

NEW ISSUE—BOOK ENTRY ONLY**NOT RATED**

In the opinion of Bond Counsel, under existing law and as of the date of issuance of the Bonds, (i) interest on the Series 2014A Bonds is excluded from gross income for Federal income tax purposes and is not an item of tax preference in determining alternative minimum taxable income, although such interest is included in adjusted current earnings for purposes of determining the alternative minimum taxable income of a corporation, and (ii) under the Constitution and laws of the Commonwealth of Kentucky, the Series 2014A Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by said Commonwealth and all of its political subdivisions and taxing authorities. See "Tax Treatment of the Bonds" herein. The Issuer has designated the Series 2014A Bonds as "qualified tax-exempt obligations" within the meaning of §265(b)(3) of the Internal Revenue Code of 1986, as amended.

In the opinion of Bond Counsel, under existing law and as of the date of issuance of the Bonds, interest on the Series 2014B Bonds will be includable in the gross income of the owners thereof for federal income tax purposes. Under the Constitution and the laws of the Commonwealth of Kentucky, the Series 2014B Bonds are exempt from ad valorem taxation, and the interest thereon is exempt from income taxation, by said Commonwealth and all of its political subdivisions and taxing authorities. See "Tax Treatment of the Bonds" herein

**\$9,640,000**

**City of Springfield, Kentucky
Industrial Building Revenue Bonds, Series 2014
(Saint Catharine College, Inc. Project)**

Consisting of:**\$5,965,000**

**City of Springfield, Kentucky
Industrial Building Revenue Refunding Bonds,
Series 2014A
(Saint Catharine College, Inc. Project)**

\$3,675,000

**City of Springfield, Kentucky
Taxable Industrial Building Revenue
Refunding and Improvement Bonds,
Series 2014B
(Saint Catharine College, Inc. Project)**

Dated: Date of Delivery**Due: November 1, as shown on inside cover**

The City of Springfield, Kentucky (the "Issuer") is issuing its (i) Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) (the "Series 2014A Bonds") and (ii) Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) (the "Series 2014B Bonds", and together with the Series 2014A Bonds, the "Bonds"), pursuant to a Bond Trust Indenture dated as of December 1, 2014 (the "Bond Indenture") between the Issuer and The Huntington National Bank, Cincinnati, Ohio, as bond trustee (the "Bond Trustee"). To secure its obligations under the Bond Indenture, Saint Catharine College, Inc. (the "College"), initially as the sole member of an obligated group (the "Obligated Issuers") under a Master Trust Indenture, dated as of November 1, 2004, as amended and restated (the "Original Master Indenture") between the College and The Huntington National Bank, Cincinnati, Ohio, successor to Central Bank & Trust Co., as Master Trustee (the "Master Trustee"), as supplemented by Supplemental Master Indenture Number 4, dated as of December 1, 2014 (the "Fourth Supplemental Master Indenture" and collectively with the Original Master Indenture and other supplements to the Original Master Indenture, the "Master Indenture"), will issue its Series 2014A Note relating to the Series 2014A Bonds and its Series 2014B Note relating to the Series 2014B Bonds (together, the "Series 2014 Notes"), each dated as of the date of the Bonds, in amounts equal to the aggregate principal component of the Series 2014A Bonds and Series 2014B Bonds, respectively to the Master Trustee, which Series 2014 Notes will be secured, together with all Notes issued under the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds will be secured by a pledge of revenues derived from the Loan Agreement dated as of December 1, 2014 (the "Loan Agreement") between the Issuer and the College. The Issuer will loan the proceeds of the Bonds to the College pursuant to the Loan Agreement to finance a portion of the costs of (i) financing or refinancing all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property (collectively, the "Facilities"), all located on the campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky; (ii) refunding the Issuer's Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer's Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) (collectively, the "Refunded Obligations") issued for the benefit of the College, which were issued to finance or refinance, in whole or in part, the costs of the acquisition, construction, installation, renovation, expansion and/or improvement of certain facilities all located on the campus of the College, which are further described below; and (iii) paying all or a portion of the costs of issuance of the Bonds. The Loan Agreement and the Series 2014 Notes will require payments by the College and any other member of the Obligated Issuers, together with other moneys available therefor, sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds. The Series 2014 Notes, together with all other Notes issued under the Master Indenture, will be secured by a mortgage (the "Master Indenture Mortgage") on certain real property of the Obligated Issuers, certain other rights under the Master Indenture, and a security interest in certain property of the Obligated Issuers, including their pledged assets. As security for the Bonds, the Issuer will assign to the Bond Trustee (1) all right, title and interest in and to the Series 2014 Notes, including all rights under the Master Indenture and the Master Indenture Mortgage as owner of the Series 2014 Notes and (2) substantially all right, title and interest in and to the Loan Agreement and any of its pledged assets, as more fully described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds are issuable only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS — Book-Entry Only System" herein. The payment at maturity of principal of and semiannual interest on the Bonds will be made by the Bond Trustee. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder as more fully described herein. Interest will be payable on May 1, 2015, and semiannually thereafter on May 1 and November 1, to the Bondholders of record as of the applicable record date. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners, is the responsibility of the DTC Participants as described herein. The Bonds are subject to optional and mandatory redemption as described in this Official Statement. See "THE BONDS — Redemption Provisions" herein.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE A DEBT, GENERAL OBLIGATION, PLEDGE OF FAITH AND CREDIT OR LIABILITY OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR OF ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE COMMONWEALTH OF KENTUCKY, AND THE BONDS ARE PAYABLE SOLELY FROM THE FUNDS AND PROPERTY PLEDGED THEREFOR. NEITHER THE CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including its Appendices, to obtain information essential to the making of an informed investment decision. **The Bonds are not rated and investment in the Bonds is subject to certain risks.** See "BONDHOLDERS' RISKS" herein.

The Bonds are offered when, as and if issued by the Issuer and received by the Underwriter, subject to the approval of their validity by Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel, and to certain other matters. Certain legal matters will be passed upon for the Issuer by its City Attorney, William Robinson, Esq., Springfield, Kentucky; for the College by its counsel, Mary Angela Shaughnessy, Esq., St. Catharine, Kentucky; and for the Underwriter by its counsel, Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP, Columbus, Ohio. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or about December 18, 2014.

R | S | A

Ross, Sinclair & Associates, LLC

Dated: December 3, 2014

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPs

\$5,965,000**City of Springfield, Kentucky
Industrial Building Revenue Refunding Bonds, Series 2014A
(Saint Catharine College, Inc. Project)**

<u>Due</u> <u>November 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP*</u>
2025	\$ 220,000	4.000%	99.126%	85071Q AP2
2026	225,000	4.125	98.840	85071Q AQ0

\$895,000 4.500% Term Bond due November 1, 2028, Price 98.978%, CUSIP 85071Q AR8

\$960,000 4.625% Term Bond due November 1, 2030, Price 98.612%, CUSIP 85071Q AS6

\$1,515,000 5.000% Term Bond due November 1, 2033, Price 99.390%, CUSIP 85071Q AT4

\$2,150,000 5.000% Term Bond due November 1, 2039, Price 98.593%, CUSIP 85071Q AU1

\$3,675,000**City of Springfield, Kentucky
Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B
(Saint Catharine College, Inc. Project)**

<u>Due</u> <u>November 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP*</u>
2015	\$285,000	1.750%	100.000%	85071Q AV9
2016	290,000	2.500	100.000	85071Q AW7
2017	300,000	3.000	100.000	85071Q AX5
2018	305,000	3.400	100.000	85071Q AY3
2019	315,000	3.750	100.000	85071Q AZ0
2020	330,000	4.000	100.000	85071Q BA4

\$695,000 4.250% Term Bond due November 1, 2022, Price 99.335%, CUSIP 85071Q BB2

\$765,000 4.500% Term Bond due November 1, 2024, Price 99.208%, CUSIP 85071Q BC0

\$390,000 4.750% Term Bond due November 1, 2026, Price 99.100%, CUSIP 85071Q BD8

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* CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the Underwriter or the College, and are included solely for the convenience of the holders of the Bonds. Neither the Issuer nor the Underwriter nor the College is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds as indicated above.

IN CONNECTION WITH THIS PUBLIC OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the Issuer, the College or the Underwriter to give any information or to make any representations other than as contained in this Official Statement, including the Appendices hereto, in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those identified on the cover page or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "INTRODUCTION – The Issuer," "THE ISSUER" and "LITIGATION – The Issuer."

Certain information contained in this Official Statement has been obtained from the College, DTC and other sources that are believed to be reliable. No representation or warranty is made by the Issuer or the Underwriter, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Issuer or the Underwriter. The information herein relating to the Issuer has been provided by the Issuer, and neither the College nor the Underwriter makes any representation with respect to or warrants the accuracy of such information. This Official Statement is distributed in connection with the sale of the securities described herein and may not be used, in whole or in part, for any other purpose. The information and expression of opinions set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the persons referred to above since the date hereof.

CUSIP numbers on the inside cover of this Official Statement are copyright 2014 by the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Bonds, and none of the Underwriter, the College or the Issuer make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND INDENTURE OR THE MASTER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement has been deemed final by the College for purposes of Securities Exchange Act of Rule 15c2-12.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS

This Official Statement, including in “APPENDIX A — THE COLLEGE,” contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “project” or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COLLEGE DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$9,640,000

**City of Springfield, Kentucky
Industrial Building Revenue Bonds, Series 2014
(Saint Catharine College, Inc. Project)**

Consisting of:

\$5,965,000

**City of Springfield, Kentucky
Industrial Building Revenue Refunding
Bonds, Series 2014A
(Saint Catharine College, Inc. Project)**

\$3,675,000

**City of Springfield, Kentucky
Taxable Industrial Building Revenue
Refunding and Improvement Bonds,
Series 2014B
(Saint Catharine College, Inc. Project)**

INTRODUCTION

The following introductory statements are subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX C — DOCUMENTS AND SUMMARIES.”

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices, and the documents summarized or described herein. Investors should read the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or otherwise to use it without the entire Official Statement.

Purpose of this Official Statement

The purpose of this Official Statement, including the cover and Appendices hereto, is to set forth certain information concerning the City of Springfield, Kentucky (the “Issuer”), Saint Catharine College, Inc. (the “College”), and the \$9,640,000 City of Springfield, Kentucky Industrial Building Revenue Bonds, Series 2014 (Saint Catharine College, Inc. Project), consisting of the (i) \$5,965,000 Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) (the “Series 2014A Bonds”) and (ii) \$3,675,000 Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) (the “Series 2014B Bonds”, and together with the Series 2014A Bonds, the “Bonds”), and includes information concerning the Issuer, the College and the Bonds.

The Issuer

The Issuer is a political subdivision of the Commonwealth of Kentucky (the “Commonwealth”) and is authorized to issue the Bonds pursuant to the Industrial Buildings for Cities and Counties Act, as amended, Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the “Act”). See the caption “THE ISSUER” herein. The Issuer makes no representations with respect to any information in this Official Statement other than the information under the heading “INTRODUCTION — The Issuer,” “THE ISSUER,” and “LITIGATION — The Issuer.” The Issuer has not prepared or participated in the preparation of any portions of this Official Statement other than the portions under the headings “INTRODUCTION — The Issuer,” “THE ISSUER,” and “LITIGATION — The Issuer.”

The College

The Commonwealth chartered the Kentucky Dominican Sisters (the “Order”) to grant education degrees in 1839. The Order delegated management of the College to a Board of Directors in 1969. In 1978, the College was organized as, and has continuously been operated as a Kentucky nonprofit corporation, and academic, legal and financial responsibilities were entrusted to a lay Board of Trustees.

In 1990, the College received a determination letter from the Internal Revenue Service recognizing the College as a tax-exempt educational organization described in Section 501(c)(3) of the Internal Revenue Code. See “APPENDIX A — THE COLLEGE” for information about the College.

The Bonds

The Bonds will be issued pursuant to a Bond Trust Indenture dated as of December 1, 2014 (the “Bond Indenture”) between the Issuer and The Huntington National Bank, as bond trustee (the “Bond Trustee”). The Bonds are to be issued in accordance with the provisions of the Bond Indenture and the Act.

The Issuer will be obligated to pay the principal or redemption price of and interest on the Bonds solely from the revenues and funds pledged for their payment as provided in the Bond Indenture, including moneys paid to the Bond Trustee by the College under the Loan Agreement dated as of December 1, 2014 (the “Loan Agreement”) between the College and the Issuer. The Loan Agreement between the Issuer and the College requires the College to make payments sufficient to pay the principal of and interest on the Bonds. See “THE BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

As more specifically described under “PLAN OF FINANCE” herein, the proceeds of the Bonds will be loaned by the Issuer to the College to finance a portion of the costs of (i) financing or refinancing all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property (collectively, the “Facilities”), all located on the campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky; (ii) refunding the Issuer’s Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer’s Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) (collectively, the “Refunded Obligations”) issued for the benefit of the College, which were issued to finance or refinance, in whole or in part, the costs of the acquisition, construction, installation, renovation, expansion and/or improvement of certain facilities all located on the campus of the College, which are further described below; and (iii) paying all or a portion of the costs of issuance of the Bonds. A more detailed description of the application of the proceeds of the Bonds is contained in “SOURCES AND USES OF FUNDS.”

A description of the Bonds is contained in this Official Statement under the caption “THE BONDS.” All references to the Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Bond Indenture and the Loan Agreement. A description of the sources and uses of funds is contained in this Official Statement under the caption “SOURCES AND USES OF FUNDS” herein.

Security for the Bonds

The Bonds are special limited obligations of the Issuer payable solely from amounts payable under the Loan Agreement, except to the extent payable out of money held by the Bond Trustee under the Bond Indenture or the Master Trustee under the Master Indenture (hereinafter defined). Pursuant to the Loan Agreement, the College is obligated to repay the loan of the proceeds of the Bonds by making semiannual payments to the Bond Trustee for the benefit of the Bondholders until the principal of and interest on the Bonds has been fully paid or provision has been made therefor. The obligations of the College under the Loan Agreement are a general obligation of the College, payable from all legally available revenues of the College.

The Issuer will assign to the Bond Trustee, for the benefit of Bondholders, all of the Issuer’s rights under the Loan Agreement (except for rights to certain notices and payments relating to fees, indemnification and administrative expenses), including the right to receive payments with respect to the Loan Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

As security for the College’s obligations under the Loan Agreement, the College will execute its Series 2014A Note and Series 2014B Note (the “Series 2014 Notes”) in favor of the Bond Trustee. Stated aggregate payments on the Series 2014A Note will be sufficient to pay the principal, premium, if any, and interest on the Series 2014A Bonds as they become due and payable, and stated aggregate payments on the Series 2014B Note will be sufficient to pay the principal, premium, if any, and interest on the Series 2014B Bonds as they become due and payable. The Series 2014 Notes will each be the joint and several general obligation of each member of the Obligated Issuers (hereinafter defined) and will be issued on a parity basis with all other Notes of the Obligated Issuers. For further information on the outstanding indebtedness of the College, see “APPENDIX A – THE COLLEGE.”

The Series 2014 Notes will be issued pursuant to a Master Trust Indenture, dated as of November 1, 2004 (the “Original Master Indenture”), between the College, initially as the sole member of an obligated group (the “Obligated Issuers”) and The Huntington National Bank, Cincinnati, Ohio, successor to Central Bank & Trust Co., as master trustee (the “Master Trustee”), as supplemented by Supplemental Master Indenture Number 4 (the “Fourth Supplemental Master Indenture” and collectively with the Original Master Indenture, the “Master Indenture”). See “APPENDIX C — DOCUMENTS AND SUMMARIES – The Master Indenture.”

Under the Master Indenture, each Obligated Issuer will grant to the Master Trustee a security interest in its revenue pursuant to the trust estate established in the Master Indenture. Furthermore, the Obligated Issuers are pledging certain real and personal property to the Master Trustee, pursuant to a Mortgage dated as of November 1, 2004 (the “Master Indenture Mortgage”), as amended and supplemented, between the Obligated Issuers and the Master Trustee.

Financial Statements

Audited financial statements of the College for the Fiscal Year ended June 30, 2014 (which is the most currently available audited financial statement) is included in “APPENDIX B — AUDITED FINANCIAL STATEMENTS OF THE COLLEGE.”

Bondholders' Risks

THE BONDS ARE NOT RATED AND AN INVESTMENT IN THE BONDS INVOLVES A DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY AND SOURCES OF PAYMENT FOR BONDS" AND "BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement as well as other risks that are typical with respect to similar offerings. Among other things, because the Bonds are payable solely from the revenues and assets of the College, careful evaluation should be made of the assumptions and the rationale of the management of the College described herein, and certain factors (including, but not limited to, the ability of the College to attract and retain students), that may adversely and materially affect the ability of the College to generate sufficient revenues to pay its expenses of operation, including the principal or redemption price of and interest on the Bonds.

Continuing Disclosure

The College has agreed to provide Bondholders with annual financial statements and certain other information, in accordance with the current requirements of Rule 15c2-12 of the Securities and Exchange Act ("Rule 15c2-12"). The College is currently the sole "obligated person" under Rule 15c2-12 with respect to the Bonds. Ross, Sinclair & Associates, LLC, will act as dissemination agent for the College pursuant to a continuing disclosure agreement. See "CONTINUING DISCLOSURE" herein and "APPENDIX E — FORM OF CONTINUING DISCLOSURE AGREEMENT" for a description of the College's agreement to provide secondary market disclosure.

The College has entered into prior agreements to provide Bondholders with annual financial statements and certain operating data, in accordance with Rule 15c2-12 with respect to the (i) \$10,930,000 City of Springfield, Kentucky Educational Development Refunding and Revenue Bonds (Saint Catharine College, Inc. Project) Series 2004 (the "Series 2004 Bonds"), (ii) \$4,360,000 Kentucky Area Development Districts Financing Trust Lease Acquisition Program Certificates of Participation, 2008 Series H (the "Certificates") and (iii) \$3,000,000 City of Springfield, Kentucky Industrial Building Revenue Bonds (Saint Catharine College, Inc. Project) (the "Series 2011 Bonds"). The Series 2004 Bonds have an annual filing date of 120 days after the end of the College's fiscal year and the Certificates and the Series 2011 Bonds have an annual filing date of six months after the end of the College's fiscal year. Over the past five years, for each of the Series 2004 Bonds, the Certificates and the Series 2011 Bonds, the College did not file (i) its annual financial statements by the applicable required annual filing date (with the exception of the fiscal year ending June 30, 2014 relating to the Certificates and the Series 2011 Bonds, for which the annual financial statement was filed timely), (ii) any of the required operating data, or (iii) any material event notice indicating a failure to file. As of the date of this Official Statement, the College has filed its most recent operating data in relation to the Series 2004 Bonds, the Certificates, and the Series 2011 Bonds, as well as filed a material event notice indicating its failure to previously file such information on a timely basis. The College has implemented procedures to ensure that all required information is filed on a timely and complete basis going forward.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice. The Bonds in definitive form are expected to be delivered to the Bond Trustee on behalf of The Depository Trust Company ("DTC") under the DTC FAST system of registration on or about December 18, 2014.

Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Issuer and the College are included in this Official Statement. Definitions of certain words and terms and summaries of the Bond Indenture, the Master Indenture, the Master Indenture Mortgage and the Loan Agreement are included in the Official Statement hereto in “APPENDIX C — DOCUMENTS AND SUMMARIES.” Such definitions and summaries do not purport to be comprehensive or definitive.

All references herein to the Bonds, the Bond Indenture, the Master Indenture, the Master Indenture Mortgage, the Loan Agreement and other documents are qualified in their entirety by reference to such documents. Copies of such documents and other documents and information are available, upon request and upon payment to the Bond Trustee of a charge for copying, mailing and handling, from the Bond Trustee at Rookwood Tower, Suite 350, 3805 Edwards Road, Cincinnati, Ohio 45209, Attention: Corporate Trust Department, Telephone: 513-366-3073. During the period of offering of the Bonds, copies of such documents are available, upon request and upon payment to the Underwriter of a charge for copying, mailing and handling, from Ross, Sinclair & Associates, LLC, 700 Walnut Street, Suite 600, Cincinnati, Ohio 45202.

THE ISSUER

The Bonds are being issued by the Issuer, a city and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”). The governing body of the Issuer is the Springfield City Council, comprised of the elected Mayor and 6 (six) elected Councilmembers. The present members of the Springfield City Council are as follows:

<u>Name</u>	<u>Title</u>
John Cecconi	Mayor
Brooke Murphy Coulter	Councilmember
Willie Ellery	Councilmember
Carolyn Hardin	Councilmember
Lisa Jones Haydon	Councilmember
Debbie Wakefield	Councilmember
Chris Essex	Councilmember

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE A DEBT, GENERAL OBLIGATION, PLEDGE OF FAITH AND CREDIT OR LIABILITY OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR OF ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE COMMONWEALTH OF KENTUCKY, AND THE BONDS ARE PAYABLE SOLELY FROM THE FUNDS AND PROPERTY PLEDGED THEREFOR. NEITHER THE CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

The Issuer has previously issued bonds for the purpose of financing other projects for the College and other borrowers which are payable from revenues received from the College or such other borrowers. Revenue bonds issued by the Issuer for other borrowers may be in default as to principal or interest. The source of payment for other bonds previously issued by the Issuer for borrowers other than the College is separate and distinct from the source of payment for the Bonds, and accordingly, any default by any such other borrower with respect to any of such other bonds is not considered a material fact with respect to the payment of the Bonds.

THE COLLEGE

The Commonwealth chartered the Kentucky Dominican Sisters (the “Order”) to grant education degrees in 1839. The Order delegated management of the College to a Board of Directors in 1969. In 1978, the College was organized as, and has continuously been operated as a Kentucky nonprofit corporation, and academic, legal and financial responsibilities were entrusted to a lay Board of Trustees. In 1990, the College received a determination letter from the Internal Revenue Service recognizing the College as a tax-exempt educational organization described in Section 501(c)(3) of the Internal Revenue Code. Further information about the College and its financial condition is contained in Appendices A and B.

THE BONDS

General

The Bonds will be dated their date of initial issuance and delivery and will bear interest from such date payable on May 1 and November 1, beginning May 1, 2015, at the rates, and will mature on the dates and in the amounts, set forth on the cover of this Official Statement.

