such

moneys constitute Gross Revenues the Corporation shall be under no obligation to deposit such moneys in the Gross Revenue Fund until actually received by the Corporation, provided that if at any time the Gross Revenue Fund is transferred to the name and credit of the Trustee under this Section 5.15, the Corporation shall instruct investment managers to remit receipts and proceeds of investment to the Corporation promptly upon receipt.

(b) Amounts in the Gross Revenue Fund may be used and withdrawn by the Corporation at any time for any lawful purpose, except as hereinafter provided. In the event that the Corporation is delinquent for more than one Business Day in the payment or required prepayment of any Loan Payment or any payment with respect to Parity Debt, the Trustee shall notify the Authority, the Corporation and the Depository Bank(s) of such delinquency, and, unless such Loan Payment or payment with respect to Parity Debt is paid within five days after receipt of such notice, the Corporation shall cause the Depository Bank(s) to transfer the Gross Revenue Fund to the name and credit of the Trustee, as assignee of the Authority. The Gross Revenue Fund shall remain in the name and to the credit of the Trustee until the amounts on deposit in said fund are sufficient to pay in full (or have been used to pay in full) all Loan Payments in default and payments required with respect to Parity Debt in default and until all other Loan Agreement Defaults and events of default with respect to Parity Debt known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) shall be transferred by the Depository Bank(s) automatically back to the name and credit of the Corporation. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw from time to time amounts in said fund to make Loan Payments, Additional Payments and the other payments required of the Corporation under this Loan Agreement or with respect to any Parity Debt as such payments become due (whether by maturity, prepayment, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then, first, to the payment of Loan Payments and debt service with respect to Parity Debt, ratably, according to the amounts due respectively for Loan Payments and such Parity Debt debt service, without discrimination or preference, and then to such other payments in the order which the Trustee, in its sole discretion, shall determine to be in the best interests of the holders of the Bonds and such Parity Debt, without discrimination or preference. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Corporation shall not be entitled to use or withdraw any of the Gross Revenues unless (and then only to the extent that) the Trustee, in its sole discretion, so directs for the payment of current or past due Operating Expenses of the Corporation pursuant to a budget prepared by the Corporation; provided, however, that the Corporation shall be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues. The Corporation shall execute and deliver all instruments as may be required to implement this Section 5.15. The Corporation further agrees that a failure to comply with the terms of this Section 5.15 shall cause irreparable harm to the Owners from time to time of the Bonds and the holders from time to time of Parity Debt, and shall entitle the Trustee, as assignee of the Authority, with or without notice to the Corporation, to take immediate action to compel the specific performance of the obligations of the Corporation as provided in this Section 5.15.

Section 5.16. Accreditation. The Corporation will maintain its accreditation by the Western Association of Schools and Colleges or its successors as a body that accredits colleges and universities or, if none, another nationally recognized body or bodies that accredits colleges and universities. The Corporation covenants to provide to the Authority and the Trustee, within 30 days of receipt thereof, copies of any letter in which the accrediting agency places the Corporation on probation or indicates that the Corporation's accreditation is being revoked.

Section 5.17. Limitation on Encumbrances. The Corporation covenants and agrees that it will not create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (including any charge upon property purchased under conditional sales or other title retention agreements) upon the Corporation or any of its Property, whether now owned or hereafter acquired other than to secure Parity Debt pursuant to Section 5.14; provided, however, that notwithstanding the foregoing, the Corporation may create, assume or suffer to exist Permitted Encumbrances.

Section 5.18. Environmental Indemnity.

(a) The Corporation shall not cause or permit the Facilities or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, a release of Hazardous Substances onto the Facilities. The Corporation shall comply with and ensure compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder.

(b) The Corporation shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Facilities (A) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations, and policies; (B) to the satisfaction of the Trustee; and (C) in accordance with the orders and directives of all federal, state and local governmental authorities; and (ii) defend, indemnify, and hold harmless the Authority, the Trustee and the City from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances; and/or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the mortgage trustee, which are based upon or in any way related to such Hazardous Substances including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

(c) In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Facilities, the Corporation shall deliver the Facilities free of any and all Hazardous Substances so that the conditions of the Facilities shall conform to all applicable federal, state and local laws, ordinances, rules or regulations affecting the Facilities. Prior to any such delivery of the Facilities, the Corporation shall pay the Trustee, from its own funds, any amounts then required to be paid under Section 5.18(b)(ii) above.

(d) The provisions of this Section 5.18 shall survive any termination of this Loan Agreement prior to payment in full of the Bonds.

Section 5.19. Nondiscrimination. The Corporation herein covenants that this Agreement is made and accepted upon and subject to the conditions that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Facilities nor shall the Corporation establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Facilities.

Section 5.20. Approval of Independent Consultants. Whenever the Corporation is required to retain or engage an Independent Consultant, such Independent Consultant will be engaged in the manner as set forth herein. Upon the selection by the Corporation of an Independent Consultant as required under the provisions of this Loan Agreement, it will notify the Trustee of such selection. The Trustee is required to, as soon as practicable but in no case longer than five Business Days after receipt of notice, notify the Owners of all Outstanding Bonds of such selection. Such notice will (i) include the name of the Independent Consultant and a brief description of the Independent Consultant, (ii) state the reason that the Independent Consultant is being engaged including a description of the covenant(s) of this Loan Agreement that requires the Independent Consultant to be engaged, and (iii) state that the Owner of the Outstanding Bonds will be deemed to have consented to the selection of the Independent Consultant named in such notice unless such Owner submits an objection to the selected Independent Consultant in writing (in a manner acceptable to the Trustee) to the Trustee within 15 days of the date that the notice is sent to the Owners. No later than two Business Days after the end of the 15-day objection period, the Trustee is required to notify the Corporation of the number of objections. If 66.6% or more in aggregate principal amount of the Owners of the Outstanding Bonds have been deemed to have consented to the selection of the Independent Consultant, the Corporation shall engage the Independent Consultant within three Business Days. If 33.4% or more in aggregate principal amount of the Owners of the Outstanding Bonds have objected to the Independent Consultant selected, the Corporation will select another Independent Consultant that may be engaged upon compliance with the procedures described herein.

Section 5.21. Covenant To Enter Into Agreement or Contract To Provide Ongoing Disclosure. The Corporation hereby covenants and agrees to enter into the Continuing Disclosure Agreement, constituting an “undertaking.” The covenant and agreement contained in this Section is for the benefit of the Owners, the Underwriter and the Beneficial Owners as required by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), and the Authority shall not have any liability to the Owners or any other person with respect to such Continuing Disclosure Agreement. Notwithstanding any other provision of this Loan

Agreement, failure of the Corporation to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Underwriter or the Owners of at least 25% aggregate principal amount in Outstanding Bonds, to the extent indemnified to its satisfaction from any liability or expense, shall, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including, but not limited to (a) seeking specific performance by court order, to cause the Corporation to comply with the Continuing Disclosure Agreement, and (b) hiring an Independent Consultant, at the expense of the Corporation, to determine the cause of any failure of the Corporation to comply with the provisions of the Continuing Disclosure Agreement, and make recommendations, which must be formally adopted and implemented by the Corporation or the Lessee, as the case may be, to correct such failures to comply with the provisions of the Continuing Disclosure Agreement.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION; CONTINUATION OF PAYMENTS

Section 6.01. Obligation To Continue Payments. So long as any Bonds are Outstanding, if (a) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) the temporary use of the Project or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation shall nevertheless be obligated to continue to pay the amounts specified in Article IV hereof, to the extent not prepaid in accordance with Article VIII hereof.

Section 6.02. Disposition of Insurance and Condemnation Proceeds.

(a) Subject to the application of insurance and condemnation provisions in agreements constituting Permitted Encumbrances, all proceeds of the insurance carried pursuant to Section 5.08 hereof (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Project, in each case, in excess of 10% of the Book Value of the Project shall be paid immediately upon receipt by the Corporation or other named insured parties to the Trustee for deposit in a special fund which the Trustee shall establish and maintain and hold in trust pursuant to the Indenture, to be known as the “Insurance and Condemnation Proceeds Fund.” In the event that the proceeds of any loss or damage to or condemnation of the Project shall be less than 10% of the Book Value of the Project, the Corporation may retain such proceeds without any formality whatsoever. In the event the Corporation elects to repair or replace the Project damaged, destroyed or taken, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee, after deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, for the purpose of repairing or replacing the Project damaged, destroyed or taken in the manner and subject to the conditions set forth in Section 5.05 of the Indenture with respect to disbursements from the Insurance and Condemnation Proceeds Fund; provided, that no such disbursement shall be made prior to receipt by the Trustee of written notice (with a copy to the Authority) from the Corporation that, after repair and

replacement, the Project will continue to be used and operated in the manner required by this Loan Agreement.