The Bonds will be issued as fully registered bonds without coupons and will be available initially in book-entry form only registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, in denominations of \$5,000 and integral multiple thereof. Purchasers of beneficial ownership interests in the Bonds (the “Beneficial Owners”) will not receive certificates representing their interests. Transfers of Bonds and payments of principal or redemption price of and interest on the Bonds will be affected as described below. If the book-entry system is discontinued, bond certificates will be delivered as described in the Bond Indenture and the Beneficial Owners will become registered owners of the Bonds. So long as Cede & Co., as nominee for DTC, is the sole Bondholder, references in this Official Statement to the “Bondholder” mean Cede & Co. and do not mean the Beneficial Owners.

Limited Obligations

The Bonds will be special limited obligations of the Issuer as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Limited Obligations.”

Book-Entry Only System

The description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, the Participants (defined below), or the Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners of beneficial ownership interests, each actual purchaser of each Bond (a “Beneficial Owner”) will not be or be considered to be, and will not have any rights as, owner or holder of the Bonds under the Bond Indenture.

The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. Neither the College nor the Bond Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the respective aggregate principal amounts thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest or other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the College or the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Bond Trustee or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the College or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The College may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE ISSUER, THE COLLEGE NOR THE BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN

THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Issuer and the College cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption notice or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The Issuer and the College may enter into amendments to the Loan Agreement with DTC, or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds, without the consent of Beneficial Owners or Bondholders.

Redemption Provisions

The Bonds are subject to redemption prior to maturity only as follows.

Optional Redemption. Series 2014A Bonds. The Series 2014A Bonds maturing on or after November 1, 2025 are subject to redemption prior to maturity at the direction of the College on or after November 1, 2024, as a whole or in part at any time in any order of maturity as selected by the College and within a maturity by lot, upon payment of a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed, plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014A Note pursuant to the Loan Agreement.

Series 2014B Bonds. The Series 2014B Bonds maturing on or after November 1, 2025 are subject to redemption prior to maturity at the direction of the College on or after November 1, 2024, as a whole or in part at any time in any order of maturity as selected by the College and within a maturity by lot, upon payment of a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed, plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014B Note pursuant to the Loan Agreement.

Mandatory Sinking Fund Redemption. Series 2014A Bonds. The Series 2014A Bonds maturing on November 1, 2028, November 1, 2030, November 1, 2033 and November 1, 2039, are subject to mandatory sinking fund redemption in part at a redemption price of 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest to the redemption date, on the dates and in the amounts set forth below:

<u>Maturing November 1, 2028</u>		<u>November 1, 2030</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
November 1, 2027	\$445,000	November 1, 2029	\$475,000
November 1, 2028*	450,000	November 1, 2030*	485,000
<hr/>		<hr/>	
*Maturity		*Maturity	

<u>Maturing November 1, 2033</u>		<u>November 1, 2039</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
November 1, 2031	\$500,000	November 1, 2034	\$520,000
November 1, 2032	505,000	November 1, 2035	540,000
November 1, 2033*	510,000	November 1, 2036	555,000
<hr/>		November 1, 2037	170,000
*Maturity		November 1, 2038	180,000
		November 1, 2039*	185,000
		<hr/>	
		*Maturity	

The principal amount of Series 2014A Bonds otherwise required to be redeemed may be reduced by the principal amount of such Series 2014A Bonds that have been delivered to the Bond Trustee in lieu of cash payments under the Loan Agreement or purchased by the Bond Trustee out of money in the Series 2014A Bond Account within the Bond Fund established under the Bond Indenture to the extent such Series 2014A Bonds have not previously been applied as a credit against any bond fund installment. In no event may any Series 2014A Bond be purchased in lieu of redemption unless such Series 2014A Bond is presented to the Bond Trustee for cancellation and the Bond Trustee cancels such Series 2014A Bond upon receipt.

Series 2014B Bonds. The Series 2014B Bonds maturing on November 1, 2022, November 1, 2024 and November 1, 2026, are subject to mandatory sinking fund redemption in part at a redemption price of 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest to the redemption date, on the dates and in the amounts set forth below:

<u>Maturing November 1, 2022</u>		<u>November 1, 2024</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
November 1, 2021	\$340,000	November 1, 2023	\$375,000
November 1, 2022*	355,000	November 1, 2024*	390,000
<hr/>		<hr/>	
*Maturity		*Maturity	

Maturing November 1, 2026

<u>Date</u>	<u>Amount</u>
November 1, 2025	\$190,000
November 1, 2026*	200,000

*Maturity

The principal amount of Series 2014B Bonds otherwise required to be redeemed may be reduced by the principal amount of such Series 2014B Bonds that have been delivered to the Bond Trustee in lieu of cash payments under the Loan Agreement or purchased by the Bond Trustee out of money in the Series 2014B Bond Account within the Bond Fund established under the Bond Indenture to the extent such Series 2014B Bonds have not previously been applied as a credit against any bond fund installment. In no event may any Series 2014B Bond be purchased in lieu of redemption unless such Series 2014B Bond is presented to the Bond Trustee for cancellation and the Bond Trustee cancels such Series 2014B Bond upon receipt.

Payment of Redemption Price and Accrued Interest. If (i) unconditional notice of redemption has been duly given or duly waived by the holders of the Bonds called for redemption or (ii) conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Bond Trustee, then in either case the Bonds or portions thereof called for redemption shall be payable on the redemption date at the applicable redemption price plus accrued interest, if any, to the redemption date. Payment of the redemption price together with accrued interest shall be made by the Bond Trustee to or upon the order of the holders of the Bonds called for redemption upon surrender of such Bonds. The redemption price, including accrued interest, the expenses of giving notice and any other expense of redemption shall be paid from funds provided to the Bond Trustee by the College for that purpose, as and to the extent provided in the Bond Indenture.

Selection of Bonds for Redemption. If less than all the Bonds of a maturity are to be redeemed, the particular Bonds or portions of such Bonds to be called for redemption shall be selected by lot by the Bond Trustee. If less than all the Bonds are to be called for redemption, the particular maturities to be redeemed shall be selected by the College, except that mandatory sinking fund redemptions shall be made in direct order of maturity. Upon surrender of any Bond redeemed in part only, the Bond Trustee shall authenticate and deliver to the holder a new Bond of the same maturity and interest rate and of authorized denomination equal in principal amount to the unredeemed portion of the Bond surrendered. In the case of Bonds of denominations greater than \$5,000, for all purposes in connection with redemption each \$5,000 of principal amount thereof shall be treated as though it were a separate Bond in the denomination of \$5,000. Notwithstanding the foregoing, so long as any Bonds are registered in the name of a securities depository or its nominee, the redemption of such Bonds (or portions thereof) shall be made in a manner consistent with the practice of such securities depository.

Notice of Redemption. The Bond Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the call for any such redemption identifying the Bonds to be redeemed to be sent by first class mail not less than 30 nor more than 60 days prior to the redemption date to the owner of each Bond to be redeemed at his address as it appears on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred.

Any notice of redemption mailed as specified in this section shall be deemed to have been duly given when mailed by the Bond Trustee. Any such notice shall be given in the Issuer's name, identify the Bonds to be redeemed by name, certificate number, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Bonds. All

such notices shall also state that on the redemption date the Bonds called for redemption will be payable at the Bond Trustee's designated corporate trust office and that from that date interest will cease to accrue.

In the case of an optional redemption, such notice may state that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date.

On or before the date fixed for redemption, funds shall be deposited with the Bond Trustee by the College to pay the principal of, redemption premium and accrued interest to the redemption date on the Bonds called for redemption. Upon the happening of the above conditions, the Bonds or portions thereof thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Bond Indenture and shall not be deemed to be Outstanding under the provisions of the Bond Indenture.

Effect of Redemption. If the College makes available to the Bond Trustee cash and non-callable Government Obligations that, when due, will be sufficient together with the income to be earned thereon to pay the principal or redemption price of and interest on any Bonds at maturity or on a date irrevocably fixed for their redemption, then interest on such Bonds shall cease to accrue on such maturity or redemption date, and from the date of such deposit the holders of such Bonds shall be restricted to the funds so deposited as provided in the Bond Indenture.

PLAN OF FINANCE

The proceeds of the Bonds, after payment of all or a portion of the costs of issuance of the Bonds, will be loaned to the College and used to finance a portion of the costs of (i) financing or refinancing all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Facilities, all located on the campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky; (ii) refunding the Refunded Obligations; and (iii) paying all or a portion of the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

	<u>Series 2014A Bonds</u>	<u>Series 2014B Bonds</u>	<u>Total</u>
SOURCES OF FUNDS			
Principal Amount of Bonds	\$5,965,000.00	\$3,675,000.00	\$9,640,000.00
Original Issue Discount	<u>66,496.50</u>	14,190.55	80,687.05
Total	<u>\$5,898,503.50</u>	<u>\$3,660,809.45</u>	<u>\$9,559,312.95</u>
USES OF FUNDS			
Deposit to the Project Fund	\$ 0.00	\$3,526,301.60	\$3,526,301.60
Deposit to the Escrow Fund	5,776,879.57	\$0.00	5,776,879.57
Deposit to the Bond Fund	3,698.93	432.85	4,131.78
Underwriter's Discount	89,475.00	55,125.00	144,600.00
Costs of Issuance*	28,450.00	78,950.00	107,400.00
Total	<u>\$5,898,503.50</u>	<u>\$3,660,809.45</u>	<u>\$9,559,312.95</u>

* Includes fees of the Bond Trustee and Master Trustee, legal fees and expenses, printing costs, and other miscellaneous expenses related to the issuance of the Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

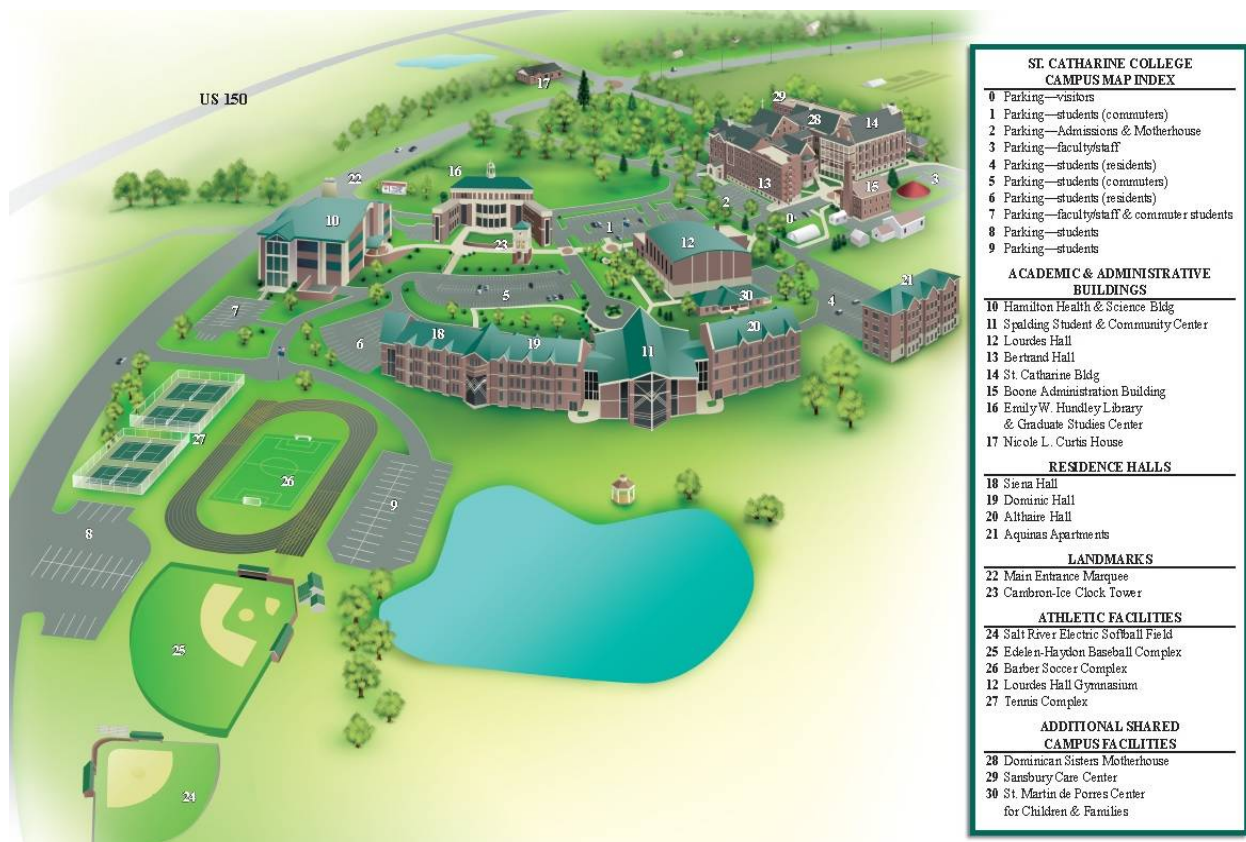
General

The principal of, premium, if any, and interest on the Bonds will be payable solely from moneys paid by the College pursuant to the Loan Agreement and by the Obligated Issuers pursuant to the Series 2014 Notes. The Series 2014 Notes are each a joint and several obligation of each current member of the Obligated Issuers and any future member. The College is currently the only member of the Obligated Issuers.

Pursuant to the Bond Indenture, the Issuer will assign to the Bond Trustee (a) its right, title and interest in and to the Series 2014 Notes, including all its rights under the Master Indenture and the Master Indenture Mortgage as owner of the Series 2014 Notes and (b) its right, title and interest in and to the Loan Agreement, including the right to receive loan payments thereunder (except for certain reserved rights, including its rights to indemnification and the payment of certain expenses, its rights to give certain approvals and consents and its right to receive certain documents, information and notices). The Bonds will further be secured by the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture.

Mortgage

Pursuant to the Master Indenture Mortgage, as security for the payment of amounts due on any Notes issued under the Master Indenture, including the Series 2014 Notes, the Obligated Issuers have granted a first mortgage on certain real and personal property of the College (the "Mortgaged Property"), all as they may at any time exist, subject to Permitted Encumbrances. The Mortgaged Property includes the property and buildings owned by the College contained in the map below, as well three pieces of property adjacent to the campus, which may be seen only in part or are not displayed on the map: (i) a house acquired in 1999 located at 3161 Bardstown Road near the northwest corner of the campus, which is currently rented to the college's women's soccer coach, (ii) a house acquired in 2009 located at 2670 Bardstown Road on the northern edge of the campus across the access road from the main campus which currently houses the college's Advancement Department, and (iii) approximately 39.8 acres of currently undeveloped land acquired in 2011 located on either side of the road connecting the US 150 by-pass and the access road to the college, part of which is adjacent to the house at 2670 Bardstown Road.



Simultaneously with the delivery of the Bonds, the Obligated Issuers will deliver to the Master Trustee a mortgagee title insurance policy on the Mortgaged Property in an aggregate amount equal to the aggregate amount of all outstanding Notes.

In addition, pursuant to the Master Indenture Mortgage, the Obligated Issuers will pledge, assign and grant to the Master Trustee a security interest in the equipment owned by the Obligated Issuers as security for the payment of amounts due on the Series 2014 Notes and any other Notes issued under the Master Indenture.

The security interest in the equipment owned by the Obligated Issuers will be perfected to the extent and only to the extent that such security interest may be perfected by filing financing statements under the Kentucky Uniform Commercial Code. Continuation statements with respect to such filings must be filed periodically by the College to continue the perfection of such security interest. The security interest in the equipment will be subject to Permitted Encumbrances that exist prior to or that may be created subsequent to the time the security interest in the equipment attaches and is subject to the right of the members of the Obligated Issuers to transfer Property and equipment free of the security interest created in the equipment under certain circumstances.

Under certain circumstances, if additional parity indebtedness is incurred by the Obligated Issuers to finance new facilities or improvements to existing facilities, the Obligated Issuers will be required to extend the lien and security interest of the Master Indenture Mortgage to cover such facilities. For the circumstances in which facilities owned by the Obligated Issuers may be transferred from the Obligated Issuers, see “DOCUMENTS AND SUMMARIES — The Master Indenture” in APPENDIX C hereto.

Pledge of Revenues

Under the Master Indenture, each member of the Obligated Issuers has granted to the Master Trustee a security interest in its revenues, including:

(1) All revenues, receivables, accounts and assignable general intangibles now owned or hereafter acquired by the Obligated Issuer, regardless of how generated, and all proceeds therefrom, whether cash or noncash, all as defined in Article 9 of the Kentucky Uniform Commercial Code, as amended (the “UCC”), being Sections 355.9-101 to 355.9-507, of the Kentucky Revised Statutes as amended; excluding, however, gifts, grants, bequests, donations and contributions to the Obligated Issuer heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture or on the Notes;

(2) Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Master Indenture by the Obligated Issuer or by anyone on its behalf to the Master Trustee, including without limitation, funds of the Obligated Issuer held by the Master Trustee as security for the Notes.

Cash held by the College may not be subject to any perfectible security interest under the UCC. The security interest in any item of inventory will be inferior to the interest of a buyer in the ordinary course of business and will be inferior to a purchase money security interest, as defined in the UCC, perfected in connection with the sale to the College of such item. The lien on certain other pledged assets may not be enforceable against third parties unless such other pledged assets are transferred and delivered to the Master Trustee, is subject to exception under the UCC and may be lost if the proceeds are commingled or expended by the Obligated Issuers. In addition, the federal government restricts the assignment of rights arising out of federal programs.

In the event of the bankruptcy of a member of the Obligated Issuers pursuant to the Federal Bankruptcy Code, any receivables in favor of such bankrupt member coming into existence and any pledged assets of such bankrupt member received on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of proceedings in the Bankruptcy Court with respect to such bankrupt member may no longer be subject to the lien granted to secure the Master Indenture obligations and, with respect to the pledged assets, the interest of the Master Trustee holding Notes for the benefit of the Holders would be shared with general creditors of such bankrupt member. Under certain circumstances, a Bankruptcy Court or a court of equity may have the power to direct the use of pledged assets to meet expenses of the bankrupt entity before paying debt service on the Notes. With respect to pledged assets not subject to the lien, the holders of Notes under the Master Indenture would occupy the position of an unsecured creditor.

The Master Indenture and the Obligated Issuers

Each of the Series 2014 Notes, and any other Notes issued by the members of the Obligated Issuers, are joint and several obligations of each and every member of the Obligated Issuers. The Obligated Issuers have previously issued the following obligations, which are currently outstanding in the principal amounts noted below: (i) the Series 2004 Note (the “Series 2004 Note”) in connection with the issuance of the Series 2004 Bonds (ii) the Series 2008 Note (the “Series 2008 Note”) in connection with the issuance of the Certificates, and (iii) the Series 2011 Note (the “Series 2011 Note”) in connection with the issuance of the Series 2011 Bonds.

Upon the issuance of the Bonds, the Series 2004 Note will be outstanding in the principal amount of \$7,695,000, the Series 2008 Note will be outstanding in the principal amount of \$4,185,000, and the

Series 2011 Note will be outstanding in the principal amount of \$2,710,000. All payments heretofore due on the outstanding Notes have been made in a timely manner. All Notes, including the Series 2004 Note, the Series 2008 Note, the Series 2011 Note, and the Series 2014 Notes, will rank on a parity basis with each other and will be equally and ratably secured by the Master Indenture. The Master Indenture requires all members to make payments sufficient to pay all Notes when due. The College has also incurred certain non-recourse and subordinated indebtedness which is not secured on a parity interest with the Notes. See “THE COLLEGE — Outstanding Debt” in APPENDIX A hereto.

Currently, the College is the only member of the Obligated Issuers. The Master Indenture provides that affiliates of any member of the Obligated Issuers and other entities approved by such member may be admitted to the Obligated Issuers upon the satisfaction of certain conditions. Each member, as a co-obligor and not as guarantor, will jointly and severally covenant to pay the principal of, premium, if any and interest on all Notes issued under the Master Indenture and to perform any and all other covenants, agreements and obligations under the Master Indenture, subject to the right of such member to withdraw from the Obligated Issuers under certain circumstances. The College, however, has covenanted not to withdraw from the Obligated Issuers so long as any Bonds remain outstanding. See “DOCUMENTS AND SUMMARIES — Summary of The Master Indenture” in APPENDIX C hereto. The enforceability of the obligations of members of the Obligated Issuers may be limited in certain circumstances. See “Bankruptcy” and “Limitation on Enforceability of Remedies” in “BONDHOLDERS’ RISKS” herein.

The members of the Obligated Issuers agree in the Master Indenture that they will not create or suffer the creation or existence of any lien on any Property (as defined in the Master Indenture) now owned or hereafter acquired by it, other than certain Permitted Encumbrances. Any lien so created, although not a Permitted Encumbrance, may nonetheless be enforceable against such members. In addition, the members of the Obligated Issuers are subject to restrictions and limitations with respect to the incurrence of indebtedness, consolidation and merger, transfer of assets and addition and withdrawal of members of the Obligated Issuers. In the Master Indenture, the members of the Obligated Issuers make certain covenants with respect to the maintenance of their property. The members of the Obligated Issuers also covenant that, upon the occurrence of an Event of Default, they will pay over to the Master Trustee, if so directed, all pledged assets. The complete covenants of the members under the Master Indenture are contained in “DOCUMENTS AND SUMMARIES — The Master Indenture” in APPENDIX C hereto.

Funds Held Under the Bond Indenture

Bond Funds. The Bond Indenture will establish a Series 2014A Bond Fund and a Series 2014B Bond Fund, relating to the Series 2014A Bonds and Series 2014B Bonds, respectively. Each such Bond Fund shall contain an Interest Account and a Principal Account, relating to such respective series of Bonds. Pursuant to the Bond Indenture, the Bond Trustee is to first deposit in the respective Interest Account amounts received by the Bond Trustee under the Series 2014A Note or Series 2014B Note, as applicable, and any moneys paid to the Bond Trustee as and when received by the Bond Trustee for credit or transfer to such respective Interest Account. Pursuant to the Bond Indenture, the Bond Trustee is to next deposit in the respective Principal Account the amounts received by the Bond Trustee under the Series 2014A Note or Series 2014B Note, as applicable, and any moneys paid to the Bond Trustee as and when received by the Bond Trustee for credit or transfer to such respective Principal Account.

Project Fund. The Bond Indenture also establishes a Project Fund into which the Bond Trustee will deposit proceeds of the Series 2014B Bonds for payments of costs associated with the Project.

Escrow Deposit Fund. The Bond Indenture establishes an Escrow Deposit Fund into which the Bond Trustee will deposit proceeds of the Series 2014A Bonds in an amount sufficient to retire the Refunded Obligations.

Costs of Issuance Fund. The Bond Indenture establishes a Series 2014A Cost of Issuance Account within the Cost of Issuance Fund into which the Bond Trustee will deposit proceeds of the Series 2014A Bonds in an amount sufficient to pay costs associated with issuing the Series 2014A Bonds.

The Bond Indenture also establishes a Series 2014B Cost of Issuance Account within the Cost of Issuance Fund into which the Bond Trustee will deposit proceeds of the Series 2014B Bonds in an amount sufficient to pay costs associated with issuing the Series 2014B Bonds.

Covenants; Additional Indebtedness

The members of the Obligated Issuers are subject to covenants under the Master Indenture relating to maintenance of a debt service coverage ratio and restricting, among other things, incurrence of Indebtedness, existence of Permitted Encumbrances, consolidation and merger, disposition of assets, addition of members to the Obligated Issuers and withdrawal of members from the Obligated Issuers. See “DOCUMENTS AND SUMMARIES — The Master Indenture” in APPENDIX C hereto.

THE MASTER TRUST INDENTURE PERMITS EACH MEMBER OF THE OBLIGATED ISSUERS TO INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY THE NOTES ISSUED UNDER THE MASTER INDENTURE THAT WILL SHARE THE SECURITY FOR SERIES 2014 NOTES ON A PARITY BASIS WITH THE SERIES 2014 NOTES. SUCH ADDITIONAL NOTES WILL NOT BE SECURED BY THE MONEY OR INVESTMENTS IN ANY FUND OR ACCOUNT HELD BY THE BOND TRUSTEE UNDER THE BOND INDENTURE AS SECURITY FOR THE BONDS.

Other Covenants of the Obligated Issuers

In the Loan Agreement and the Master Indenture, the Obligated Issuers, respectively, will make certain additional covenants with respect to maintenance of the College and the Obligated Issuers Facilities, use of bond proceeds and maintenance of their existence as tax-exempt, nonprofit corporations, as described more fully in “DOCUMENTS AND SUMMARIES — The Loan Agreement, and - The Master Indenture” in APPENDIX C hereto.

No Credit Enhancement

There is no credit enhancement facility securing the Obligated Issuers’ obligations under the Series 2014 Notes or the Bonds as initially issued, nor is there any requirement that a credit enhancement facility for the Bonds ever be provided.

Defeasance

When the interest on, and the principal and redemption premium (if any) of all Bonds have been paid, or there have been deposited with the Bond Trustee an amount of money or other qualifying obligations, which includes securities other than government obligations, (as defined in the Bond Indenture, “Defeasance Obligations”) the maturing principal of which, when due and payable, shall provide sufficient amounts to pay the principal of, premium, if any, and interest due and to become due on the Bonds on or prior to the redemption date or maturity date thereof, and certain other fees and expenses relating to the Bonds, such Bonds shall be no longer be secured by or entitled to the benefits of the Bond Indenture, except for payment from moneys or Defeasance Obligations and except that it may be transferred, exchanged, registered, discharged from registration or replaced and the Bond Trustee shall cancel the obligations of the Issuer to the holders of the Bonds. See “DOCUMENTS AND SUMMARIES — The Bond Indenture” in APPENDIX C hereto.

Amendments to Covenants and Security Provisions

Subject to certain exceptions, the covenants and other security provisions of the Master Indenture and the Master Indenture Mortgage may be amended with the consent of the holders of not less than 51% in aggregate principal amount of all Notes then Outstanding (which may include Notes issued in the future). Such amendments may alter or eliminate the covenants and security provisions described in this Official Statement. See “DOCUMENTS AND SUMMARIES — The Master Indenture” in APPENDIX C hereto.

Limited Obligations

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND DO NOT CONSTITUTE A DEBT, GENERAL OBLIGATION, PLEDGE OF FAITH AND CREDIT OR LIABILITY OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR OF ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OR STATUTES OF THE COMMONWEALTH OF KENTUCKY, AND THE BONDS ARE PAYABLE SOLELY FROM THE FUNDS AND PROPERTY PLEDGED THEREFOR. NEITHER THE CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

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ANNUAL DEBT SERVICE REQUIREMENTS

The principal (including principal payable at maturity and by mandatory redemption) and interest payment requirements with respect to the Series 2014 Notes are as follows:

<u>Fiscal Year</u>	<u>Series 2014A Note</u>		<u>Series 2014B Note</u>		<u>Total</u>
<u>Ending</u>					
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2015	--	\$105,663.42	--	\$ 51,392.49	\$157,055.91
2016	--	286,006.26	\$285,000.00	136,613.75	707,620.01
2017	--	286,006.26	290,000.00	130,495.00	706,501.26
2018	--	286,006.26	300,000.00	122,370.00	708,376.26
2019	--	286,006.26	305,000.00	112,685.00	703,691.26
2020	--	286,006.26	315,000.00	101,593.75	702,600.01
2021	--	286,006.26	330,000.00	89,087.50	705,093.76
2022	--	286,006.26	340,000.00	75,262.50	701,268.76
2023	--	286,006.26	355,000.00	60,493.75	701,500.01
2024	--	286,006.26	375,000.00	44,512.50	705,518.76
2025	--	286,006.26	390,000.00	27,300.00	703,306.26
2026	\$220,000.00	281,606.26	190,000.00	14,012.50	705,618.76
2027	225,000.00	272,565.63	200,000.00	4,750.00	702,315.63
2028	445,000.00	257,912.50	--	--	702,912.50
2029	450,000.00	237,775.00	--	--	687,775.00
2030	475,000.00	216,665.63	--	--	691,665.63
2031	485,000.00	194,465.63	--	--	679,465.63
2032	500,000.00	170,750.00	--	--	670,750.00
2033	505,000.00	145,625.00	--	--	650,625.00
2034	510,000.00	120,250.00	--	--	630,250.00
2035	520,000.00	94,500.00	--	--	614,500.00
2036	540,000.00	68,000.00	--	--	608,000.00
2037	555,000.00	40,625.00	--	--	595,625.00
2038	170,000.00	22,500.00	--	--	192,500.00
2039	180,000.00	13,750.00	--	--	193,750.00
2040	185,000.00	4,625.00	--	--	189,625.00
			--	--	
Total	\$5,965,000.00	\$5,107,341.67	\$3,675,000.00	\$970,568.74	\$15,717,910.41

BONDHOLDERS' RISKS

An investment in the Bonds involves various risks described in this Official Statement. Each prospective investor should carefully examine this Official Statement and his or her own financial condition in order to make a judgment as to whether the Bonds are an appropriate investment. Payment of the Bonds will depend on the College's ability to generate revenues sufficient to make loan payments to the Loan Agreement which is the primary source to pay debt service on the Bonds and the corresponding Series 2014 Notes, while paying operating expenses of the College. The following are some of the factors that may affect the Obligated Issuers' operations and economic well-being and should be considered by prospective investors.

The following discussion is not intended to be exhaustive, but includes certain major factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto. In addition, the order of inclusion of these risks within categories of risks is not intended to be representative of the importance or probability of such risks. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

General

There are risks in purchasing the Bonds, only some of which are outlined in this Official Statement. The Bonds are special limited obligations of the Issuer, do not constitute a general obligation of the Issuer within the meaning of any Constitutional or statutory provision and are not payable in any manner from taxation. **The Bonds are secured by and payable solely from payments made by the College pursuant to the Loan Agreement and are secured by the Series 2014 Notes dated the date of the Bonds, issued by the Obligated Issuers under the terms of the Master Indenture.** The Bonds are not payable from any funds other than the revenues pledged to their payment. The College's profitable operation depends in large part on achieving and maintaining certain operating surplus throughout the term of the Bonds. However, no assurance can be made that the revenues derived from the operation of the College will be realized by the College in the amounts necessary, after payment of general operating expenses of the College, to pay maturing principal of, premium, if any, and interest on the Bonds and the Series 2014 Notes.

There are a number of factors generally affecting nonprofit institutions of higher education, including the College, which could have an adverse effect on the College's enrollment and its ability to generate sufficient revenues to make the payments required under the Loan Agreement and the Series 2014 Notes. These factors include, but are not limited to, the following:

1. The continuing rising costs of providing higher education services, including without limitation increases in the costs of health care insurance, retirement plans or other benefits offered by the College to its employees, increases in the costs of compliance with federal or state laws or regulations, or other increases in operating expenses;
2. Competition from other public and private higher education institutions;
3. The failure to maintain or increase the funds obtained by the College from other sources, including gifts and contributions from donors and income from investment of endowment funds;
4. Adverse results from the investment of endowment funds;
5. A decline in the demographic pool of candidates who may choose to attend the College or other changes in demand for higher education in general or for programs offered by the College in particular;
6. A decrease in student loan funds or other financial aid that enables students of limited means the opportunity to pursue higher education;
7. Recessions in the national, regional or local economy making higher education less affordable for prospective students and any resulting decrease in the College's enrollment;
8. Changes in management, personnel or the administration of the College or in the College's strategic focus;

9. Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs;

10. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the College's facilities. For example, if property of the College is determined to be contaminated by hazardous materials, the College could be liable for significant clean-up costs even if it were not responsible for the contamination;

11. Natural disasters impairing the ability of the College to attract prospective students or otherwise adversely affecting the ability of the College to provide necessary facilities or services; and

12. Adverse changes in federal, state and local tax laws or the tax exemptions granted institutions like the College.

No representation or assurance can be given that the College will generate sufficient revenues to meet the College's payment obligations under the Loan Agreement or the Series 2014 Notes.

Limited Obligations of the Issuer

The Bonds are special limited obligations of the Issuer and have three sources of payment, as follows:

Loan payments received by the Bond Trustee from the College pursuant to the terms of the Loan Agreement and the Series 2014 Notes. The Issuer has no obligation to pay the Bonds except from loan payments derived from the Loan Agreement and the Series 2014 Notes. The Bonds, together with interest and premium, if any, thereon, are limited obligations of the Issuer and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the Commonwealth, or any other political subdivision or a charge against the general credit or the taxing power of any of them. The Bonds and the interest and premium, if any, are payable solely from the Trust Estate. Under the Loan Agreement, which the Issuer has assigned to the Bond Trustee, the College will be required to make loan payments to the Bond Trustee in amounts sufficient to enable the Bond Trustee to pay the principal of, premium, if any, and interest on the Bonds. Such loan payments are, however, anticipated to be derived principally from operation of the College and investment earnings. The College's profitable operation depends in large part on achieving and maintaining certain operating surplus throughout the term of the Bonds. However, no assurance can be made that the revenues derived from the operation of the College will be realized by the College in the amounts necessary, after payment of operating expenses, to pay maturing principal of, premium, if any, and interest on the Bonds.

Revenues received from operation of the College by a receiver upon a default under the Loan Agreement, the Master Indenture or the Bond Indenture. Attempts to have a receiver appointed to take charge of properties pledged to secure loans are frequently met with defensive measures such as the initiation of protracted litigation and/or the initiation of bankruptcy proceedings, and such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. It is therefore apparent that prospects for uninterrupted payment of principal and interest on the Bonds in accordance with their terms is largely dependent upon the source described in (1) above, which is wholly dependent upon the success of the College in operating the College in a profitable manner.

Proceeds realized from the sale or lease of the Mortgaged Property to a third party by the Master Trustee. Attempts to sell or foreclose on commercial property or otherwise realize upon security for obligations may be met with defensive measures such as protracted litigation and/or bankruptcy proceedings, and such defensive measures can greatly increase the expense and time involved in

achieving such foreclosure or other realization. In addition, the Master Trustee could experience difficulty in selling or leasing any of the Mortgaged Property upon foreclosure due to the special-purpose nature of the Mortgaged Property as a college. As a result, the proceeds of such sale may not be sufficient to fully pay the owners of the Bonds.

The best prospects for uninterrupted payment of principal and interest on the Bonds in accordance with their terms is the source described in (1) above, which is wholly dependent upon the success of the College operating in a profitable manner. Even if the College is operating profitably, other factors could affect the College's ability to make loan payments under the Loan Agreement.

Matters Relating to Security for the Bonds

Pursuant to the Loan Agreement, the College agrees to make payments to the Bond Trustee in such amounts and at such times as will be sufficient to pay, when due, the principal, premium, if any, and interest on the Bonds. The College's obligation under the Loan Agreement is secured by the Series 2014 Notes, which constitutes a general obligation of the College payable from any legally available funds of the College and is secured by a pledge of the revenues of the College and the Master Indenture Mortgage.

Early Redemption

Purchasers of the Series 2014A Bonds, including those who purchase Series 2014A Bonds at a price in excess of their principal amount or who hold such Series 2014A Bonds trading at a price in excess of par, should consider the fact that the Series 2014A Bonds maturing on or after November 1, 2025, are subject to optional redemption at a redemption price equal to their principal amount plus accrued interest in the event such Series 2014A Bonds are redeemed prior to maturity. See "THE BONDS –Redemption Provisions" herein.

Purchasers of the Series 2014B Bonds, including those who purchase Series 2014B Bonds at a price in excess of their principal amount or who hold such Series 2014B Bonds trading at a price in excess of par, should consider the fact that the Series 2014B Bonds maturing on or after November 1, 2025, are subject to optional redemption at a redemption price equal to their principal amount plus accrued interest in the event such Series 2014B Bonds are redeemed prior to maturity. See "THE BONDS –Redemption Provisions" herein.

Financial Information

Certain historical financial information of the College is set forth in Appendices A and B hereto. The College has not included any examined financial projections in this Official Statement. There can be no assurance that the financial results achieved by the College in the future will be similar to historical results and there can be no assurance that the College will generate sufficient revenues to make the required payments under the Loan Agreement and the Series 2014 Notes as well as service its other outstanding indebtedness. Such future results will vary from historical results and actual variations may be material.

Potential Effects of Bankruptcy

If the College were to file a petition for relief under the federal Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the College and its property. If the bankruptcy court so ordered, the College's property could be used for the benefit of the College, despite the claims of its creditors (including the Master Trustee).

In a bankruptcy proceeding, the College could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured. The

plan, when confirmed by the court, will bind all creditors who had notice or knowledge of the plan and discharge all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Furthermore, if the bankruptcy court concludes that the Master Trustee has “adequate protection,” it may enter orders affecting the security of the Master Trustee, including orders providing for the substitution, subordination and sale of the security of the Master Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Master Trustee if the Master Trustee is provided with the benefit of its original lien or the “indubitable equivalent.” Thus, in the event of the bankruptcy of the College, the amount realized by the Master Trustee may depend on the bankruptcy court’s interpretation of “indubitable equivalent” and “adequate protection” under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the Loan Agreement, the Master Indenture, the Master Indenture Mortgage and the Bond Indenture that make bankruptcy and related proceedings by the College an event of default thereunder.

Enforceability of Remedies

The remedies available to Owners of Bonds upon an Event of Default under the Loan Agreement, the Master Indenture, the Master Indenture Mortgage or the Series 2014 Notes are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the Loan Agreement, the Master Indenture, the Master Indenture Mortgage, the Bond Indenture and the Series 2014 Notes may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions delivered concurrently with the delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Environmental Issues

The College is not aware of any releases of pollutants or contaminants at the College’s campus, which would give rise to enforcement actions under applicable state or federal environmental statutes. However, there could be other such releases not known to the College on the campus of the College as of the date of this Official Statement. **The College has not secured a Phase I Environmental Site Assessment of the project site in connection with the issuance of the Bonds.**

The College is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants on its campus. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the College could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the campus. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Master Trustee’s lien on behalf of the holders of the Notes could attach to the College, which would adversely affect the Master Trustee’s ability to realize value from the disposition of the Mortgaged Property upon sale or foreclosure. Furthermore, in determining whether to exercise any sale foreclosure rights with respect to the Mortgaged Property under the Master Indenture Mortgage, the Master Trustee and the holders of the Notes would

need to take into account the potential liability of any owner of the College, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

Ad Valorem Property Taxes

The College is presently exempt from ad valorem property taxation. Although the College believes that its property will continue to be exempt from ad valorem property taxation, no assurance can be given that existing exemptions will not be eliminated causing the College to pay ad valorem property taxes, which would reduce the College's revenues available to make payments under the Loan Agreement and the Series 2014 Notes.

Liabilities in Excess of Insurance

While the College is required by the Master Indenture to have in effect at all times comprehensive general liability insurance, if a claim or judgment against the College for an amount in excess of the limits of such insurance were to arise, such claim or judgment could adversely affect the ability of the College to make debt service payments on the Bonds or the College's ability to make payments on the Series 2014 Notes.

Liquidation of Security May Not Be Sufficient in the Event of a Default

It has been the experience of lenders in recent years that attempts to foreclose on commercial property or otherwise realize upon security for obligations are frequently met with defensive measures, such as protracted litigation or bankruptcy proceedings, and that such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. The liquidation value of assets in a bankruptcy or creditors' proceeding is typically less than the replacement value of such assets for an ongoing business operation. The practical use of the Project is limited to its special use as an educational facility; it may not be generally suitable for commercial or industrial uses. Consequently, it may be difficult to find a buyer or tenant for the College if it were necessary to sell or foreclose on the Mortgaged Property. In addition, the same factors that lead to sale or foreclosure may substantially reduce the value of the Mortgaged Property. **The College has not secured an appraisal of the Mortgaged Property in connection with the issuance of the Bonds and no representation can be given as to the value of the Mortgaged Property.**

Normal Risks Attending Any Investment in Real Estate

There are many diverse risks attending any investment in real estate, not within the College's control. Such risks include possible adverse use of adjoining land, fire or other casualty, condemnation, decline in the neighborhood and local or general economic conditions, and changing governmental regulations.

No Debt Service Reserve Fund

Neither the Bond Indenture nor the Master Trust Indenture create or require any future creation of a Debt Service Reserve Fund to draw upon to pay the principal of, premium, if any, or interest on the Bonds in the event the College encounters financial difficulties which prevent the College from making payments sufficient to pay the principal of, premium, if any, and interest on the Bonds. The absence of any reserve funds may force the Master Trustee to commence foreclosure proceedings earlier than would be the case if a reserve fund existed or, in a workout situation, may delay the payment of principal of, premium, if any, or interest on the Bonds to the owners thereof.

College Operations

Demand for Services. The earnings and revenues of the College are subject to, among other things, demand for the services offered by the College, the ability of the College to continue to provide such services, competition, tuition charges, costs, management and staff personnel and future economics and other developments, all of which are unpredictable and which may affect the revenues and the payment of principal and interest on the Bonds. There is no representation or assurance that the College will generate sufficient revenues to meet its obligations under the Loan Agreement.

Operating Costs. The College expects that it will experience increases in operating costs due to inflation, costs of health care insurance, retirement plans or other benefits offered by the College to its employees, increases in the costs of compliance with federal or state laws or regulations, or other increases in operating expenses. There is no assurance that cost increases will be matched by increased tuition and other charges in amounts sufficient to generate an excess of revenues over expenses at the levels experienced by the College.

Faculty. The ability of the College to attract and retain quality faculty members is an important factor in the College's academic reputation and its ability to attract students. The College does not employ its faculty members under a traditional system of tenure. Rather, all of the College's faculty members are employed under an annual employment contract.

Competition. Competition for students among colleges and universities remains intense. The College competes for undergraduate students seeking bachelor and associate degrees with a large number of state and private colleges and universities in the Louisville and Lexington metropolitan areas. Generally, the tuition charged by state colleges and universities is less than tuition charged by the College. If the College is unable to maintain its competitive position, its ability to earn revenues and to pay debt service on the Bonds may be impaired.

Need to Maintain Accreditation. The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and is licensed by the Council on Postsecondary Education of the Commonwealth of Kentucky to award Certificate, Associate, Bachelor, and Master Degrees. The College is further accredited or approved by the following agencies: Commission on Accreditation of Allied Health Education Programs; Joint Review Committee on Education in Radiologic Technology; The Kentucky Board of Nursing; Accreditation Commission for Education in Nursing; Accreditation Review Council on Education in Surgical Technology; Joint Review Committee of Education in Diagnostic Medical Sonography; and The Kentucky Educational Professional Standards Board. In order to attract students and to qualify under federal, state, and private student financial aid programs, the College must maintain its accreditation.

Need to Achieve and Maintain Certain Enrollment Levels. The College's ability to meet its obligations under the Loan Agreement and the Series 2014 Notes depends, in large part, upon the enrollment of the College being at sufficient levels at sufficient tuition rates to enable the College to generate revenues sufficient to meet such obligations, however, there can be no assurance that enrollment will be sufficient or that tuition rates will remain at current levels.

Dependence on Student Loan Programs and other Financial Aid. A variety of scholarship programs are available including named scholarships, general academic scholarships, and athletic scholarships. Financial payment plans are available to assist students and families in managing costs. Approximately 90% of the students of the College receive some type of financial aid. The financial results of the College would be adversely affected if certain financial aid programs were reduced or discontinued or if the College became ineligible to participate in certain financial aid programs.

Annual Giving. The College relies on annual giving to support its operating needs and intends to continue its fundraising efforts. There can be no assurance, however, that these efforts will be successful. Such efforts may be affected adversely by a number of factors, including without limitation changes in general economic conditions, competing demands from other institutions and charities, and changes in federal and state tax laws affecting the deductibility of charitable contributions.

Changes in Administration. Future changes in the governing body or key administration personnel could affect the capability of the administration to effectively manage the College.

Labor Risks. Labor costs constitute a significant portion of the operating expenses of the College. In the event of unionization of employees or other employee organization activities, there may be a risk of strikes by employees and other adverse labor actions and conditions that could result in reduced enrollment and increased costs and have an adverse effect on the financial condition of the College. While the College's employees are not currently unionized and the College believes labor relations are good, there can be no assurance, however, that such employees will not seek to establish collective bargaining agreements with the College in the future.

Additional Indebtedness or Permitted Liens. The Master Indenture permits the College to incur Additional Indebtedness that may be equally and ratably secured with the Series 2014 Notes and all other outstanding Notes, including the Series 2004 Note, Series 2008 Note, and the Series 2011 Note. See "DOCUMENTS AND SUMMARIES — The Master Indenture" in APPENDIX C hereto, for the provisions that would allow the College to incur Additional Indebtedness. Any such Additional Indebtedness would be entitled to share ratably in security interest with the owners of the Series 2014 Notes. Any moneys realized from the exercise of remedies in the event of a default by the College could impair the ability of the College to maintain its compliance with certain covenants described in "DOCUMENTS AND SUMMARIES — The Master Indenture" in APPENDIX C hereto. There is no assurance that, despite compliance with the conditions under which Additional Indebtedness may be incurred, the ability of the College to make the necessary payments to repay the Series 2014 Notes would not be materially adversely affected by the incurrence of Additional Indebtedness.