(b) If the Corporation shall elect not to, or cannot, repair or replace the Project damaged, destroyed or taken, as provided in Section 6.02(a) hereof, subject to Section 6.02(c) hereof, the Trustee shall transfer all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to the Special Redemption Account established in the Indenture; provided, that if any Parity Debt is then outstanding, any such transfer from the Insurance and Condemnation Proceeds Fund shall be deposited in part in the Special Redemption Account and in part in such other fund or account as may be appropriate (and used for the retirement of Parity Debt) in the same proportion which the aggregate principal amount of Outstanding Bonds then bears to the principal amount of such Parity Debt.

(c) If all amounts in the Insurance and Condemnation Proceeds Fund exceed 10% of the Book Value of the Project, but are not sufficient to retire all Bonds and Parity Debt then outstanding, the Trustee shall not transfer said amounts to the Special Redemption Account unless the Corporation shall file with the Trustee a report of an Independent Consultant showing that Revenues are projected to be at least equal to the Debt Service Requirement on all Bonds and Parity Debt for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds and Parity Debt. In the event such report of an Independent Consultant shows that projected Revenues will not be sufficient to pay the Debt Service Requirement on all Bonds and Parity Debt for each of the three full Fiscal Years immediately following such transfer after giving effect to the retirement of such Bonds and Parity Debt, the Corporation shall apply all amounts in the Insurance and Condemnation Proceeds Fund to the repair or replacement of the Project damaged, destroyed or taken, as provided in Section 6.02(a) hereof, unless the Corporation shall file a further report of an Independent Consultant showing that even after making such repair and replacement, Revenues are not projected to be at least equal to the Debt Service Requirement on all Bonds and Parity Debt for each of the three Fiscal Years immediately following such repair and replacement, in which event the Trustee shall transfer all moneys in the Insurance and Condemnation Proceeds Fund as provided in Section 6.02(b) hereof.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. Any one of the following which occurs shall constitute an Event of Default under this Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under Section 4.02(a) hereof when due; or

(b) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this Agreement, other than making the payments referred to in Section 7.01(a) above, which continues for a

period of 30 days after written notice from the Trustee or the Authority, which notice shall specify such failure and request that it be remedied, unless the Authority and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected; or

(c) any of the representations or warranties of the Corporation made herein or to the Authority in connection with the Bonds was false or incorrect in any material respect when made; or

(d) the Corporation shall (i) default on the payment of the principal of or interest on any Parity Debt or Indebtedness permitted by Section 5.14 hereof having a principal amount in excess of \$200,000 including, without limitation, any regularly scheduled payments on any related interest rate swap agreement or hedge agreements, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) such Indebtedness to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Indebtedness; or

(e) an Act of Bankruptcy occurs with respect to the Corporation; or

(f) the occurrence of an Event of Default under the Indenture.

Section 7.02. Remedies on Default. Whenever any Event of Default hereunder shall have occurred and shall continue, the Authority or the Trustee may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due and thereafter to become due hereunder or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable; and (ii) by injunctive and other equitable relief, to require the Corporation to perform each of its obligations hereunder and to otherwise protect the Authority's rights hereunder.

(a) If, at any time after all of the Outstanding Bonds shall have been declared due and payable pursuant to Section 8.01 of the Indenture but such declaration has been rescinded in accordance with said Section 8.01, no amount shall be payable by the Corporation pursuant to Section 4.02(a) with respect to the principal of Bonds as to which the acceleration of maturity has been rescinded.

(b) In case the Trustee or the Authority shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Corporation, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Corporation, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Corporation shall not be disturbed by reason of this provision).

Section 7.03. Agreement To Pay Attorneys' Fees and Expenses. In the event the Corporation should default under any of the provisions of this Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys, such other reasonable expenses so incurred by the Trustee or the Authority.

Section 7.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Agreement should be breached by the Corporation and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

PREPAYMENT

Section 8.01. Option To Prepay Loan Payments. So long as no Event of Default shall have occurred and be continuing hereunder, the Corporation shall have the option to prepay all or any portion of the Loan Payments by paying the applicable amount set forth in Section 8.02 hereof. By virtue of the assignment hereunder to the Trustee of certain rights of the Authority, the Corporation shall pay any prepayment of Loan Payments directly to the Trustee. Such prepayments of Loan Payments shall be applied to provide for the payment of Outstanding Bonds (or portions thereof in Authorized Denominations) as specified in the notice of redemption in accordance with Section 4.03 of the Indenture and the related expenses and other costs specified in Section 8.02.