Earnings on Investments. A portion of the College's revenues available to pay debt service on the Bonds is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions. The value of the College's investments is subject to decline in value and principal loss.

State and Federal Legislation

In recent years, the activities of nonprofit tax-exempt corporations have been subjected to increasing scrutiny by federal, state and local legislative and administrative agencies (including the United States Congress, the Internal Revenue Service and state and local taxing authorities). Various proposals either have been considered previously or are presently being considered at the federal, state and local level which would restrict the definition of tax-exempt or nonprofit status, impose new restrictions on the activities of tax-exempt nonprofit corporations, and/or tax or otherwise burden the activities of such corporations (including proposals to broaden or strengthen federal, state and local tax law provisions respecting unrelated business income of nonprofit corporations). There can be no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities and/or taxation of tax-exempt corporations will not have material adverse effects on the future operations of the College.

Tax-Exempt Status of the College

The College has received a letter from the Internal Revenue Service (“IRS”) recognizing it as exempt from federal income taxes as an organization described in Section 501(c)(3) of the Code (an “Exempt Organization”). In order to maintain such status, the College is required to conduct its operations in a manner consistent with representations it has previously made to the IRS and with current and future IRS regulations and rulings governing Exempt Organizations that are educational institutions. In recent years, the IRS and members of Congress have expressed concern about the need for more restrictive rules governing Exempt Organizations generally. Loss of status by the College as an Exempt Organization would have a significant adverse effect on its operations and would result in the includability of interest on the Series 2014A Bonds in gross income for federal income tax purposes for holders of the Series 2014A Bonds, with the possibility that interest on the Series 2014A Bonds would be so includible retroactively to their date of issue. See “TAX TREATMENT OF THE BONDS – General – Series 2014A Bonds.” Although the College has covenanted to take all appropriate measures to maintain its Exempt Organization status and management of the College is not aware of any transactions or activities currently ongoing that are likely to result in the revocation of the Exempt Organization status of the College, compliance with current and future regulations and rulings of the IRS could adversely affect its ability to charge and collect revenues, finance or refinance indebtedness on a tax exempt basis or otherwise generate revenues necessary to provide for payment of the Bonds. The College makes no assurance that future changes in the laws, rules, regulations, interpretations and policies relating to the definition, activities, and/or taxation of Exempt Organizations will not have material adverse effects on its future operations.

Covenant to Maintain Tax-Exempt Status of the Series 2014A Bonds

The tax-exempt status of the Series 2014A Bonds is based on the continued compliance by the College with certain covenants contained in the Tax Regulatory Agreement entered into among the Issuer, the College, and the Bond Trustee and in other documents and certificates delivered in connection with the Series 2014A Bonds. These covenants relate generally to restrictions on the use of the facilities financed or refinanced with proceeds of the Series 2014A Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs which may be financed with proceeds of the Series 2014A Bonds. Failure by the College to comply with such covenants could cause interest on the Series 2014A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2014A Bonds.

Series 2014A Bond Audit Risk

Internal Revenue Service officials have indicated that more resources will be invested in audits of tax-exempt bonds. The Series 2014A Bonds may be, from time to time, subject to audits by the IRS. The College believes that the Series 2014A Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2014A Bonds, as described under the caption, “TAX TREATMENT OF THE BONDS – General – Series 2014A Bonds.” No ruling with respect to the tax-exempt status of the Series 2014A Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Series 2014A Bonds will not adversely affect the Series 2014A Bonds.

Absence of Rating

No rating as to the creditworthiness of the Bonds has been requested from any organization engaged in the business of publishing such ratings. Typically, nonrated bonds lack liquidity in the secondary market in comparison with rated bonds. The Bonds should not be purchased by any investor

who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Bonds.

Secondary Market

It is the present practice of the Underwriter to make a secondary market in the bond issues that it offers. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that its present secondary marketing practices will always be continued, the Underwriter presently intend to make a secondary market in the Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price should they need or wish to do so.

Other Risk Factors

There are many diverse risks attending any investment in real estate, not within the College's control, which may have a substantial effect on the ability of the College to generate revenues sufficient to pay debt service on the Bonds. Such risks include possible adverse use of adjoining land, changes in administration or key personnel, fire, flood, tornado or other natural disaster, condemnations, changes in demand for such facilities, decline in the neighborhood and general economic conditions, and changing governmental regulations.

LITIGATION

The College. There is no litigation pending or, to the College's knowledge, threatened, against the College that, if resolved adversely to the College, would, in the opinion of the College, have a material and adverse effect on the College's financial position or operations or on the validity of the College's obligations under the Loan Agreement or the Series 2014 Notes.

The Issuer. There is no litigation pending or, to the Issuer's knowledge, threatened against the Issuer to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or the security provided for the payment of the Bonds or the existence or powers of the Issuer or the undertaking of the Project.

TAX TREATMENT OF THE BONDS

General – Series 2014A Bonds

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2014A Bonds will be excludible from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2014A Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the federal individual and corporate alternative minimum taxes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2014A Bonds received by owners of the Series 2014A Bonds is exempt from taxation, including personal income taxation, by the Commonwealth of Kentucky and its political subdivisions.

A copy of the opinion of Bond Counsel for the Bonds is set forth in APPENDIX D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of Series 2014A Bonds as so-called “tax-exempt” bonds. Both the Issuer and the College have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2014A Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in the Series 2014A Bonds not qualifying as “tax-exempt bonds,” and thus interest on the Series 2014A Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the Series 2014A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2014A Bonds may adversely affect either the federal tax status of the Series 2014A Bonds.

Certain requirements and procedures contained, or referred to, in the Bond Indenture, the Tax Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2014A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the Series 2014A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Peck, Shaffer & Williams, A Division of Dinsmore & Shohl LLP.

Although Bond Counsel is of the opinion that interest on the Series 2014A Bonds will be excludible from gross income for federal income tax purposes, as described above, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2014A Bonds may otherwise affect a holder’s federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the holder or the holder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each holder of the Series 2014A Bonds or potential holder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2014A Bonds on the tax liabilities of the individual or entity.

For example, although Bond Counsel is of the opinion that interest on the Series 2014A Bonds is not a specific item of tax preference for the federal alternative minimum tax, corporations are required to include tax-exempt interest in determining “adjusted current earnings” under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership or disposition of the Series 2014A Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Series 2014A Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code.

General - Series 2014B Bonds

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2014B Bonds will be includable in gross income for federal income tax purposes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2014B Bonds received by owners of the Series 2014B Bonds is exempt from taxation, including personal income taxation, by the Commonwealth of Kentucky and its political subdivisions.

Series 2014A Bonds as Qualified Tax-Exempt Obligations

The Issuer has designated the Series 2014A Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

Original Issue Discount

Certain Bonds (the “Discount Bonds”) were offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the Discount Bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

INDEPENDENT ACCOUNTANTS

The financial statements of the College included in “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE COLLEGE” have been audited by Smith & Company CPA’s PLLC, independent accountants, as stated in their report included in APPENDIX B hereto.

LEGAL MATTERS

All legal matters incident to the validity of the Bonds are subject to the approval of Peck, Shaffer & Williams, A Division of Dinsmore and Shohl LLP, Covington, Kentucky, Bond Counsel, whose opinions will be delivered with the Bonds substantially in the forms included herein at APPENDIX D. Certain legal matters will be passed upon for the Issuer by its City Attorney, William Robinson, Esq., Springfield, Kentucky; for the College by its counsel, Mary Angela Shaughnessy, Esq., St. Catharine, Kentucky; and for the Underwriter by its counsel, Peck, Shaffer & Williams, A Division of Dinsmore and Shohl LLP, Columbus, Ohio.

NO RATING

No rating of the Bonds has been sought from Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., Fitch Ratings Service, Inc. or any other nationally recognized rating agency, nor is it anticipated or required that any such rating will be applied for in the future.

UNDERWRITING

The Bonds are being purchased for reoffering by Ross, Sinclair & Associates, LLC (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase (i) the Series

2014A Bonds from the Issuer at a purchase price of \$5,809,028.50 (representing the par amount of the Series 2014A Bonds, minus \$66,496.50 net discount, and less Underwriter's discount in the amount of \$89,475.00) and (ii) the Series 2014B Bonds from the Issuer at a purchase price of \$3,605,684.45 (representing the par amount of the Series 2014B Bonds, minus \$14,190.55 net discount, and less Underwriter's discount in the amount of \$55,125.00). The initial public offering prices of the Bonds set forth on the cover page of this Official Statement may be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter reserves the right to join with other dealers in offering the Bonds to the public. The Bonds may be offered and sold to other dealers (including Bonds for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices other than the public offering prices stated on the cover page of this Official Statement.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the College has entered into an undertaking (the "Undertaking") for the benefit of the Bondholders to provide, or cause to be provided, to the Municipal Securities Rulemaking Board Electronic Municipal Market Access System ("EMMA") (i) certain financial information and operating data relating to the College by no later than six months after the close of each Fiscal Year of the College, commencing with its Fiscal Year ending June 30, 2015 (the "Annual Financial Information"), and (ii) notices of the occurrence of certain enumerated events. The Annual Financial Information and notices of certain enumerated events are to be filed with EMMA. Ross, Sinclair & Associates, LLC, will act as dissemination agent and disclosure counsel for the College pursuant to a continuing disclosure agreement. The specific nature of the information to be contained in the Annual Financial Information or the notices of material events is contained in a Continuing Disclosure Agreement. The form of the Undertaking is attached hereto as APPENDIX E. Copies of the Annual Financial Information and any material event notices may be obtained from Gary W. Robinson, Vice President of Finance, Saint Catharine College, Inc., 2735 Bardstown Road, St. Catharine, Kentucky 40061, (859) 336-5082.

The College has entered into prior agreements to provide Bondholders with annual financial statements and certain operating data, in accordance with Rule 15c2-12 with respect to the (i) the Series 2004 Bonds, (ii) the Certificates and (iii) the Series 2011 Bonds. The Series 2004 Bonds have an annual filing date of 120 days after the end of the College's fiscal year and the Certificates and the Series 2011 Bonds have an annual filing date of six months after the end of the College's fiscal year. Over the past five years, for each of the Series 2004 Bonds, the Certificates and the Series 2011 Bonds, the College did not file (i) its annual financial statements by the applicable required annual filing date (with the exception of the fiscal year ending June 30, 2014 relating to the Certificates and the Series 2011 Bonds, for which the annual financial statement was filed timely), (ii) any of the required operating data, or (iii) any material event notice indicating a failure to file. As of the date of this Official Statement, the College has filed its most recent operating data in relation to the Series 2004 Bonds, the Certificates, and the Series 2011 Bonds, as well as filed a material event notice indicating its failure to previously file such information on a timely basis. The College has implemented procedures to ensure that all required information is filed on a timely and complete basis going forward.

MISCELLANEOUS

Except for the information under the captions "THE ISSUER," "THE BONDS — Book-Entry Only System," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "LITIGATION — The Issuer," "TAX TREATMENT OF THE BONDS," "LEGAL MATTERS," and "NO RATING" and in Appendices C, D and E herein, all information in this Official Statement and in the Appendices has been furnished by the College. Such information has been reviewed and approved by representatives of the College for use in this Official Statement. The Issuer and the Underwriter assume no responsibility for the accuracy or completeness of such information.

The use and distribution of this Official Statement have been duly authorized by the Issuer and the College.

Solely for purposes of the Rule, the Issuer and the College have deemed this Official Statement final as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

CITY OF SPRINGFIELD, KENTUCKY

By: /s/ John Cecconi
Mayor

APPROVED:

SAINT CATHARINE COLLEGE, INC.

By: /s/ William D. Huston
President

APPENDIX A
THE COLLEGE
SAINT CATHARINE COLLEGE, INC.

THE COLLEGE

The Commonwealth of Kentucky chartered the Kentucky Dominican Sisters to grant education degrees in 1839. After years of growth and development, the entire residential and educational complex they had established was destroyed by fire in 1904. Determined to continue their pioneer efforts to offer quality education, the sisters rebuilt immediately on higher ground adjacent to the original site closer to Highway 150.

In 1920, the charter of 1839 was amended, giving power to found colleges and to grant collegiate degrees. A normal training school was then established to meet the popular demand of students seeking teaching certificates. This school became Saint Catharine College (the “College”) in 1931. Although originally a woman’s college, men were enrolled in 1951 and the College formally became coeducational.

The College received its accreditation from the Commission of Colleges of the Southern Association of College and Schools in 1958. Since that time, it has maintained that status and recognition in awarding associate degrees. The Governing Board of the Dominican Sisters delegated management of the College to a Board of Directors in 1969. Then in 1978 the College was separately incorporated, and academic, legal and financial responsibilities were entrusted to a Board of Trustees.

Faithful to its motto of “Truth,” which the college envisions as something to be pursued with an open mind rather than something to be preserved by a closed one, the College welcomes students from a variety of different social, ethnic, and religious backgrounds. Their involvement in a variety of college activities is an integral part of the holistic approach to personal growth. The College is a Catholic College where students of all religious denominations are encouraged to deepen their spiritual life through religious studies and worship according to their beliefs. An ecumenical spirit pervades the campus.

As the College continues to grow, it renews its efforts to provide a rich educational environment where students can nourish those intellectual gifts and human values needed to live as caring, productive people in a changing, challenging world. The College’s 3,584 alumni live in 40 states and 13 foreign countries.

The College is surrounded by sweeping lawns and a panoramic view of central Kentucky’s gentle rolling hills and rich farmland. The College is located on Highway 150 between Bardstown and Springfield, Kentucky, which is a one-hour drive southwest of Lexington, Kentucky and southeast of Louisville, Kentucky.

Undergraduate Academic Programs and Campus Life

The College offers various Certificate, Associate, Bachelor, and Master degree programs. All students who graduate from the College will also complete the College’s Core Studies Program, a core curriculum of studies that ensures an effective understanding in the following areas of competencies and study: Communication, Information Literacy, Reasoning and the Scientific Method, Religion, the Human Arts, the Human Sciences, Global Perspectives, and Stewardship. Totaling 49 credit hours (46 for Honors Program students) for a Bachelor’s Degree, and 22 credit hours for an Associate’s Degree, this diverse and exciting curriculum equips students with writing and presentation skills, research methods, reasoning skills, science skills, and an integrated understanding of the liberal arts as well as practical sensitivity to stewardship and the finer points of Dominican heritage. Together, the Core Studies Program courses comprise the essence of the College’s liberal arts education.

Master Degree Programs – The College offers a Master of Arts in Leadership with two separate tracts: Community and Regional Leadership, Health Promotion and Leadership.

BA/BS Degree Programs – The College offers bachelor degree programs in the following areas of study: Advanced Medical Imaging, with tracts in Computed Tomography Specialization and Magnetic Resonance Specialization, Athletic Training, Biology, Criminal Justice, Elementary Education, Middle School Education, with tracts in Language Arts, Mathematics, Science, Social Studies, with dual certifications in Language Arts/Mathematics/Science/Social Science, English, with concentrations in Creative Writing, Literature, and Student Designed, Farming and Ecological Agrarianism, with concentrations in Community Leadership, Environmental Arts and Humanities, Agroecology, and Plant and Soil Science, Fine Arts, with concentrations in Music and Studio Arts, Health Sciences, Liberal Arts, with majors in Humanities, Social Sciences, and Natural Sciences, Management, with a concentration in Human Resource Leadership, Registered Nurse to Bachelor of Science in Nursing, Psychology, Radiation Therapy, Radiography, and Sports Leadership.

AA/AS/AAS Degree Programs – The College offers associate degree programs in the following areas of study: Business, Interdisciplinary Early Childhood Education, Liberal Arts, Nursing, Diagnostic Sonography, with tracts in General, Vascular, and Cardiac, and Surgical Technology.

Certificate Programs – The College offers certificate programs in the following areas of study: Advanced Medical Imaging, both Computed Tomography Specialization and Magnetic Resonance, Computer Information Systems, Interdisciplinary Early Childhood Education, Pastoral Ministry, Pharmacy Technology, and Radiation Therapy Certificate programs are designed for students who wish to obtain entry-level employment after one year of study. These programs are designed for completion in 9-12 months.

Minors – The College offers minors in the following areas of study: Art, Coaching, Community and Regional Studies, Computer Information Systems, Creative Writing, Criminal Justice, Farming and Ecological Agrarianism, Health Sciences, Literature, Management, Music, Philosophy, Professional Writing, Psychology, Religious Studies, Social Work, Sociology, and U.S. History. Minors are specifically designed areas of study meant to compliment a student's major degree program.

Education at the College includes learning experiences beyond the classroom. Students are encouraged to be involved in multiple aspects of the College community, and beyond, including internships, externships, clinical placements, and study abroad opportunities. Such opportunities contribute to the integrated growth of each student. Students are encouraged to exercise leadership, to take advantage of personal and vocational counseling, and to participate in cultural, spiritual, social, and athletic activities.

The College also holds membership in the National Association for Intercollegiate Athletics (NAIA) The men's and women's basketball teams, the men's baseball team, the women's softball team, men's and women's golf, men's wrestling and men's and women's soccer teams all play regular schedules of conference and non-conference games.

Student extracurricular activities include campus publications, student senate organization, academic and pre-professional organizations, honor societies, and various recreational activities.

The interaction of a small student body and a dedicated faculty creates a spirit of friendship and community. The Dean of Students works with the students to enhance and preserve this spirit, a special characteristic which the College cherishes.

Accreditation

St. Catharine College is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award Certificates, Associate, Bachelor, and Master degrees. St. Catharine

College is licensed by the Council on Postsecondary Education of the Commonwealth of Kentucky to award Certificate, Associate, Bachelor, and Master degrees.

The College is further accredited or approved by the following agencies:

Commission on Accreditation of Allied Health Education Programs (CAAHEP)
Joint Review Committee on Education in Radiologic Technology (JRCERT)
The Kentucky Board of Nursing (KBN)
Accreditation Commission for Education in Nursing (ACEN)
The Kentucky Educational Professional Standards Board (EPSB)
Accreditation Review Council on Education in Surgical Technology (ARC-ST)
Joint Review Committee of Education in Diagnostic Medical Sonography (JRCEDMS)
American Society of Health System Pharmacists (ASHP)

Memberships

The College holds memberships in the following associations:

Southern Association of Colleges and Schools
National Catholic Education Association
Dominican Higher Education Council
Association of Independent Kentucky Colleges and Universities
Association of Catholic Colleges and Universities
National Association of Independent Catholic Universities
Council for Higher Education Accreditation
National Association of Intercollegiate Athletics (NAIA)
NAIA Mid-South Conference (Region XI)
United States Bowling Congress

Admissions

The College is open to and provides equal opportunity to all students regardless of age, race, color, disability, gender, religion or national origin. While the College has a liberal admissions policy, it considers the quality of high school preparation, potential for further education, and student's motivation as important factors in making admission decisions. All students that desire to attend the College must complete the ACT and will be required to take the COMPASS placement battery during registration. The College testing guidelines for admission are provided below:

Mathematics

ACT math score of 27 or higher: The student may be placed directly into calculus.
ACT math score 20 or above: The student may be placed directly into college algebra.
ACT math score of 19: The student may be placed into college mathematics but not college algebra.
ACT math score 15-18: The student will be placed into an appropriate foundation level mathematics course. Students with ACT of 19 will require foundations placement prior to enrolling in college algebra.

English

ACT English score of 18 or above: The student may be placed directly into English 101.
ACT English score of 15-17: The student will be placed into a foundations level English course.

The College's historical composite ACT scores compared to state and national averages are shown in the following table.

Description	2014	2013	2012	2011	2010	2009
The College	19.9	19.4	19.9	19.5	19.3	18.7
State Average	19.9	19.6	19.8	19.6	19.4	19.4
National Average	21.0	20.9	21.1	21.1	21.0	21.1

Varsity Sports Offered

Men's & Women's Basketball	Cheerleading
Men's & Women's Bowling	Student Organizations
Men's & Women's Cross Country/Track & Field	Women's Volleyball
Men's & Women's Golf	Women's Fast Pitch Softball
Men's & Women's Soccer	Men's Wrestling
Men's & Women's Swimming	
Men's Baseball	

Education at the College includes learning experiences beyond the classroom. Students are encouraged to become involved in a number of clubs and organizations to include: Campus Ministry, Phi Theta Kappa, Resident Assistants, Students Together Accessing Resources & Services (STARS), Student Government Association, Mid-Kentucky Arts Chorus, and Student Ambassadors, Student Newspaper staff, and Fellowship of Christian Athletes (FCA).

Health and Human Sciences Programs

The College has embarked upon an important initiative to deliver state of the art professional and continuing education in Allied Health Professions in the Central Kentucky Region by offering a variety of certificate, associate, and bachelor degree programs. Admissions to these programs are highly competitive and involve classroom and campus work as well as clinical work in health care settings.

Bachelor Degree Programs available include Advanced Medical Imaging with concentrations in Computed Tomography (CT) and Magnetic Resonance Imaging (MRI), Health Promotion, Health Sciences; Psychology, Radiation Therapy, Radiologic Technology, Registered Nurse to Bachelor of Science in Nursing, and Sports Leadership. Associate Degrees are offered in Nursing, Pharmacy Technology, Diagnostic Sonography with concentrations in General, Vascular and Cardiac, and Surgical Technology. Certificate programs are offered in Advanced Medical Imaging - Computed Tomography (CT) and Magnetic Resonance Imaging (MRI), Pharmacy Technology, and Radiation Therapy.

The reputation of the programs at the College has resulted in advanced placement of graduates with top hospitals in Kentucky, Indiana and beyond.

Tuition/Assistance

The College offers opportunities for higher education to students from a variety of background and life situations. It is the policy of the College to provide financial assistance to all U.S. citizens who demonstrate financial need. Financial assistance is sponsored by the College and by federal and state governments in the form of scholarships, grants, work-study employment and loans. The Financial Aid Office works with the individual student to design an aid package that meets the particular needs of the student. Approximately 90% of students receive financial assistance.

General tuition for a full time traditional student is \$9,398 per semester. Tuition rates for Health Science Programs are \$10,674 per semester. Currently room and board per semester is \$2,338 room and \$2,144 board. Discount amount of \$3,092,822 for Athletic and Academic Aid which is 29.1% of the gross tuition.

The College's historical annual tuition rates are showing in the following table.

Year	Tuition	% Changed
2014	\$18,796	4.56%
2013	\$17,976	0.00%
2012	\$17,976	6.05%
2011	\$16,950	7.55%
2010	\$15,760	6.20%
2009	\$14,840	8.32%

Enrollment

After 3 years of increases in full-time enrollment, the College experienced a significant decrease in 2012. Retention and recruitment efforts closed the gap for 2013, however, the College still showed a slight decrease in full-time enrollment in the fall of 2013 from 2012. This fall, the College showed a slight increase to its full time enrollment.

Year	Full-Time Enrollment	% Enrollment Growth	Applications Received	Applications Accepted	Acceptance Rate
2014	575	0.5%	1,277	1275	99.8%
2013	572	-4.0%	1,234	984	80%
2012	596	-11.0%	1,398	1,161	83%
2011	667	9.0%	1,410	1,185	84%
2010	612	1.83%	1,013	982	97%
2009	601	14.69%	978	978	100%

Student Housing

The College currently has the capacity to house 289 students. As a result of the decreased enrollment, the College has not been able to fill all of its housing facilities. However, the College has been able to offer some single rooms to students at a higher rate. The percentage occupancy for the prior 4.5 years are shown below.

Year	Fall Residents	% Occupancy	Spring Resident	% Occupancy
2014	316	108%	N/A	N/A
2013	244	84%	217	74%
2012	247	86%	220	76%
2011	285	99%	239	83%
2010	228	98%	192	83%

Competitive Market

The College is one of 20 members of the Association of Independent Kentucky Colleges and Universities (“AIKCU”). AIKCU is a nonprofit association which serves as a voice for the smaller colleges and universities across the Commonwealth. The members of AIKCU are in the same competitive market as the College’s due to size, location and program offerings. The location, enrollment and tuition rates are shown in the following tables.

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Institution	Location	Distance (Miles)	Total Enrollment (Fall 2013)
The College	Springfield	---	767
Alice Lloyd College	Pippa Passes	130	631
Asbury College	Wilmore	45	1,794
Bellarmino University	Louisville	50	3,425
Berea College	Berea	62	1,623
Brescia University	Owensboro	130	934
Campbellsville University	Campbellsville	25	3,387
Centre College	Danville	27	1,381
Georgetown College	Georgetown	67	1,399
Kentucky Christian College	Grayson	150	592
Kentucky Wesleyan College	Owensboro	130	656
Lindsey Wilson College	Columbia	42	2,645
Midway College	Midway	53	1,351
University of Pikeville	Pikeville	200	2,204
Spalding University	Louisville	55	2,367
Thomas More College	Crestview Hills	130	1,615
Transylvania University	Lexington	57	1,084
Union College	Barbourville	115	1,164
University of the Cumberlands	Williamsburg	110	4,925

Institution	2013-14 Tuition & Fees	2014-15 Tuition & Fees	% Change	2013-14 Room & Board	2014-15 Room & Board	% Change
The College	\$18,076	\$18,795	3.98%	\$ 8,620	\$ 8,965	4.00%
Alice Lloyd College	10,620	N/A	N/A	5,390	N/A	N/A
Ashbury University	26,076	26,868	3.04	5,962	6,132	2.85
Bellarmine University	34,890	36,290	4.01	10,290	10,700	3.98
Berea College	23,170	N/A	N/A	6,150	N/A	N/A
Brescia University	19,440	19,900	2.83	8,250	8,500	3.03
Campbellsville University	22,196	22,842	2.91	7,400	7,550	2.03
Centre College*	36,080	- - -	N/A	9,020	- - -	N/A
Georgetown College	32,310	32,960	2.01	8,230	8,480	3.04
Kentucky Christian Univ.	17,418	16,860	(3.20)	6,900	7,200	4.35
Kentucky Wesleyan College	21,200	22,015	3.84	7,500	7,800	4.00
Lindsey Wilson College	22,335	22,550	0.96	8,400	8,670	3.21
Midway College	22,000	22,250	1.14	8,000	8,000	0.00
University of Pikeville	17,750	18,290	3.04	7,000	7,210	3.00
Spalding University	21,450	22,200	3.50	10,400	8,400	(19.23)
Thomas More College	27,220	28,618	5.14	6,940	7,150	3.03
Transylvania University	31,560	33,360	5.70	8,750	9,050	3.43
Union College	22,000	22,980	4.45	6,700	6,900	2.99
University of the Cumberlands	20,000	20,000	0.00	7,500	8,000	6.67

* Centre College only publishes a comprehensive fee that includes tuition, room/board and all required fees.

Faculty

<u>Description</u>	<u>Number of Employees</u>
Professors	6
Associate Professors	11
Assistant Professors	19
Instructors	<u>20</u>
Total	56*

* Includes 6 staff with faculty ranking

Board of Trustees

The Board of Trustees determines major policies for the College. The Board has legal and managerial responsibility for the College with certain powers reserved to the members as stated in the By-laws of the College. One faculty member of the College is elected annually by the faculty to serve as a non-voting representative to the Board of Trustees. The current members and officers of the Board of Trustees and their business or professional affiliations are as follows:

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INSPECTOR GENERAL
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FARMERS NATIONAL BANK

Senior Administration**President William D. Huston**

President William Huston began his tenure at the College in 1997. Under his watch, the College has transitioned from an Associate Degree to a Baccalaureate Degree institution. The College now offers twenty-two BS/BA degrees and has been approved to offer Masters Degrees beginning in January 2012.

During his tenure the campus has completed Phase I of its formal Strategic Plan and initiated the Vision 2001 & Beyond Capital Campaign. The campaign resulted in over \$35 million in capital improvements that have included four new dormitories, a student dining center, recreation center, and the Richard S. Hamilton Health and Science Building which houses the health and science programs.

President Huston has completed 38 years in public and private higher education, with a dual career in the United States Navy and Coast Guard. President Huston completed post-graduate work at Southern Illinois University, Carbondale Illinois, Rank I in Guidance and Counseling at Murray State University, and a Bachelor of Science in Sociology at Murray State University.

Dr. Cindy Gnadinger

Dr. Cindy Gnadinger serves as Provost at St. Catharine College. She recently served as Vice President for Academic Affairs at William Peace University in Raleigh, NC. Prior to her appointment at William Peace, she served as Assistant Vice President at Bellarmine University in Louisville, KY. In this position, she served as the SACS Liaison and oversaw the academic operations for the institution. Dr. Gnadinger served as Bellarmine's Dean of the School of Education from 2007-2011 and as the Director of Graduate Programs in Education from 2000-2005. Dr. Gnadinger earned a Fulbright Award in 2014. She is published in national and international journals. Her research interests include the teaching and learning process in both P-12 and higher education settings. She has experience in seeking external funds and her efforts have resulted in the procurement of approximately three million dollars. In 2010 Dr.

Gnadinger was appointed to the leadership faculty with the American Association of Colleges for Teacher Education (AACTE) and served until January of 2014. She has served as a Board of Examiner for state accreditation/NCATE site visits and as an accreditation team member for the Commission on Colleges with SACS. Dr. Gnadinger earned her Master's and Doctoral degrees from the University of Louisville with an emphasis in Literacy Teaching and Learning. She holds a B.S degree in Elementary Education from Western Kentucky University.

Gary Robinson

Mr. Robinson serves as the Vice President for Finance and Administration at the College. Mr. Robinson's responsibilities include accounting, capital and operating budgets, purchasing, physical plant facilities and auxiliary services for the College. Mr. Robinson has been with the College since 2009 after serving 27 years as a professional in the private sector. His most recent position was serving as president of a multinational corporation in the Commonwealth. Mr. Robinson also served in the capacity of an engineer, quality manager, plant manager and executive vice president before his tenure as president. Mr. Robinson's efforts led to the overall financial improvement and stability of the business and his efforts helped achieve QS 9000 and ISO certifications. Mr. Robinson holds MBA and BS degrees from Liberty University and holds his certification as a quality engineer. He has completed both the Harvard Negotiations for Senior Executives and the AMA Negotiate to Win Series.

Kristen Bennett

Ms. Bennett serves as the Vice President for Advancement at St. Catharine. Ms. Bennett's responsibilities include developing and implementing a comprehensive annual and major gift giving strategy for the College. She handles the personal portfolio of individual gift prospects and oversees the College's communications activities. This position serves on the Executive Council (the College's principal leadership group that advises the President on policy and management issues. Ms. Bennett has demonstrated success in major gift acquisitions. She has 16 years of development experience in all aspect of fund raising, led all four types of campaigns, provided leadership to alumni constituencies and has a proven track record in seeking six figure gifts. Ms. Bennett holds a MBA from Midway College, a certificate in Fund Raising Management, is a Certified and Nonprofit Leadership Executive, and successfully completed the Center on Philanthropy-Fundraising School-IUPUI.

Mr. Tom Bystrek

Mr. Bystrek is currently the Athletic Director for the College. In that position he oversees 20 varsity sports and supervises 32 employees in the athletic department. Mr. Bystrek began employment at St. Catharine in 2001 as the Director of Communications. He moved from that position in 2008 when he became Sports Information Director and Assistant Athletic Director. In May of 2013 Mr. Bystrek assumed the role of Athletic Director. Previous to his employment at the College, Mr. Bystrek taught Social Studies at Washington County High School for 27 years and coached baseball for that entire time. He also was head coach of volleyball for three years and also was assistant coach for the basketball and football teams. Mr. Bystrek earned his Bachelor's Degree from Morehead State University in 1974 and his M. A. in Education from the University of Louisville in 1983.

Sister Mary Angela Shaughnessy, SCN

Sister Mary Angel Shaughnessy serves as general legal counsel and Dean of Graduate School for the College. She is a Sister of Charity of Nazareth who has taught at all levels of education from elementary through graduate school. She served eight years as principal of a Catholic High School. She holds a Bachelor's Degree in English, a Master's Degree in English, a Master's Degree in Educational Administration, a J.D. Degree in Law and a PH.D. in Educational Administration and supervision. Her

research centers on the law as it affects Catholic Education and Church Ministry. She was named one of the 25 most influential persons in Catholic education in 1997.

Strategic Plan

The College aims to achieve academic excellence through enhanced levels of regional accreditation by identifying areas of mission and regionally appropriate academic programming at both the undergraduate and graduate level. Furthermore, the College will continue to improve their off-campus delivery sites for academic coursework as demand increases. The College will continue effective, innovative educational undergraduate programs through constructing new programs and degrees to meet regional and student needs and pursuing innovations in scheduling, instruction and curriculum design.

The College's strategic plan includes expanded access to higher education in the region through promoting innovative programs of excellence in developmental education, as well as partnering with civic organizations, businesses and nearby schools to support student learning opportunities. The College will continue to recruit and retain a highly qualified faculty through increasing opportunity and support for scholarly engagement and advanced academic study, while continuing to maintain appropriate student-to-faculty ratios.

Capital Plan

In 1998, the Board of Trustees of the College launched vision 2001 and Beyond – Building for the New Millennium (the “Vision Plan”). This detailed plan identified the need for campus expansion. Since the implementation of the Vision Plan, the College has constructed four new dormitories, a student center and dining facility, a health and science facility and expansions and improvements in athletic facilities.

The College recently launched Phase II of the Vision Plan which identifies over \$150 million in campus development to accommodate student growth to 1,500 full time students. This plan includes additional student housing complexes, academic and student activity growth as well as a new library, chapel and dining facility. Additional acreage has been purchased to help accommodate this growth.

The College has installed twenty-one, four year degree programs and has created a graduate school which began offering classes in January 2012.

Retirement System

The College participates in the TIAA/CREF retirement system, the most common retirement system in academic organizations. The College currently matches employee contributions up to 3% of wages. For fiscal year 2013/2014, such contributions cost the College \$76,298.07. The College currently has no unfunded liabilities relating to such contributions.

Outstanding Debt

The College's outstanding indebtedness, including the Series 2014 Bonds is shown below.

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The following table shows the College's annual net debt service.

FY Ending June 30	-----Senior-----					-----Subordinate-----									Net Payment Amount
	Series 2004 Bonds	Series 2008 Lease	Series 2011 Bonds	Series 2014 A/B Bonds	Total	Series 2004A Bank Loan	Series 2004B Bank Loan	Series 2010 Energy Loan	Series 2010B Bank Loan	Mackin Loan	Beam Property Note	Fifth Third Note	Sisters Loan	Total	
2014	\$663,073	\$315,813	\$243,505		\$1,222,391	\$5,089	\$5,878	\$82,679	\$356,475	\$50,861	\$39,845	\$15,071	\$60,000	\$615,898	\$1,838,289
2015	\$663,065	\$314,019	\$245,655	\$157,056	\$1,379,795	\$1,698	\$1,959	\$27,563	\$118,825	\$22,193	\$30,136	\$5,963	\$30,247	\$238,584	\$1,618,379
2016	\$662,383	\$317,020	\$242,603	\$707,621	\$1,929,627										\$1,929,627
2017	\$660,878	\$319,703	\$244,195	\$706,502	\$1,931,278										\$1,931,278
2018	\$590,010	\$385,159	\$245,255	\$708,377	\$1,928,801										\$1,928,801
2019	\$599,760	\$378,546	\$245,718	\$703,692	\$1,927,716										\$1,927,716
2020	\$598,760	\$376,640	\$245,583	\$702,601	\$1,923,584										\$1,923,584
2021	\$596,966	\$379,140	\$244,915	\$705,094	\$1,926,115										\$1,926,115
2022	\$604,104	\$376,021	\$243,760	\$701,269	\$1,925,154										\$1,925,154
2023	\$605,120	\$372,428	\$242,131	\$701,501	\$1,921,180										\$1,921,180
2024	\$610,000	\$368,521	\$244,851	\$705,519	\$1,928,891										\$1,928,891
2025	\$613,800	\$364,115	\$241,935	\$703,307	\$1,923,157										\$1,923,157
2026	\$621,050	\$354,365	\$243,435	\$705,619	\$1,924,469										\$1,924,469
2027	\$621,730	\$354,290	\$244,245	\$702,316	\$1,922,581										\$1,922,581
2028	\$626,150	\$353,565	\$244,345	\$702,913	\$1,926,973										\$1,926,973
2029	\$634,030	\$342,515	\$243,715	\$687,775	\$1,908,035										\$1,908,035
2030	\$635,370	\$340,870	\$242,335	\$691,666	\$1,910,241										\$1,910,241
2031	\$640,170	\$338,290	\$245,043	\$679,466	\$1,902,969										\$1,902,969
2032	\$642,919	\$335,030	\$241,815	\$670,750	\$1,890,514										\$1,890,514
2033	\$648,450	\$331,090		\$650,625	\$1,630,165										\$1,630,165
2034	\$647,113	\$331,300		\$630,250	\$1,608,663										\$1,608,663
2035	\$653,763	\$325,425		\$614,500	\$1,593,688										\$1,593,688
2036	\$653,256	\$323,450		\$608,000	\$1,584,706										\$1,584,706
2037		\$334,900		\$595,625	\$930,525										\$930,525
2038		\$339,425		\$192,500	\$531,925										\$531,925
2039		\$336,875		\$193,750	\$530,625										\$530,625
2040				\$189,625	\$189,625										\$189,625
Totals:	\$14,491,918	\$9,008,514	\$4,635,038	15,717,919	\$43,853,393	\$6,786	\$7,836	\$110,242	\$475,300	\$73,054	\$69,981	\$21,033	\$90,247	\$854,482	\$44,707,875

Debt Service Coverage

As described in the Master Indenture, the College must maintain 1.20 times debt service coverage for all existing senior debt and demonstrate 1.30 times coverage for all new senior debt. The College's current and projected debt service coverage is shown below. For a calculation of the debt service coverage ratios required under the Master Indenture relating to the issuance of the Series 2014 Notes, compiled by Longhouse Capital Advisors, an outside consulting firm, see "APPENDIX F - DETERMINATION OF DEBT SERVICE COVERAGE RATIO BY CONSULTANT" attached to the Official Statement.

Description	Audited	-----Estimated-----		
	06/30/14	06/30/15	06/30/16	06/30/17
Unrestricted Revenues				
Net Tuition and Fees	\$7,528,150	\$8,056,067	\$8,628,298	\$9,082,634
Other Revenue	\$3,934,413	\$4,580,362	\$4,341,940	\$4,469,975
Total Operating Revenues	\$11,462,563	\$12,636,429	\$12,970,238	\$13,552,609
Total Operating Expenses	\$13,006,696	\$12,529,269	\$12,939,879	\$13,262,583
Net Assets Released From Restrictions	\$551,946	\$350,000	\$350,000	\$350,000
Net Income	(\$992,187)	\$457,160	\$380,359	\$640,026
Add Back:				
(i) Expense associated with Project Property				
(ii) Depreciation	\$1,001,024	\$984,000	\$984,000	\$984,000
Interest Expense	\$1,294,248	\$1,246,467	\$1,246,467	\$1,246,467
(iii) Tax				
(iv) Expense incurred with solicitation of Gifts	\$564,092	\$564,092	\$564,092	\$564,092
Subtotal	\$2,859,364	\$2,794,559	\$2,794,559	\$2,794,559
<i>Net Available for Debt Service</i>	<i>\$1,867,177</i>	<i>\$3,251,719</i>	<i>\$3,174,918</i>	<i>\$3,434,585</i>

<i>Combined Debt</i>				
<i>Maximum Annual Debt Service</i>	<i>\$1,838,288</i>	<i>\$1,931,278</i>	<i>\$1,931,278</i>	<i>\$1,931,278</i>
<i>Debt Service Coverage</i>	<i>101.57%</i>	<i>168.37%</i>	<i>164.39%</i>	<i>177.84%</i>
<i>Senior Debt Only</i>				
<i>Maximum Annual Debt Service</i>	<i>\$1,224,775</i>	<i>\$1,931,278</i>	<i>\$1,931,278</i>	<i>\$1,931,278</i>
<i>Debt Service Coverage</i>	<i>152.45%</i>	<i>168.37%</i>	<i>164.39%</i>	<i>177.84%</i>

APPENDIX B
AUDITED FINANCIAL STATEMENTS OF THE COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**SAINT CATHARINE
COLLEGE, INC.**

FINANCIAL STATEMENTS, REPORTS
OF INDEPENDENT AUDITORS, AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2014 AND 2013

SAINT CATHARINE COLLEGE, INC.

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SMITH & COMPANY CPA's, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS X. SMITH, CPA
FRANCIS X. SMITH II, CPA
JASON O. STRANGE, CPA

207 NORTH THIRD STREET
BARDSTOWN, KENTUCKY 40004
TEL 502-348-7576
FAX 502-348-7320
www.smithandcocpa.com

CLARA N. GUNNING, CPA

MEMBERSHIPS:
AMERICAN INSTITUTE OF CPA's
KENTUCKY SOCIETY OF CPA's

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Saint Catharine College, Inc.
St. Catharine, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of Saint Catharine College, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saint Catharine College, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of Saint Catharine College, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saint Catharine College, Inc.'s internal control over financial reporting and compliance.