Notwithstanding any partial prepayment of Loan Payments, this Agreement shall not be terminated until no Bonds remain Outstanding under the Indenture and all amounts payable by the Corporation hereunder have been paid.

Section 8.02. Amount of Prepayment.

(a) In the case of a prepayment of the entire amount of the Loan Payments remaining due hereunder, the amount to be paid shall be a sum sufficient, together with other funds and the principal of and interest on any United States Government Securities then on deposit with the Trustee and available for such purpose to provide for the payment of all then Outstanding Bonds, and the satisfaction and discharge of the Indenture, in accordance with Article X of the Indenture.

(b) In the case of the prepayment of a portion of the Loan Payments remaining due hereunder, the amount payable shall be a sum sufficient: (i) to provide for the payment of the Outstanding Bonds (or portions thereof) in Authorized Denominations of the maturities specified in the notice of redemption in accordance with Section 4.03 and Article X of the Indenture; and (ii) to pay all reasonable and necessary fees and expenses of the Authority and the Trustee in connection with the receipt and application of such prepayment, including the establishment of an escrow to provide for the payment of such Bonds.

Section 8.03. Notice and Date of Prepayment. The Corporation shall give written notice of any prepayment of Loan Payments to the Authority and the Trustee at least 15 days prior to the last day by which the Trustee is permitted to give notice of redemption pursuant to Section 4.03 of the Indenture, of any Bonds specified for redemption by the Corporation with such prepayment; provided that the Authority and the Trustee may agree to waive their respective rights to receive such notice or may agree to a shorter notice period. Such notice shall specify the principal amount of each maturity to be paid or redeemed with such prepayment, the date or dates of redemption or payment of such Bonds, and the date upon which such prepayment will be made. Notwithstanding anything to the contrary in this Agreement, each notice of the prepayment of Loan Payments shall state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed date of prepayment of an amount sufficient to effect such prepayment and such notice shall be of no force and effect and the prepayment need not be made and the Loan Payments will not become due and payable on the proposed prepayment date unless such an amount is so received on or prior to the proposed prepayment date.

ARTICLE IX

NONLIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.01. Nonliability of Authority. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof (including the City), nor the faith and credit of the Authority is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Authority shall not be liable for any costs, expenses, losses,

damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Loan Agreement.

The Corporation hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Trustee pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Section 9.02. Expenses. The Corporation shall pay and indemnify the Authority, the City and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Loan Agreement, the Tax Agreement, the Bonds or the Indenture. These obligations and those in Section 9.03 shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Bonds or termination of this Loan Agreement or the Indenture.

Section 9.03. Indemnification.

(a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the Authority, the City, the Trustee and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, this Loan Agreement or the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Corporation or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Project, the operation of the Project or the Corporation, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management

of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(iii) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Offering Document, as may be supplemented from time to time or any other offering or disclosure document or disclosure or Continuing Disclosure Agreement for the Bonds or any other Series of Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from the Offering Document, as may be supplemented from time to time or any other offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any failure to timely file any Continuing Disclosure Agreement in connection with the Bonds required by any undertaking or by any applicable law, rule or regulation;

(iv) any lien or charge upon payments by the Corporation to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project or any other Property of the Corporation;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any written information, exhibit or report furnished to the Authority by the Corporation in connection with the negotiation of this Agreement, the Tax Agreement or any document delivered by the Corporation pursuant to, or in connection with, any of the foregoing or the Bonds shall contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable;

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or the City or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which

indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4.02, this Section 9.03 and Section 9.02 shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section 9.03 shall survive the termination of this Loan Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.01. Notices. All notices, certificates or other communications shall be deemed sufficiently given upon actual receipt thereof when the same have been mailed by first-class mail or by overnight mail, postage prepaid, addressed to the Authority, the Corporation, the Underwriter or the Trustee, as the case may be, at the addresses set forth in, or changed pursuant to, Section 12.05 of the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Corporation to the other shall also be given to the Trustee. Unless otherwise requested by the Authority, the Trustee, the Underwriter or the Corporation, any notice required to be given hereunder in writing may be given by any form of Electronic notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of Electronic notice. The Authority, the Corporation, the Underwriter and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.02. Limitation of Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any Person other than the Authority, the Trustee, the Corporation and the Owners of the Outstanding Bonds any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Corporation, and the Owners of the Outstanding Bonds.

Section 10.03. Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other

provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.04. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a security interest in this Agreement, only the counterpart delivered, pledged, and assigned to the Trustee shall be deemed the original.