Bardstown, Kentucky
November 5, 2014

SAINT CATHARINE COLLEGE, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 903,952	\$ 902,744
Short-term investments	736,375	773,553
Student receivables, less allowance for doubtful accounts of \$1,665,664 and \$1,361,572 at June 30, 2014 and 2013, respectively	659,881	420,167
Contributions receivable	862,161	860,402
Other receivables	12,014	15,707
Inventory	4,708	11,717
Prepaid expenses	40,628	57,827
Loans to students	146,511	231,905
Property and equipment, net	37,576,205	37,229,432
Bond issue costs	137,704	144,177
Long-term investments	856,152	787,782
Total assets	\$ 41,936,291	\$ 41,435,413
LIABILITIES		
Accounts payable	\$ 342,422	\$ 562,959
Accrued payroll and related taxes	224,117	272,730
Deferred revenue	149,579	111,493
Other liabilities	13,160	9,553
Accrued interest payable	314,946	290,491
Current portion of capital lease obligation	24,518	-
Current portion of long-term debt	2,508,476	2,566,349
Non-current portion of capital lease obligation	86,898	-
Non-current portion of long-term debt	22,175,240	20,870,005
Advances for federal loans	68,247	76,528
Total liabilities	25,907,603	24,760,108
NET ASSETS		
Unrestricted		
Operations	97,305	270,828
Building and equipment	12,892,489	13,793,078
Loan funds	545,106	463,181
	13,534,900	14,527,087
Temporarily restricted	2,095,240	1,748,754
Permanently restricted	398,548	399,464
Total net assets	16,028,688	16,675,305
Total liabilities and net assets	\$ 41,936,291	\$ 41,435,413

See report of independent auditors and notes to financial statements

SAINT CATHARINE COLLEGE, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	Year Ended June 30, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Tuition and fees	\$ 10,620,972	\$ -	\$ -	\$ 10,620,972
Scholarship allowances	(3,092,822)	-	-	(3,092,822)
Tuition and fees, net	7,528,150			7,528,150
Contributions and grants	1,522,230	581,889	1,000	2,105,119
Special events, net of costs of direct benefits to donors of \$18,644 for 2014 and \$31,963 for 2013	100,038	-	-	100,038
Contracts and exchanges	133,590	247,233	-	380,823
Investment return designated for current operations	11,653	69,310	-	80,963
Sales and services of auxiliary enterprises	2,164,986	-	-	2,164,986
Net assets released from restrictions	336,875	(334,959)	(1,916)	-
Total revenue and other support	11,797,522	563,473	(916)	12,360,079
Expenses				
Instruction	4,913,537	-	-	4,913,537
Academic support	330,164	-	-	330,164
Student services	2,000,888	-	-	2,000,888
Institutional support	3,548,947	-	-	3,548,947
Plant maintenance	1,507,165	-	-	1,507,165
Auxiliary services	705,995	-	-	705,995
Total expenses	13,006,696	-	-	13,006,696
Change in net assets before non-operating releases from restrictions	(1,209,174)	563,473	(916)	(646,617)
Net assets released from restrictions, capital	216,987	(216,987)	-	-
Change in net assets	(992,187)	346,486	(916)	(646,617)
Net assets, beginning of year	14,527,087	1,748,754	399,464	16,675,305
Net assets, end of year	\$ 13,534,900	\$ 2,095,240	\$ 398,548	\$ 16,028,688

See report of independent auditors and notes to financial statements

Year Ended June 30, 2013			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 13,011,097	\$ -	\$ -	\$ 13,011,097
(4,624,855)	-	-	(4,624,855)
8,386,242	-	-	8,386,242
1,093,233	335,504	3,500	1,432,237
172,634	-	-	172,634
85,335	210,032	-	295,367
7,218	46,584	-	53,802
2,135,636	-	-	2,135,636
379,078	(379,078)	-	-
12,259,376	213,042	3,500	12,475,918
4,487,581	-	-	4,487,581
339,205	-	-	339,205
2,138,297	-	-	2,138,297
3,483,969	-	-	3,483,969
1,302,434	-	-	1,302,434
661,519	-	-	661,519
12,413,005	-	-	12,413,005
(153,629)	213,042	3,500	62,913
855,864	(855,864)	-	-
702,235	(642,822)	3,500	62,913
13,824,852	2,391,576	395,964	16,612,392
<u>\$ 14,527,087</u>	<u>\$ 1,748,754</u>	<u>\$ 399,464</u>	<u>\$ 16,675,305</u>

SAINT CATHARINE COLLEGE, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDING JUNE 30, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Changes in net assets	\$ (646,617)	\$ 62,913
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,001,022	825,259
In-kind contributions	(580,706)	(285,547)
Amortization	14,683	14,682
Change in valuation allowances	335,829	282,933
Net realized and unrealized (gains) losses on investments	(56,610)	(53,802)
Contributions restricted for long-term purposes	(492,287)	(48,175)
Gain on trade in of equipment	(6,327)	-
Loss on disposal of fixed assets	-	50,862
Changes in operating assets and liabilities:		
Student accounts receivable	(544,542)	(449,292)
Other receivable	3,693	(6,914)
Contributions receivable	43,593	1,851,156
Prepaid expenses	17,199	(20,557)
Inventory	7,009	1,956
Accounts payable	(220,537)	(880,721)
Accrued payroll and related taxes	(48,613)	6,311
Deferred revenue	38,086	(6,864)
Other liabilities	3,607	2,000
Interest payable	24,455	18,158
Advances on federal loans	(8,281)	1,077
Net cash provided by (used in) operating activities	<u>(1,115,344)</u>	<u>1,365,435</u>
Cash flows from investing activities:		
Proceeds from sale of investments	773,553	2,726,765
Purchase of investments	(748,135)	(2,011,452)
Purchase of property and equipment	(616,762)	(4,534,489)
Proceeds from the sale of property and equipment	-	164,100
Repayment of loans to students	9,041	10,232
Net cash used in investing activities	<u>(582,303)</u>	<u>(3,644,844)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	6,000,000	3,500,800
Principal payments on long-term debt	(4,793,432)	(2,993,546)
Contributions restricted for long-term purposes	492,287	48,175
Net cash provided by financing activities	<u>1,698,855</u>	<u>555,429</u>
Net increase (decrease) in cash and cash equivalents	1,208	(1,723,980)
Cash and cash equivalents at beginning of year	<u>902,744</u>	<u>2,626,724</u>
Cash and cash equivalents at end of year	<u>\$ 903,952</u>	<u>\$ 902,744</u>
Cash paid for:		
Interest, net of amounts capitalized	<u>\$ 1,269,793</u>	<u>\$ 906,173</u>
Noncash transactions:		
Construction in process included in accounts payable	<u>\$ -</u>	<u>\$ 567,131</u>
Equipment purchased through capital lease	<u>\$ 144,000</u>	<u>\$ -</u>

See report of independent auditors and
notes to financial statements

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 – ORGANIZATION

Saint Catharine College, Inc. (the “College”) is a private, accredited, Catholic, four-year baccalaureate college located in St. Catharine, Kentucky. The College has an enrollment of approximately 500 fulltime students, primarily from throughout the state of Kentucky.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies of Saint Catharine College, Inc. is presented to assist in understanding the financial statements. The financial statements and notes are representations of the management of the College who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The financial statements of the College have been prepared on the accrual basis of accounting. Accordingly, revenues and gains are recognized when they are earned, and expenses and losses are recognized when they are incurred.

Accounting for asset restrictions:

For the purpose of financial reporting, the College classifies resources into three net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

- Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.
- Temporarily restricted net assets - net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the College.

Investment income on temporarily restricted assets is reported in the statement of activities as increases in unrestricted net assets unless the donor specifically restricts the use of the income. Investment income on permanently restricted net assets is reported in the statement of activities as increases in temporarily restricted net assets.

Restricted contributions are recognized as restricted and then as released from restrictions in the period the restriction is satisfied.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis of accounting.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45, formerly FASB Statement of Financial Accounting Standards (SFAS) NO. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-225-45, the College is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts and certificates of deposit with original maturities of 90 days or less. Cash and cash equivalents recorded as restricted assets are included in long-term investments.

At various times throughout the fiscal year, the College's interest earning deposits exceeded \$250,000 on deposit with a financial institution insured by Federal Depository Insurance.

Investments

The College carries investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value based on quoted prices in active markets in the statement of financial position. Investments in certificates of deposits are stated at original deposit plus accrued interest. Investment income, which consists of interest and dividend income earned, realized gains or losses and unrealized gains and losses on those investments, is included in the statement of activities.

Student Receivables and Student Loans

The College records student receivables representing amounts due for tuition, room, board, and fees the beginning of each semester. Payment for these charges is due within thirty days. Interest is assessed monthly on past due amounts. Amounts are charged off when all methods of collection have been exhausted.

Student loans receivable consists primarily of amounts loaned to qualified students through the Federal Perkins Loan Program. The prescribed practices for the Federal Perkins Loan Program do not provide for accrual of interest on student loans receivable or for a provision of allowance

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

for doubtful accounts. Accordingly, interest on loans is recorded as received; uncollectible loans are not recognized until the loans are cancelled or written-off in conformity with Federal Perkins Loan Program requirements. These practices do not conform to generally accepted accounting principles. In addition, during fiscal year 2014, the College began the process to close out the Perkins Loan Program. Accordingly, the College has recorded a provision for the allowance for doubtful accounts related to the Perkins loans of \$76,353 as of June 30, 2014.

Student receivables and loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the receivables and loans are impaired or collection of interest and principal is doubtful. Uncollected interest previously accrued is charged off. Interest income on nonaccrual loans is recognized only to the extent cash payment is received.

Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Inventories

Inventories principally consist of maintenance and other supply items and are stated at the lower of cost or market with cost being primarily average cost.

Bond Issuance Costs

Capitalized bond issuance costs of \$137,704 and \$144,177 at June 30, 2014 and 2013, respectively, are included in prepaid expenses and other assets in the Statements of Financial Position. The amortization expense was approximately \$6,500 for the years ended June 30, 2014 and 2013. The amortization expense for the next five years will be \$6,500 per year.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the College that is, in substance, unconditional. Contributions that are restricted by the donor are reported in unrestricted contributions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires that is temporarily restricted, net assets are reclassified to unrestricted net assets.

The College uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment

Expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the College reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The College reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset class</u>	<u>Years</u>
Buildings	40 – 80
Building improvements	10 – 20
Equipment	3 – 30
Vehicles	5 – 7

Interest Capitalized

The College follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment during construction.

Deferred Revenue

Deferred revenue includes amounts received for tuition and fees prior to the end of the year but relate to the subsequent reporting period.

Federal Government Advances for Student Loans

Advances from the federal government for student loans under the Perkins loan program are distributable to the federal government upon liquidation of the loan program and thus are reflected as a liability in the accompanying statements of financial position.

Advertising Costs

Advertising costs are expensed as incurred.

Contributions

Under ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Organization. Temporarily restricted contributions are recognized as contribution income in the statement of activities when cash or ownership of donated assets is unconditionally promised to the College and subsequently released to the unrestricted fund when expenses have been incurred in satisfaction of those restrictions.

Expiration of Donor-Imposed Restrictions

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

The expiration of a donor-imposed restriction for contributions or endowment investment income is recognized in the period in which the restriction expires, and at the time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The College follows the policy of reporting donor-imposed restricted contributions and donor restricted investment income as unrestricted support if the restriction is met in the same period as received or earned.

Income Taxes

The College is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Generally accepted accounting principles require the College to account for uncertainties in income taxes. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The College has analyzed its tax positions as of and for the years ending June 30, 2014 and 2013, and they are not aware of any uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The College's information returns for the years ended June 30, 2013, June 30, 2012, and June 30, 2011 remain open and subject to examination by taxing authorities.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the accompanying notes to the financial statements. Directly identifiable expenses are charged to the applicable programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the College.

Subsequent Events

The College has evaluated subsequent events through November 5, 2014, the date which the financial statements were available to be issued.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 3 – INVESTMENTS

At June 30, 2014 and 2013, investments consisted of the following:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Short-term investments				
Certificates of deposits	\$ 402,638	\$ 402,638	\$ 402,569	\$ 402,569
Mutual funds	333,737	333,737	370,984	370,984
Total	<u>\$ 736,375</u>	<u>\$ 736,375</u>	<u>\$ 773,553</u>	<u>\$ 773,553</u>
Long-term investments				
Certificates of deposits	\$ 429,815	\$ 429,815	\$ 429,841	\$ 429,841
Mutual funds	34,410	48,168	32,732	38,010
Equity securities	211,889	314,324	202,292	258,824
Debt securities	64,988	63,845	64,988	61,107
Total	<u>\$ 741,102</u>	<u>\$ 856,152</u>	<u>\$ 729,853</u>	<u>\$ 787,782</u>

The following schedules summarize the investment return and its classification in the statement of activities:

For the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest (net of expenses of \$2,800)	\$ 7,341	\$ 12,700	\$ -	\$ 20,041
Net realized gains (losses)	-	4,801	-	4,801
Changes in net unrealized gains (losses)	4,312	51,809	-	56,121
Total investment return	<u>\$ 11,653</u>	<u>\$ 69,310</u>	<u>\$ -</u>	<u>\$ 80,963</u>

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

For the year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Dividends and interest (net of expenses of \$3,102)	\$ 3,450	\$ 13,851	\$ -	\$ 17,301
Net realized gains (losses)	-	31,215	-	31,215
Changes in net unrealized gains (losses)	<u>3,768</u>	<u>1,518</u>	<u>-</u>	<u>5,286</u>
Total investment return	<u><u>\$ 7,218</u></u>	<u><u>\$ 46,584</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,802</u></u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are due in more than one year are reflected at present value of estimated future cash flows using a discount rate of 5.0%.

At June 30, 2014 and 2013, unconditional promises to give consist of the following:

	<u>2014</u>	<u>2013</u>
Permanently restricted	\$ 3,500	\$ 5,500
Temporarily Restricted	465,798	255,384
Unrestricted	<u>507,944</u>	<u>744,141</u>
Gross contributions receivable	<u>977,242</u>	<u>1,005,025</u>
Less: allowance for uncollectible pledges	38,188	52,612
Less: unamortized discount	76,893	92,011
Net contributions receivable	<u><u>\$ 862,161</u></u>	<u><u>\$ 860,402</u></u>
Amounts due in less than one year	\$ 509,407	\$ 444,062
Amounts due from one to five years	350,061	396,426
Amounts due in more than five years	<u>2,693</u>	<u>19,914</u>
Total	<u><u>\$ 862,161</u></u>	<u><u>\$ 860,402</u></u>

Substantially all promises to give at June 30, 2014 and 2013 were for construction projects, scholarships, and operations. The majority of pledges are from contributors from the central Kentucky region.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 5 – STUDENT LOANS RECEIVABLE

Student loans receivable of \$146,511 and \$231,905 at June 30, 2014 and 2013, respectively, consists principally of amounts loaned to students under the Federal Perkins Loan Program. The portion of these loans due to the Federal government upon liquidation of the loan program has been recorded as a liability in the statements of financial position. This liability totals \$68,247 and \$76,528 at June 30, 2014 and 2013, respectively. During the fiscal year ending June 30, 2014 the College began the process of ending their participation of the Federal Perkins Loan Program. As of the date of these financial statements, the College is in the process of complying with the provisions of the U.S. Department of Labor's Perkins Loan Program Liquidation Procedures. As a result, the College has recorded an estimate of \$76,353 for uncollectable loans that will not be accepted and repurchased by the Department of Education.

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property, equipment and accumulated depreciation as of June 30 is as follows:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 3,144,761	\$ 2,518,125
Construction in process	47,904	12,000
Buildings	35,492,331	35,269,741
Furniture and equipment	6,198,589	5,745,062
Vehicles	106,835	104,135
Intangible asset	<u>160,090</u>	<u>160,090</u>
Total property and equipment	45,150,510	43,809,153
Less: accumulated depreciation	(7,414,215)	(6,446,311)
Less: accumulated amortization	<u>(160,090)</u>	<u>(133,410)</u>
Net property and equipment	<u>\$ 37,576,205</u>	<u>\$ 37,229,432</u>

Included above is equipment under capital lease acquired in fiscal year 2014 with a total cost of \$144,000 and accumulated depreciation of \$7,940 as of June 30, 2014.

During 2014, capital improvements of \$580,706 were donated to the College for parking lots, sport fields, and various sport complex improvements.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 7 – LONG -TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Mortgage note payable to local bank. Original principal amount of \$50,000. Secured by real estate and building. Monthly payments of \$424, including interest at 5.5% at June 30, 2014 and 2013. Matures February 2024.	\$ 38,087	\$ 41,011
Mortgage note payable to local bank. Original principal amount of \$75,000. Secured by real estate and building. Monthly payments of \$490, including interest at 5.0% at June 30, 2014 and 2013. Matures August 2029.	62,250	64,967
Mortgage note payable to local bank. Original principal amount of \$744,218. Secured by real estate and building. Monthly payments of \$6,891 including interest at 5.0% fixed rate. Matures September 2022.	557,935	611,525
Mortgage note payable to local business. Original principal amount of \$278,271. Secured by real estate. Semi-annual interest payments at 4.5% with annual principal payments beginning August 2012. Matures August 2016.	228,271	253,271
Line of credit converted to a mortgage note payable to local bank January 1, 2012. Original principal amount of \$4,455,978. Secured by real estate and building. Monthly payments of \$29,706, including interest at 5.0% at June 30, 2014 and 2013. Matures September 2032.	4,113,214	4,260,033
The City of Springfield, Kentucky Education Building Refunding and Improvement Bonds (Saint Catharine Project), Series 2004, requires semi-annual interest payments ranging from 2.5% to 4.0% with annual principal payments beginning October 2006. Original principal amount of \$9,500,000. The bond agreement requires that the College deposit monthly, in a sinking fund with a trustee, one-sixth of the interest payments within six months and one-twelfth of the principal due in one year. The final bonds mature October 1, 2035. The issue provides for various call provisions beginning October 2015. The bonds are secured by a pledge of revenues and a mortgage on the Health Science Building, main residence hall, and student life center.	7,930,000	8,155,000

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
(Continued)		
Kentucky Area Development District's Financing Trusts, Lease Acquisition Program, 2008 Series H, requires semi-annual interest payments ranging from 4.25% to 7.0% with annual principal payments beginning July 2010. Original principal amount of \$4,360,000. The final bonds mature July 2038. The lease agreement provides for various call provisions beginning August 2018. The lease is secured by a pledge of revenues and a residence hall.	4,220,000	4,255,000
The City of Springfield, Kentucky Industrial Building Revenue Bonds (Saint Catharine College, Inc. Project), Series 2011, requires semi-annual interest payments ranging from 2.75% to 4.75% with annual principal payments beginning November 2012. Original principal amount of \$3,000,000. The bond agreement requires that the College deposit monthly, in a sinking fund with a trustee, one-sixth of the interest payments within six months and one-twelfth of the principal due in one year. The final bonds mature October 1, 2035. The issue provides for various call provisions beginning November 2021. The bonds are secured by a pledge of revenues and a mortgage on the Library.	2,810,000	2,905,000
Commercial revolving line of credit. Principal limit amount of \$2,000,000. Secured by a blanket lien on the College's assets. Monthly interest payments due at the daily LIBOR rate (0.125% at June 30, 2014 and 2013) plus 2.0% beginning January 2013. Principal and interest due in full December 2014.	1,000,800	2,000,800
Note payable to local business. Original principal amount of \$1,500,000. Secured by pledges receivable. Monthly interest payments at 4.5% with quarterly principal payments beginning March 31, 2013. Principal payment amounts are based on actual pledges payments received for the quarter with all outstanding principal and interest due December 31, 2014.	896,510	1,071,309
Note payable to the Dominican Sisters of Peace. Original principal amount of \$3,000,000. Quarterly interest payments at 4.0% starting April 1, 2014, with all outstanding principal and interest due December 1, 2016.	<u>3,000,000</u>	<u>-</u>
Total	24,857,067	23,617,916
Short-term portion	<u>2,508,476</u>	<u>2,566,349</u>
Long-term debt	22,348,591	21,051,567
Less: bond discount	<u>173,351</u>	<u>181,562</u>
Long-term debt, net	<u>\$ 22,175,240</u>	<u>\$ 20,870,005</u>

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Future maturities of long-term debt are as follows:

June 30:	
2015	\$ 2,508,476
2016	642,242
2017	3,827,156
2018	676,125
2019	713,993
Thereafter	<u>16,489,075</u>
Total	<u>\$ 24,857,067</u>

Maturities of principal and interest on bonds outstanding at June 30, 2014 are as follows:

	Series 2004		Series 2008		Series 2011		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30:								
2015	235,000	428,066	35,000	278,018	100,000	144,488	\$ 370,000	\$ 850,572
2016	245,000	417,383	40,000	276,020	105,000	140,638	390,000	834,041
2017	255,000	405,878	45,000	273,703	110,000	136,338	410,000	815,919
2018	195,000	395,011	115,000	269,159	115,000	131,694	425,000	795,864
2019	215,000	384,761	115,000	262,546	120,000	126,550	450,000	773,857
Thereafter	<u>6,785,000</u>	<u>3,867,751</u>	<u>3,870,000</u>	<u>3,088,755</u>	<u>2,260,000</u>	<u>935,204</u>	<u>12,915,000</u>	<u>7,891,710</u>
Total	<u>\$ 7,930,000</u>	<u>\$ 5,898,850</u>	<u>\$ 4,220,000</u>	<u>\$ 4,448,201</u>	<u>\$ 2,810,000</u>	<u>\$ 1,614,912</u>	<u>\$14,960,000</u>	<u>\$11,961,963</u>

The bonds are structured as long-term leases with the City of Springfield and the Kentucky Area Development District. Under the terms of the leases, the College is required to make rental payments in amounts sufficient to pay the principal and interest on the bonds. The bond indentures contain several covenants with which the College is in compliance with at June 30, 2014.

The College has a letter of credit with a local bank in the amount of \$375,000 at June 30, 2014 and 2013, to comply with Kentucky Council on Post Secondary Education requirements. No advances have been made on the letter of credit.

Interest expense on notes and bonds payable for the years ended June 30, 2014 and 2013 totaled \$1,294,248 and \$1,305,151, respectively. Interest of \$0 and \$70,283 was capitalized for years ending June 30, 2014 and 2013, respectively.

NOTE 8 – CAPITAL LEASE OBLIGATION

The College leases lighting equipment for sports fields under a capital lease through 2018. The assets and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of the related lease terms or their estimated productive lives. Depreciation of assets under capital lease is included in depreciation expense.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Future minimum lease payments under the capital lease as of June 30, 2014, for each of the next five years and in the aggregate are as follows:

June 30:	<u>Principal</u>
2015	\$ 34,066
2016	34,066
2017	34,066
2018	<u>34,066</u>
Total minimum rentals	136,264
Less: amount representing interest	<u>(24,848)</u>
Present value of minimum lease payments	<u>\$ 111,416</u>
Current portion	\$ 24,518
Non-current portion	<u>86,898</u>
Total	<u>\$ 111,416</u>

NOTE 9 – NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts or grants for which donor imposed restrictions have not been met as of year-end. Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2014</u>	<u>2013</u>
Scholarship funds	\$ 1,024,029	\$ 940,952
Bagby Scholarship	211,092	151,751
Student activities	157,760	221,018
Capital campaign	<u>702,359</u>	<u>435,033</u>
Total	<u>\$ 2,095,240</u>	<u>\$ 1,748,754</u>

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2014 and 2013 are restricted for the following:

	<u>2014</u>	<u>2013</u>
Investment in perpetuity (Bagby loan fund) the income from which is expendable for scholarship loans	\$ 167,348	\$ 167,348
Scholarship endowments, the income from which is expendable to support scholarships	<u>231,200</u>	<u>232,116</u>
Total	\$ <u>398,548</u>	\$ <u>399,464</u>

NOTE 10 – FAIR VALUE MEASUREMENTS

The Fair Value Measurements Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification provides a comprehensive framework for measuring fair value and includes required disclosures concerning fair value measurements. Specifically, this standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

This standard defines levels within the hierarchy of inputs as follows:

- Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets.
- Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in different fair value measurements at the reporting date.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

Fair values of assets measured on a recurring basis at June 30, 2014 and 2013 are as follows:

		Fair value measurements at the reporting date using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>June 30, 2014</u>	<u>Fair value</u>			
Cash and equivalents	\$ 903,952	\$ 903,952	\$ -	\$ -
Mutual funds	381,905	381,905	-	-
Certificates of deposits	832,453	832,453	-	-
Equity securities	314,324	314,324	-	-
Debt securities	<u>63,845</u>	<u>-</u>	<u>63,845</u>	<u>-</u>
Total	\$ <u>2,496,479</u>	\$ <u>2,432,634</u>	\$ <u>63,845</u>	\$ <u>-</u>
<u>June 30, 2013</u>				
Cash and equivalents	\$ 902,744	\$ 902,744	\$ -	\$ -
Mutual funds	408,994	408,994	-	-
Certificates of deposits	832,410	832,410	-	-
Equity securities	258,824	258,824	-	-
Debt securities	<u>61,107</u>	<u>-</u>	<u>61,107</u>	<u>-</u>
Total	\$ <u>2,464,079</u>	\$ <u>2,402,972</u>	\$ <u>61,107</u>	\$ <u>-</u>

NOTE 11 – OPERATING LEASE COMMITMENTS

The College leases certain facilities and equipment under operating leases from unrelated third parties. The College also leases some of its instructional, administrative, and dormitory facilities at its main campus from the Dominican Sisters of Peace, Inc. (a related entity due to common Trustees for the College and the Dominican Sisters of Peace, Inc.) at a current annual rate of \$64,000, which expires July 2015. Total rent and lease expense for the years ended June 30, 2014 and 2013 was \$202,396 and \$216,701, respectively.

Operating lease commitments at June 30, 2014, under leases having initial or remaining noncancellable terms of more than one year, classified as operating leases, are as follows:

Year ending June 30:	
2015	\$ 92,842
2016	<u>4,747</u>
	\$ <u>97,589</u>

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 12 – ADVERTISING COSTS

The College uses advertising to promote its programs among the communities it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2014 and 2013 were \$91,780 and \$71,400, respectively.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Reimbursement claims under federal and state programs grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of the College. The College has not received any notices from granting agencies regarding the lack of compliance with grant conditions that could result in a liability.

The College maintains a self-insured health plan as a benefit for employees. The College has purchased stop gap coverage for claims in excess of \$75,000. A provision has been recorded for estimated claims outstanding at June 30, 2014 and 2013.

NOTE 14 – CONCENTRATIONS OF CREDIT RISKS

In the normal course of business, the College maintains cash balances of certain operating accounts with local banks. As of June 30, 2014 and 2013 and at times during the course of the years then ended, the balances on some of these accounts exceeded the \$250,000 insurance protection provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2014 and 2013, the College's cash balances exceeded FDIC insurance coverage by approximately \$888,700 and \$843,000, respectively.

The College has investments in stocks, bonds, and mutual funds and is, therefore, subject to concentrations of credit risk. Investment decisions are made by an appointed investment committee and the investments are monitored by the Board of Trustees. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the College.

Included in accounts receivable are student accounts receivable that potentially subject the College to credit risk. The College extends unsecured credit to students and parents of dependent students in connection with their studies. As of June 30, 2014 and 2013, the carrying amount of student accounts receivable that are past due ninety days or more totals approximately \$696,300 and \$313,400, respectively.

SAINT CATHARINE COLLEGE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 15 – NATURAL CLASSIFICATION OF EXPENSES

Expenses summarized by natural classification are as follows for the years ending June 30:

	2014	2013
Salaries, wages, and related taxes	\$ 5,865,582	\$ 5,779,383
Employee benefits	729,482	886,866
Postage and supplies	119,851	130,318
Telephone and communications	208,435	221,336
Travel and meetings	424,124	343,561
Professional fees	505,200	595,602
Memberships and subscriptions	81,890	84,885
Marketing expense	91,780	71,400
Repairs and maintenance	534,246	318,483
Insurance	215,885	206,520
Interest expense	1,294,248	1,305,151
Utilities	305,408	292,229
Auxiliary enterprises	339,411	374,132
Professional development	10,631	3,906
Equipment	29,967	18,154
Lease expense	202,396	216,701
Bad debt expense	477,175	327,090
Other expenses	569,963	412,029
Depreciation	1,001,022	825,259
Total	<u>\$ 13,006,696</u>	<u>\$ 12,413,005</u>

NOTE 15 – FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses summarized by function are as following for the years ending June 30:

For the year ended June 30, 2014:

	Program	Administrative	Fundraising	Total
Instruction	\$ 4,913,537	\$ -	\$ -	\$ 4,913,537
Academic support	330,164	-	-	330,164
Student services	2,000,888	-	-	2,000,888
Institutional support	695,722	2,289,133	564,092	3,548,947
Plant maintenance	1,389,569	61,792	55,804	1,507,165
Auxiliary services	705,995	-	-	705,995
Total	<u>\$ 10,035,875</u>	<u>\$ 2,350,925</u>	<u>\$ 619,896</u>	<u>\$ 13,006,696</u>

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

For the year ended June 30, 2013:

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Instruction	\$ 4,487,581	\$ -	\$ -	\$ 4,487,581
Academic support	339,205	-	-	339,205
Student services	2,138,297	-	-	2,138,297
Institutional support	682,984	2,247,221	553,764	3,483,969
Plant maintenance	1,200,812	53,398	48,224	1,302,434
Auxiliary services	661,519	-	-	661,519
Total	<u>\$ 9,510,398</u>	<u>\$ 2,300,619</u>	<u>\$ 601,988</u>	<u>\$ 12,413,005</u>

NOTE 16 – RETIREMENT PLANS

The College participates in a defined contribution multi-employer salary deferral plan administered by Teachers Insurance and Annuity Association (TIAA) covering all full time employees. The College matches up to six percent of eligible employee's salary contribution. Plan expenses incurred by the College were \$74,771 and \$0, respectively for the years ended June 30, 2014 and 2013.

NOTE 17 – RELATED PARTIES

The College currently maintains cash, investment, and loan accounts with an institution that also has a representative serving on the Board of Trustees of the College. Total cash and investments held with this institution amount to approximately \$1,138,200 and \$1,093,500 as of June 30, 2014 and 2013, respectively. Total loans and notes payable to the institution amount to approximately \$4,770,500 and \$4,977,500 as of June 30, 2014 and 2013, respectively.

During 2014, a member of the Board of Trustee provided in-kind capital donations of approximately \$60,000 for improvements to the College's track, tennis, and soccer fields. There were no amounts due to or from the Trustee at June 30, 2014.

During 2013, the College received real estate as an in-kind contribution from a trustee. The real estate was appraised and recorded at \$220,000. Prior to June 30, 2013, however, the property was sold for \$175,000. Net of accumulated depreciation and settlement costs, the College recorded a loss on the sale of approximately \$50,900.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 18 – FEDERAL FINANCIAL ASSISTANCE

The Federal government awards restricted funds to the college for student financial aid. The College participates in Pell Grant (PELL), Federal Supplemental Education Opportunity Grant (FSEOG), Academic Competitive Grant (ACG) and National Science and Mathematics Access to Retain Talent Grants (SMART). These grants provide eligible students financial aid for postsecondary education. Because these grants are classified as pass-through grants, they are excluded from income and expenses on these financial statements.

NOTE 19 – SUBSEQUENT EVENTS

In October 2014, The Trustees of the College approved two bond issuances to refund all outstanding subordinate long-term debt by issuing Series 2014 tax-exempt bonds for \$6,005,000 and Series 2014 taxable bonds for \$3,630,000. No other terms for the bonds have been formalized as of the date of these financial statements.

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor / Program</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Student Financial Assistance - Cluster			
Federal Pell Grant Program	84.063	1610846809A1	\$ 1,452,309
Federal Supplemental Educational Opportunity Grant Program	84.007	1610846809A1	33,897
Federal College Work Study Program	84.033	1610846809A1	37,637
Federal Perkins Loan Program	84.038	1610846809A1	146,511
Federal Direct Student Loan Program	84.268	1610846809A1	<u>4,090,394</u>
Total Student Financial Aid Cluster			\$ <u><u>5,760,748</u></u>

See notes to schedule of expenditures of
federal awards.

SAINT CATHARINE COLLEGE, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Saint Catharine College, Inc. (the "College"). In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 – FEDERAL STUDENT LOAN PROGRAM

The Federal Perkins Loan Program is administered directly by the College and balances and transactions relating to the programs are included in the College's basic financial statements. Loans outstanding from the Federal Perkins Loan Program at June 30, 2014 were \$146,511, and are included in the schedule of expenditures of federal awards. For fiscal year ending June 30, 2014 there were no new loans disbursed from the Federal Perkins Loan Program.

The College is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan Program, and, accordingly, these loans are not included in the basic financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the College under this program at June 30, 2014.

SMITH & COMPANY CPA's, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS X. SMITH, CPA
FRANCIS X. SMITH II, CPA
JASON O. STRANGE, CPA

207 NORTH THIRD STREET
BARDSTOWN, KENTUCKY 40004
TEL 502-348-7576
FAX 502-348-7320
www.smithandcocpa.com

CLARA N. GUNNING, CPA

MEMBERSHIPS:
AMERICAN INSTITUTE OF CPA's
KENTUCKY SOCIETY OF CPA's

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Saint Catharine College, Inc.
St. Catharine, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Saint Catharine College, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Saint Catharine College, Inc. internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Saint Catharine College, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2014-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as 2014-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saint Catharine College, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-3, 2014-4, 2014-5, 2014-6 and 2014-7.

Saint Catharine College, Inc.'s Response to Findings

Saint Catharine College, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Saint Catharine College, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of Saint Catharine College, Inc. a separate letter dated as of the date of this report.



Bardstown, Kentucky
November 5, 2014

SMITH & COMPANY CPA's, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS X. SMITH, CPA
FRANCIS X. SMITH II, CPA
JASON O. STRANGE, CPA

207 NORTH THIRD STREET
BARDSTOWN, KENTUCKY 40004
TEL 502-348-7576
FAX 502-348-7320
www.smithandcocpa.com

CLARA N. GUNNING, CPA

MEMBERSHIPS:
AMERICAN INSTITUTE OF CPA's
KENTUCKY SOCIETY OF CPA's

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees
Saint Catharine College, Inc.
St. Catharine, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Saint Catharine College, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Saint Catharine College, Inc.'s major federal programs for the year ended June 30, 2014. Saint Catharine College, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Saint Catharine College, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Saint Catharine College, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Saint Catharine College, Inc.'s compliance.

Basis for Qualified Opinion on Student Financial Aid Cluster

As described in the accompanying schedule of findings and questioned costs, Saint Catharine College, Inc. did not comply with requirements regarding the Student Financial Aid Cluster as described in finding numbers 2014-3 through 2014-7 (Special Tests). Compliance with such requirements is necessary, in our opinion, for Saint Catharine College, Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Aid Cluster

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, Saint Catharine College, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Aid Cluster for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-3 through 2014-7.

Saint Catharine College, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Saint Catharine College, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Saint Catharine College, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Saint Catharine College, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Saint Catharine College, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-3, 2014-4, 2014-5, and 2014-6 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-7 to be a significant deficiency.

Saint Catharine College, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Saint Catharine College, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bardstown, Kentucky
November 5, 2014

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Section 1 – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	Yes
Significant deficiencies identified that are not to be considered material weaknesses?	None reported
Type of auditor's report issued on compliance For major programs:	Qualified
Any audit findings required to be reported under the provisions of the OMB Circular A-133?	Yes

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033 84.038. 84.063 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk?	No

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Section 2 – Financial Statement Findings

**Finding 2014-1
(Material Weakness)**

Condition: The College does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP). This is a repeat finding from the previous year.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net assets, cash flows and disclosures in the financial statements in conformity with GAAP.

Cause: The College's management did not identify all necessary adjustments to prepare GAAP basis financial statements.

Effect: Misstatements and omissions in the financial statements may occur and may not be discovered prior to their issuance.

Recommendation: We recommend management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in preparing financial statements and develop internal control policies to ensure all material adjustments are made. The College may consider implementing a policy whereby Trustees or Committee members that have suitable skills, knowledge, and experience with preparing GAAP basis financial statements review and approve the financial statements.

Management Response: The College will consider the recommendation. For future years, with resources permitting, we may implement a policy whereby a Trustee or committee member is more involved in the financial reporting and closing process in order to reduce and/or eliminate material adjustments proposed by the auditors.

**Finding 2014-2
(Significant Deficiency)**

Condition: During the audit, we noted reconciliations for most all significant accounts were being prepared. However, we noted reconciliations for the following areas were not completed timely:

- Investments (bond fund accounts)
- Due to / from funds (unrestricted / temporarily restricted / permanently restricted)

This is a repeat finding from the prior year audit. However, we noted substantial progress toward improving the reconciliation procedures for most significant accounts from the previous year.

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Criteria: Reconciliations over significant financial statement areas should be completed, reviewed and approved in a timely manner in order to identify errors and adjustments to ensure the significant accounts are fairly stated in accordance with U.S. generally accepted accounting principles (GAAP) and in compliance with grant agreements and other applicable laws and regulations.

Cause: During the current year, management implemented a monthly checklist to monitor reconciliation procedures for significant areas. The two areas cited in the condition were not included in the checklist and the reconciliations were not prepared.

Effect: Adjustments were noted by management during the reconciliation procedures, corrected and posted to the College's accounts.

Recommendation: We recommend management include bond fund accounts and due to / from accounts to the monthly checklist currently in use by management to ensure reconciliations over significant financial statement accounts are completed.

Management's Response: As a matter of practicality the investment schedule is only prepared at the end of each fiscal year. Due to an oversight it had not been prepared at the time the audit started. When the auditor brought this fact to management's attention the completed schedule was delivered to the auditor within a few hours of the request. The resulting delay was minimal. The working trial balance had been provided to the auditor at the start of the audit.

Management also acknowledges that the Due to/Due from schedule was not completed. The resulting adjusting entry made by the auditor to eliminate Due to/Due from balances had a \$548.70 effect on net income.

All other account reconciliations including those for 14 bank accounts, accounts payable, accounts receivable, financial aid and scholarship accounts were completed and delivered to the auditor at the start of the audit.

Section 3 – Federal Award Findings and Questioned Costs

Finding 2014-3

(Material Weakness and Noncompliance)

Federal Award No. 84.037, 84.033, 84.038, 84.063, 84.268

Student Financial Aid Cluster

Condition: During the audit, we noted that the College received notice from the U.S. Department of Education that they were not in compliance with requirements of the Federal Perkins Loan Program. Specifically, the Federal Perkins Loan cohort default rate as of June 30, 2013 (the default rate data trails the fiscal year by approximately ten months) was 50% and was obtained from the Department of Education's website. This is a repeat finding from 2013. In 2014, the College approved the liquidation of the Federal Perkins Loan program and is currently in the process of withdrawing from the program.

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Criteria: OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that students are properly notified of the applicable repayment information during their post-deferment grace period.

The Code of Federal Regulations (34 CFR 668.16) states "To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution – ... (m)(1) Has a cohort default rate - (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent."

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

Cause: Financial Aid personnel stated a strain on resources has limited management's ability to properly administer the program.

Effect: The U.S. Department of Education has rescinded the full certification for the College to participate in the Title IV, HEA (Higher Education Act) programs. As a result of the default rate noncompliance, the College has been issued a provisional certification and may apply again for full certification on June 30, 2014, after addressing the default rate for the Perkins loan program. Under provisional certification, the College may not make any new Perkins loans to students.

Recommendation: We recommend the University work with the Department of Education or applicable state oversight agency and continue to liquidate the Perkins Loan Program in accordance with statutory requirements.

Management's Response: We are in the process of liquidating the Perkins loan program.

Finding 2014-4

(Material Weakness and Noncompliance)

Federal Award No. 84.037, 84.033, 84.038, 84.063, 84.268

Student Financial Aid Cluster

Condition: During the audit, we noted that reconciliations are being prepared for amounts due to or from the College to the Federal government for federal student aid programs. However, when we reviewed the reconciliation for the Pell Program, we noted reconciling items that were not addressed and corrected.

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Criteria: According to the Federal Student Aid Handbook, Volume 4, Chapter 2, "Monthly reconciliation for the Pell Grant Program should include verifying that individually and cumulatively the:

1. records of student awards and pending disbursements calculated and maintained by the financial aid office match the records of pending disbursement data received or maintained by the business office;
2. business office records of actual disbursements posted to student accounts are consistent with financial aid office records of student eligibility and applicable award and disbursement amounts;
3. records of disbursements in the general ledger match those in subsidiary ledgers (e.g. student ledgers/accounts);
4. the actual disbursements posted to students' accounts internally match the actual disbursements accepted in the COD system (including any adjustments to actual disbursements); and
5. cumulative school and COD records of Pell Grant disbursements match Net Draws (Drawdowns – Refunds of Cash) in G5 for the award year in the Pell Grant Program."

Cause: During the fiscal year, management identified a deficiency in leadership in the Financial Aid Department. The deficiency in leadership caused the College to get behind on reconciliations during this time period.

Effect: Non-compliance with program requirements could jeopardize future program funding.

Recommendation: We recommend the College comply with reconciliation procedures as detailed in Federal Student Aid Handbook, Volume 4, Chapter 2.

Management's Response: We are in the process reconciling all outstanding items noted during our reconciliation of our student financial aid accounts for the Pell grant program in order to comply with the Federal Student Aid Handbook. We have addressed the leadership deficiencies in the Financial Aid department by hiring a national financial aid consultant and subsequently hiring a new permanent Director of Financial Aid who will implement policies and procedures to ensure compliance moving forward.

Finding 2014-5

(Material Weakness and Noncompliance)

Federal Award No. 84.037, 84.033, 84.038, 84.063, 84.268

Student Financial Aid Cluster

Condition: As part of our audit, we selected 40 students receiving federal student aid. Of the 40 selected, 29 students received Pell grant funds as part of their student aid package. We noted that for 3 of the 29 students receiving Pell grants, the amounts shown by the U.S. Department of Education's Common Origination and Disbursement (COD Online) records did not match the amounts posted to the students' accounts.

Criteria: According to the Federal Student Aid Handbook, Volume 4, Chapter 2, "Monthly reconciliation for the Pell Grant Program should include verifying that individually and cumulatively the:

SAINT CATHARINE COLLEGE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

1. records of student awards and pending disbursements calculated and maintained by the financial aid office match the records of pending disbursement data received or maintained by the business office;
2. business office records of actual disbursements posted to student accounts are consistent with financial aid office records of student eligibility and applicable award and disbursement amounts;
3. records of disbursements in the general ledger match those in subsidiary ledgers (e.g. student ledgers/accounts);
4. the actual disbursements posted to students' accounts internally match the actual disbursements accepted in the COD system (including any adjustments to actual disbursements); and
5. cumulative school and COD records of Pell Grant disbursements match Net Draws (Drawdowns – Refunds of Cash) in G5 for the award year in the Pell Grant Program.”

Cause: During the fiscal year, management identified a deficiency in leadership in the Financial Aid Department. The deficiency in leadership caused the College to get behind on reconciliations during this time period.

Effect: Non-compliance with program requirements could jeopardize future program funding. Failing to apply for Pell grant funds for eligible students could place a further funding burden on the College if students receive credit for Pell grants and the funds are not drawn down by the College.

Recommendation: In conjunction with finding 2014-4, we recommend the College comply with reconciliation procedures as detailed in Federal Student Aid Handbook, Volume 4, Chapter 2.

Management's Response: We are in the process reconciling all outstanding items noted during our reconciliation of our student financial aid accounts for the Pell grant program in order to comply with the Federal Student Aid Handbook. We have addressed the leadership deficiencies in the Financial Aid department by hiring a national financial aid consultant and subsequently hiring a new permanent Director of Financial Aid who will implement policies and procedures to ensure compliance moving forward.

Finding 2014-6

(Material Weakness and Noncompliance)

Federal Award No. 84.037, 84.033, 84.038, 84.063, 84.268

Student Financial Aid Cluster

Condition: During the audit, we noted that reconciliations are being prepared for amounts due to or from the College to the Federal government for federal student aid programs. However, when we reviewed the reconciliation for the Direct Loan program, we noted reconciling items that were not addressed and corrected.

SAINT CATHARINE COLLEGE, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Criteria: According to the Federal Student Aid Handbook, Volume 4, Chapter 5, "Reconciliation of the Direct Loan Program: In the Direct Loan Program, reconciliation is a mandatory monthly process requiring the comparison of records, both internally and externally. Reconciliation is conducted to identify and resolve differences between net draws (cash minus refunds of cash) through G5 and Net Accepted and Posted Disbursements (NAPD) (disbursements minus disbursement adjustments) reported to COD for a specific award year.

Cause: During the fiscal year, management identified a deficiency in leadership in the Financial Aid Department. The deficiency in leadership caused the College to get behind on reconciliations during this time period.

Effect: Non-compliance with program requirements could jeopardize future program funding.

Recommendation: We recommend the College comply with reconciliation procedures as detailed in Federal Student Aid Handbook, Volume 4, Chapter 5.

Management's Response: We are in the process reconciling all outstanding items noted during our reconciliation of our student financial aid accounts for the Direct Loan program in order to comply with the Federal Student Aid Handbook. We have addressed the leadership deficiencies in the Financial Aid department by hiring a national financial aid consultant and subsequently hiring a new permanent Director of Financial Aid who will implement policies and procedures to ensure compliance moving forward.

Finding 2014-7

(Significant Deficiency and Noncompliance)

Federal Award No. 84.037, 84.033, 84.038, 84.063, 84.268

Student Financial Aid Cluster

Condition: As part of our audit, we selected 40 students receiving federal student aid. Of the 40 selected, 39 received Direct Federal Loans (Subsidized or Unsubsidized) as part of their student aid package. We noted that for 2 of the 39 students with Direct Student Loan balances, the aggregate loan balances exceeded the aggregate loan limit defined by the Federal Student Aid Handbook, Volume 3, Chapter 5.

Criteria: According to the Federal Student Aid Handbook (2013-2014), Volume 3, Chapter 5, the aggregate loan limit for subsidized direct federal loans is \$23,000 for undergraduate dependent and independent students.

Cause: During the fiscal year, management identified a deficiency in leadership in the Financial Aid Department. The deficiency in leadership precluded the College from effectively monitoring compliance with aggregate direct loan limits.

Effect: Non-compliance with program requirements could jeopardize future program funding and program participation.

Recommendation: We recommend the College implement policies and procedures in order to comply with Direct Loan Program requirements.

SAINT CATHARINE COLLEGE, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Management's Response: We will implement policies and procedures to ensure compliance with the Federal Direct Loan Program. We have addressed the leadership deficiencies in the Financial Aid department by hiring a national financial aid consultant and subsequently hiring a new permanent Director of Financial Aid who will implement policies and procedures to ensure compliance moving forward.

SAINT CATHARINE COLLEGE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2014

Finding 2013-1

Condition: Repeated as Finding 2014-1.

Finding 2013-2

Condition: Repeated as Finding 2014-2. We noted significant improvements to the reconciliation procedures for the fiscal year 2014.

Finding 2013-3

Condition: Repeated as Finding 2014-3.

APPENDIX C
DOCUMENTS AND SUMMARIES

The Loan Agreement

LOAN AGREEMENT

between

CITY OF SPRINGFIELD, KENTUCKY

and

SAINT CATHARINE COLLEGE, INC.