Section 10.05. Agreement Represents Complete Agreement; Amendments. This Agreement and the Tax Agreement incorporated herein by reference represent the entire contract between the Authority and the Corporation with respect to the Bonds, the loan of the proceeds thereof to the Corporation and related matters. Except as otherwise provided in this Agreement or the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with Article IX of the Indenture.

Section 10.06. Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State applicable to contracts made and performed in the State. This Agreement shall be enforceable in the State, and any action arising out of this Agreement shall be filed and maintained in a court in Orange County, California, unless the Authority waives this requirement in writing.

Section 10.07. Authorized Corporation Representative. Whenever under the provisions of this Agreement the approval of the Corporation is required or the Authority is required to take some action under the Indenture at the request of the Corporation, such approval or such request shall be given on behalf of the Corporation by an Authorized Corporation Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.08. Term of the Agreement. This Agreement shall be in full force and effect with respect to the Bonds from the Issue Date and shall continue in effect as long as any of the Bonds are Outstanding or the Trustee holds any moneys under the Indenture, whichever is later. All representations and certifications by the Corporation as to all matters affecting the Tax-Exempt status of interest on the Series 2021A Bonds shall survive the termination of this Agreement.

Section 10.09. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the Corporation and their respective successors and assigns; subject, however, to the limitations contained in Section 5.02 hereof.

Section 10.10. Indenture. The Corporation acknowledges having read the Indenture and agrees to perform all duties imposed on it by the Indenture. The Corporation further agrees that Bond proceeds shall be applied as set forth in the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Corporation it is specifically incorporated herein by reference.

Section 10.11. Waiver of Personal Liability. No member, officer, agent or employee of the City or the Authority or any director, officer, agent or employee of the Corporation shall be

individually or personally liable for the payment of any principal of, premium, if any, or interest on the Bonds or any other sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 10.12. Third-Party Beneficiaries. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the Owners of the Bonds shall be deemed third-party beneficiaries of all covenants and agreements herein contained.

Section 10.13. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture or this Loan Agreement, and, unless otherwise specifically provided, no interest shall accrue for the period from and after such nominal date.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Authority has caused this Loan Agreement to be executed in its name by an Authorized Signatory of the Authority, and the Corporation has caused this Loan Agreement to be executed in its name and attested by its duly authorized representative, all as of the date first above written.

CITY OF FULLERTON PUBLIC
FINANCING AUTHORITY

By _____
_____, Authorized Signatory

MARSHALL B. KETCHUM UNIVERSITY

By _____
Kevin L. Alexander, President

By _____
Frank J. Scotti, Senior Vice President for
Administration and Finance and Chief
Financial Officer

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project to be financed with the proceeds of the Bonds consists of (a) the current refunding of the outstanding (i) the City of Fullerton Public Financing Authority Revenue Bonds (Marshall B. Ketchum University) Series 2015A originally issued in the aggregate principal amount of \$25,600,000 and (ii) the City of Fullerton Public Financing Authority Revenue Bonds (Marshall B. Ketchum University) Series 2015B (Taxable) originally issued in the aggregate principal amount of \$10,400,000 (collectively, the “Refunded Bonds”), the proceeds of which were used to (I) finance or refinance all or a portion of the costs of the acquisition, construction, improvement, renovation, furnishing and equipping of certain educational facilities for the Corporation and facilities related and appurtenant thereto, consisting of a 80,998 gross square foot, two story building, located at 5460 East La Palma, Anaheim, California (the “Anaheim Facility”); (II) finance or refinance all or a portion of the costs of the acquisition, construction, improvement, renovation, furnishing and equipping of educational facilities of the Corporation located at 2575 Yorba Linda Boulevard, Fullerton, California, including a library and lecture hall, parking and maintenance facilities and lab and clinic renovations for physician assistant and pharmacy programs, and other campus facilities and improvements (the “Fullerton Educational Facilities”); and (iii) finance or refinance all or portion of the costs of the acquisition of student and faculty housing, in the vicinity of the Corporation’s campus located at 2029 Woodbriar Court, 2016 Ravenhill Court and 2025 Ravenhill Court, Fullerton, California (collectively with the Fullerton Educational Facilities, the “Fullerton Facilities,” and together with the Anaheim Facility, the “Facilities”); and (b) paying certain costs of issuance in connection with the Bonds (collectively, the “Project”).

The Project also includes such alternative or additional educational facilities as are authorized by the Act and accompanied by an Opinion of Bond Counsel to the effect that inclusion of such alternative or additional facilities will not adversely affect the Tax-Exempt Status of interest on the Series 2021A Bonds.