Dated as of December 1, 2014

Relating to:

\$5,965,000

**City of Springfield, Kentucky
Industrial Building Revenue Refunding Bonds, Series 2014A
(Saint Catharine College, Inc. Project)**

And

\$3,675,000

**City of Springfield, Kentucky
Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B
(Saint Catharine College, Inc. Project)**

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THIS LOAN AGREEMENT, dated as of December 1, 2014 (this "Loan Agreement"), between the CITY OF SPRINGFIELD, KENTUCKY, a municipal corporation and political subdivision existing under the laws of the Commonwealth of Kentucky (the "Issuer"), and SAINT CATHARINE COLLEGE, INC., a Kentucky nonprofit corporation (the "College"):

WITNESSETH:

WHEREAS, the Chapter 103 of the Kentucky Revised Statutes, as amended (the "Act"), authorizes cities in the Commonwealth of Kentucky (the "State") in order to promote the economic development of the Commonwealth, promote reconversion to peacetime economy, to relieve conditions of unemployment, to aid in the rehabilitation of returning veterans, to encourage the increase of industry in this state, and to aid in the retention of existing industry through the control of pollution or through conversion of energy facilities to more readily available fuels and authorizes and empowers cities to issue bonds for the purpose of providing funds to pay all or any part of the cost of any "Project," as defined in the Act, to issue negotiable bonds for the purpose of defraying the cost of acquiring any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational, and medical research and treatment facilities;

WHEREAS, in furtherance of the purposes of the Act, the Issuer has agreed to issue its revenue bonds upon the terms and conditions set forth hereinafter and in the Indenture (hereinafter defined) to: (i) permanently finance all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky (collectively, the "Facilities"), all located on the current campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky (collectively, the "Series 2014 Project"); (ii) refund the Issuer's Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer's Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) (together, the "Prior Obligations") which were issued to finance or refinance, in whole or in part, the costs of the acquisition, construction, installation, renovation, expansion and/or improvement of certain facilities all located on the campus of the College, owned and operated by Saint Catharine College, Inc. and used in furtherance of its educational purposes; and (iii) pay all or a portion of the costs of issuance of the Series 2014 Bonds (as hereinafter defined); and

WHEREAS, the Issuer proposes to loan the proceeds of the sale of such revenue bonds to the College, and the College agrees to repay such loan on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions.

Except as set forth below or unless the context otherwise requires, all undefined capitalized terms shall have the meanings assigned to them in the Master Indenture or the Indenture. The following words and terms shall have the following meanings unless the context otherwise requires:

"Authorized Representative" shall mean, with respect to the College, the President or Vice President for Finance and Administration.

"Bond Trustee" shall mean the bond trustee at the time serving as such under the Indenture, whether the original or a successor trustee.

"Financial Statements" shall mean "Financial Statements" as defined in the Master Indenture.

"Financing Instruments" shall mean the Master Indenture, the Indenture, the Notes, the Mortgage, the Disclosure Undertaking, the Tax Compliance Agreement and this Loan Agreement.

"Fourth Supplement to Master Indenture" shall mean the Supplemental Master Trust Indenture No. 4, dated as of December 1, 2014, between the College and the Master Trustee authorizing the Series 2014 Notes.

"Indenture" shall mean the Bond Trust Indenture dated as of the date hereof between the Issuer and The Huntington National Bank, as Bond Trustee, as amended or supplemented from time to time.

"Insurance Consultant" shall mean "Insurance Consultant" as defined in the Master Indenture.

"Loan" shall mean the loan to the College under this Loan Agreement.

"Master Indenture" shall mean the Master Trust Indenture dated as of November 1, 2004, by and among the College and the Master Trustee, as such may be amended and supplemented from time to time, particularly as supplemented by a Supplemental Indenture for Series 2014 Notes, dated as of December 1, 2014.

"Master Trustee" shall mean The Huntington National Bank (as successor to Central Bank & Trust Co.), Cincinnati, Ohio, or the master trustee at the time serving as such under the Master Indenture, whether the original or a successor trustee.

"Mortgage" shall mean the Mortgage and Security Agreement dated as of April 1, 2001 and recorded in Book 0228, Page 0611, in the official records of the County Clerk of

Washington County, Kentucky, as modified and amended by a Second Supplemental Mortgage, dated as of November 1, 2011, from the College to the Master Trustee and a Third Supplemental Mortgage, dated as of the date of delivery of the Series 2014 Bonds, from the College to the Master Trustee.

"Mortgaged Property" shall mean "Mortgaged Property" as defined in the Master Indenture.

"Net Proceeds" shall mean the gross proceeds from any insurance recovery or condemnation award remaining after payment of reasonable attorneys' fees, reasonable fees and expenses of the Bond Trustee and all other reasonable expenses incurred in the collection of such gross proceeds.

"Notes" or "Series 2014 Notes" shall mean the Series 2014A Note and the Series 2014B Note.

"Officer's Certificate" shall mean Officer's Certificate as defined in the Master Indenture.

"Prime Rate" shall mean the rate per year announced from time to time by The Huntington National Bank, as its prime rate, with any change in the Prime Rate being effective as of the date such announced prime rate is changed.

"Series 2014 Bonds" shall mean the Series 2014A Bonds and the Series 2014B Bonds.

"Series 2014A Bonds" means the Issuer's City of Springfield, Kentucky Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) issued pursuant to the Indenture.

"Series 2014A Note" shall mean the promissory note of the College in the aggregate principal amount of the Series 2014A Bonds, dated December 18, 2014, issued as Series 2014A Note under the Master Indenture, secured by the Mortgage and delivered to the Issuer to evidence the College's obligations hereunder, and any amendments, supplements or substitutions thereto.

"Series 2014B Bonds" means the Issuer's City of Springfield, Kentucky Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) issued pursuant to the Indenture.

"Series 2014B Note" shall mean the promissory note of the College in the aggregate principal amount of the Series 2014B Bonds, dated December 18, 2014, issued as Series 2014B Note under the Master Indenture, secured by the Mortgage and delivered to the Issuer to evidence the College's obligations hereunder, and any amendments, supplements or substitutions thereto.

"Underwriter" shall mean Ross, Sinclair & Associates, LLC.

Section 1.2 Rules of Construction.

The following rules shall apply to the construction of this Loan Agreement unless the context otherwise requires:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of Series 2014 Bonds shall not be deemed to refer to or connote the payment of Series 2014 Bonds at their stated maturity.

(c) All references herein to particular articles or sections are references to articles or sections of this Loan Agreement unless otherwise indicated.

(d) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by Issuer.

The Issuer makes the following representations:

(a) The Issuer is a duly organized municipal government under the laws of the Commonwealth of Kentucky and has the power to (1) enter into this Loan Agreement and the Indenture, (2) assign certain of its rights under this Loan Agreement and the Notes to the Bond Trustee, (3) issue the Series 2014 Bonds to finance the Series 2014 Project and refund the Prior Obligations, and (4) carry out its other obligations in connection therewith pursuant to this Loan Agreement. Based on the representations of the College, the facilities to be financed with the proceeds of the Series 2014 Bonds constitute facilities authorized to be financed under the Act and in furtherance of the purposes for which the Issuer was organized.

(b) The Issuer has duly authorized the execution and delivery of the Indenture, this Loan Agreement, the assignment of the Notes, the performance of its obligations hereunder and under the Indenture and the issuance of the Series 2014 Bonds and, simultaneously with the execution and delivery of this Loan Agreement, has duly executed and delivered the Indenture and issued and sold the Series 2014 Bonds.

(c) To the best of the Issuer's knowledge, no event has occurred and no condition exists with respect to the Issuer that would constitute an "event of default" as defined in this Loan Agreement or the Indenture or which, with the lapse of time or with the giving of notice or both, would become such an "event of default." The Issuer is not in default under the Act or under any charter instrument, by-law or other agreement or instrument to which it is a

party or by which it is bound which default would adversely affect the enforceability or taxability of the Series 2014 Bonds.

(d) The Issuer is not (1) in violation of the Act or any other existing federal or Kentucky law, rule or regulation applicable to it or (2) to the best of its knowledge, in default under any indenture, mortgage (including the Mortgage), lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject and which would affect the validity or enforceability of the Notes, the Series 2014 Bonds, this Loan Agreement or the Indenture. The execution and delivery by the Issuer of the Indenture, this Loan Agreement, the Series 2014 Bonds and the assignment of the Notes and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(e) To the best of its knowledge, no further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the Series 2014 Bonds by the Issuer, (2) the execution or delivery of or compliance by the Issuer with the terms and conditions of this Loan Agreement, the Indenture or the Series 2014 Bonds or (3) the assignment and pledge by the Issuer pursuant to the Indenture of its rights (except for the right of the Issuer to indemnification, notice and payment of fees and expenses) under this Loan Agreement and the Notes and the payments thereon by the College, as security for payment of the principal of and premium, if any, and interest on the Series 2014 Bonds. The consummation by the Issuer of the transactions set forth in the manner and under the terms and conditions as provided herein will comply with all state, local or federal laws and to the best of its knowledge, any rules and regulations promulgated thereunder; provided, however, no representation is made as to compliance with any federal or state securities or "blue sky" law.

(f) Notwithstanding anything herein to the contrary, any obligation the Issuer may incur hereunder in connection with the issuance of the Series 2014 Bonds shall not be deemed to constitute a general obligation of the Issuer but shall be payable solely from the payments received hereunder and under the Notes and the security therefor.

(g) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the Issuer with respect to (1) the organization and existence of the Issuer, (2) its authority to execute or deliver this Loan Agreement, the Indenture, the Series 2014 Bonds or the assignment of the Notes or the financing of the Series 2014 Project or refunding of the Prior Obligations, (3) the validity or enforceability of any of such instruments or the transactions contemplated hereby or thereby, (4) the title of any officer of the Issuer who executed such instruments, or (5) any authority or proceedings related to the execution and delivery of such instruments on behalf of the Issuer. No such authority or proceedings have been repealed, revoked, rescinded or amended and all are in full force and effect. The foregoing representation does not include any litigation that may have been filed but not served on the Issuer and of which the Issuer has no knowledge.

(h) The Issuer hereby finds that the issuance of the Series 2014 Bonds, the financing of the Series 2014 Project and refunding of the Prior Obligations are advisable and in furtherance of the purposes for which the Issuer was organized and will serve the purposes of the Act.

(i) The Issuer makes no representation or warranty concerning the suitability of the Series 2014 Project for the purpose for which they are used and proposed to be used by the College. The Issuer has not made any independent investigation as to the feasibility or creditworthiness of the College. Any bond purchaser, assignee of the Loan Agreement or any other party with any interest in this transaction, shall make its own independent investigation as to the creditworthiness of the College and the feasibility of its undertakings, independent of any representations of the Issuer.

Section 2.2 Representations by the College.

The College makes the following representations:

(a) The College is a Kentucky nonprofit corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, has the power to enter into the Financing Instruments and the transactions contemplated thereunder and, by proper corporate action, has duly authorized the execution and delivery of the Financing Instruments and the performance of its obligations thereunder.

(b) The College has received a determination letter from the Internal Revenue Service classifying it as an organization (a) described in Section 501(c)(3) of the Code which is exempt from Federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and (b) which is not a "private foundation" as defined in Section 509(a) of the Code. Such determination letter has not been modified, limited, revoked or suspended. The College has not received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked, or superseded, or that the Internal Revenue Service is considering modifying, limiting, revoking or superseding such exemption. The College is in compliance with all of the terms, conditions and limitations, if any, contained in the determination letter. There has been no change in the facts and circumstances represented to the Internal Revenue Service as a basis for receiving, and which formed the basis on which the Internal Revenue Service issued, the determination letter relating to the status of the College as an organization described in Section 501(c)(3) of the Code and as an organization which is not a "private foundation" as defined in Section 509 of the Code of a nature or to a degree as would warrant any action by the Internal Revenue Service to modify, limit, revoke or supersede such determination letter as it applies to the College. No administrative or judicial proceedings are pending or threatened which may, in any way, adversely affect the classification of the College as an organization (a) described in Section 501(c)(3) of the Code which is exempt from Federal income taxation under Section 501(a) of the Code and (b) which is not a "private foundation" as defined in Section 509 of the Code. The College has received no notice or communication of any kind from the Internal Revenue Service directly or indirectly questioning its status described in the first sentence of this subsection, or indicating that the College specifically is

being or will be audited with respect to such status. The College is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit, within the meaning of the Securities Act of 1933, as amended, and no part of the net earnings of the College inures to the benefit of any person, private stockholder or individual, within the meaning of Section 3(a)(4) of the Securities Act of 1933, as amended. The facilities being refinanced with the proceeds of the Series 2014 Bonds are owned by the College, are used in furtherance of the exempt purpose of the College, and are not used by any other Person.

(c) The College is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any such agreement that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder. The proceeds of the Series 2014 Bonds will be used to fund the Series 2014 Project and refund the Prior Obligations.

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the College pending or, to the knowledge of the College, threatened in which any liability of the College is not adequately covered by insurance or for which adequate reserves are not provided or for which any judgment or order would have a material adverse effect upon the business or assets of the College or affect its existence or authority to do business, the operation of the Series 2014 Project, the validity of the Financing Instruments or the performance of the College's obligations thereunder.

(e) The execution and delivery of the Financing Instruments, the performance by the College of its obligations thereunder and the consummation of the transactions therein contemplated do not and will not conflict with, or constitute a breach or result in a violation of, articles of incorporation or bylaws of the College, any agreement or other instrument to which the College is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the College or its property.

(f) The College has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority ("Consents") that are required to be obtained by the College as a condition precedent to the issuance of the Series 2014 Bonds, the financing of the Series 2014 Project, the refunding of the Prior Obligations and the execution and delivery of the Financing Instruments. The College has obtained all Consents obtainable to date for the performance by the College of its obligations hereunder and thereunder, or required as of the date hereof for the operation of the Series 2014 Project. The College will obtain when needed all other Consents required for the performance of its obligations under the Financing Instruments, and for the operation of the Series 2014 Project and has no reason to believe that all such Consents cannot be promptly obtained when needed.

(g) The College will operate the Series 2014 Project, or cause them to be operated, as educational facilities until payment of the Notes in full.

ARTICLE III

FINANCING OF PROJECT

Section 3.1 Loan by the Issuer.

Upon the terms and conditions of this Loan Agreement and the Indenture, the Issuer shall lend to the College the proceeds of the sale of the Series 2014 Bonds. The Loan shall be made by depositing proceeds of such sale in accordance with Section 206 of the Indenture. The Loan shall be disbursed to the College as provided in Article V of the Indenture.

Section 3.2 Repayment of Loan.

Prior to or simultaneously with the issuance of the Series 2014 Bonds, to evidence its obligations to repay the Loan, the College shall deliver the Notes to the Issuer for assignment to the Bond Trustee as security for the payment of the Series 2014 Bonds.

Section 3.3 College To Provide Funds To Carry Out Purposes for which Series 2014 Bonds Issued.

If the proceeds derived from the Loan are not sufficient to pay in full the cost of (i) financing or refinancing all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of the Series 2014 Project (ii) refunding the Prior Obligations; and (iii) paying all or a portion of the costs of issuance of the Bonds; the College shall pay such moneys as are necessary to provide for payment in full of such cost. The College shall not be entitled to any reimbursement therefor from the Issuer or the Bond Trustee nor shall it be entitled to any abatement, diminution or postponement of its payments hereunder or under the Notes.

Section 3.4 Limitation of Issuer's Liability.

Notwithstanding anything herein to the contrary, any obligation the Issuer may incur hereunder, in connection with the issuance of the Series 2014 Bonds, the financing of the Series 2014 Project or the refunding of the Prior Obligations, for the payment of money shall not be deemed to constitute a general obligation of the Issuer but shall be payable solely from the revenues and receipts derived by it from or in connection with this Loan Agreement, including payments received under the Notes. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Issuer in his individual capacity, and neither the directors of the Issuer nor any officer thereof executing the Series 2014 Bonds shall be liable personally on the Series 2014 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, agent or adviser of the Issuer shall incur any personal liability with respect to any action taken by him pursuant to this Loan Agreement, the Indenture or the Act.

Section 3.5 Recordation and Filing.

The College shall record the Mortgage and all amendments thereto and financing statements with respect to the security interests granted under the Mortgage, all as provided in the Mortgage.

Section 3.6 Mortgagee Title Policy.

At the incurrence of the Notes, the College shall deliver to the Master Trustee a mortgagee title insurance policy as required by the Master Indenture.

Section 3.7 Disclaimer of Warranties.

NEITHER THE ISSUER NOR THE BOND TRUSTEE MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE SERIES 2014 PROJECT OR THEIR SUITABILITY FOR THE PURPOSES OF THE COLLEGE OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE SERIES 2014 BONDS WILL BE SUFFICIENT TO PAY THE COST OF THE SERIES 2014 PROJECT IN FULL.

Section 3.8 No Warranty of Condition or Suitability by Issuer.

The College recognizes that the Issuer does not deal in goods of the kind comprising components of the Series 2014 Project or otherwise hold itself out as having knowledge or skill peculiar to the practices or goods involved in the Series 2014 Project, and that the Issuer is not one to whom such knowledge or skill may be attributed by its employment of an agent or broker or other intermediary who by his occupation holds himself out as having such knowledge or skill. The College further recognizes that since the components of the Series 2014 Project have been designated and selected by the College, THE ISSUER HAS NOT MADE AN INSPECTION OF THE SERIES 2014 PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR TO THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE COLLEGE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR, ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED (TO THE EXTENT PERMITTED BY APPLICABLE LAW), WITH RESPECT TO THE SERIES 2014 PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION

THEREOF, WHETHER ARISING PURSUANT TO THE U.C.C. OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

ARTICLE IV

PAYMENTS ON NOTES

Section 4.1 Amounts Payable.

(a) The College shall make all payments required by the Notes, this Loan Agreement, the Indenture and the Master Indenture as and when they become due and shall promptly pay all other amounts necessary to enable the Bond Trustee to make the transfers required by Article VI of the Indenture and all other payments required of the Issuer pursuant to the Indenture. On the first day of each month, the College shall transfer to the Bond Trustee, for use pursuant to Section 602 of the Indenture, the amount necessary to permit the Bond Trustee to provide in all funds held by the Bond Trustee the full amounts required by Section 602 of the Indenture. The College immediately shall also pay to the Bond Trustee any amounts necessary pursuant to the Indenture to provide for payment of principal and interest on the Series 2014 Bonds when due at maturity or subject to mandatory sinking fund redemption.

(b) The College shall also pay, as and when the same become due:

(1) An amount equal to (a) the fees and charges of the Bond Trustee incurred in connection with the rendering of its ordinary and extraordinary services as Bond Trustee under the Indenture, as and when the same become due, including all advances and the reasonable fees and expenses of its counsel, and (b) out-of-pocket costs and expenses, administrative expenses and counsel fees of the Issuer, and its reasonable costs and expenses, including the reasonable fees of its counsel and other advisers, directly related to the transactions contemplated by this Loan Agreement, the Indenture, and any other financing document or otherwise related to the Series 2014 Bonds. The College may, without constituting grounds for an Event of Default hereunder, withhold payment of any such fees and charges of the Bond Trustee, to contest in good faith the necessity for any extraordinary services of the Bond Trustee and the reasonableness of any extraordinary expenses of the Bond Trustee. If the College should fail to make any of the payments required in this Section, the item or installment which the College has failed to make shall continue as an obligation of the College until the same shall have been fully paid, with interest thereon at the rate per annum borne by the Series 2014 Bonds until paid in full (provided that any amounts in this Section required to be paid by the College shall not equal or exceed an amount that would cause the "yield" on the Series 2014A Note or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the Series 2014A Bonds, as such terms are defined under Section 148 of the Code).

(2) Amounts described in Section 4.7.

(3) All other amounts that the College agrees to pay under the terms of this Loan Agreement.

(4) All amounts required to restore any withdrawal from the Debt Service Reserve Fund created and existing under the Bond Indenture.

The provisions of this Section 4.1 shall survive the termination of the Loan Agreement.

Section 4.2 Payments Assigned.

The College consents to the assignments made by the Fourth Supplement to Master Indenture dated as of December 1, 2014 and of rights of the Issuer under this Loan Agreement to the Bond Trustee. The College shall pay to the Bond Trustee all amounts payable by the College pursuant to the Notes and this Loan Agreement, except for payments to be made to the Issuer pursuant to Sections 4.1(b)(2), 4.5 and 5.6 hereof.

Section 4.3 Default in Payments.

If the College fails to make any payments required by the Note or this Loan Agreement when due, the College shall pay to the Bond Trustee interest thereon until paid at the rate equal to the highest rate on any Series 2014 Bonds then Outstanding or, in case of the payment of any amounts not to be used to pay principal of or interest on Series 2014 Bonds, at the rate equal to the Prime Rate plus one percent per year.

Section 4.4 Obligations of College Unconditional.

The obligation of the College to make the payments on the Notes and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim they might otherwise have against the Issuer or the Bond Trustee. Subject to the prepayment of the Notes as provided therein, the College shall not suspend or discontinue any payment on the Notes or hereunder or fail to observe and perform any of its other covenants, conditions or agreements hereunder for any cause, including without limitation, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title to any part or all of the Series 2014 Project or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Series 2014 Project, or any change in the tax or other laws of the United States of America, Commonwealth of Kentucky or any political subdivision of either, or any failure of the Issuer or the Bond Trustee to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with the Indenture or this Loan Agreement. The College may, after giving to the Issuer and the Bond Trustee ten days' notice of its intention to do so, at its own expense and in its own name, or in the name of the Issuer if procedurally required, prosecute or defend any action or proceeding or take any other action involving third persons that the College reasonably deems necessary to secure or protect any of its rights hereunder. In the event the College takes any such action, the Issuer shall, solely at the College's expense, reasonably cooperate with the College and take necessary action to substitute the College for the Issuer in such action or proceeding if the College shall reasonably request.

Section 4.5 Advances by Issuer or Bond Trustee.

If the College fails to make any payment or perform any act required of it hereunder, the Issuer or the Bond Trustee, without prior notice or demand on the College and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Issuer or the Bond Trustee and all costs, fees and expenses incurred in connection therewith shall be payable by the College on demand as an additional obligation under the Notes, together with interest thereon at the Prime Rate plus one percent per year until paid.

Section 4.6 Agreement of Issuer.

At the direction of the College, the Issuer shall (a) at any time moneys held pursuant to the Indenture are sufficient to effect redemption of any Series 2014 Bonds and if the same are then redeemable under the Indenture, take or cause to be taken all steps that may be necessary to effect redemption thereunder and (b) take or cause to be taken any other action required by the Indenture or as directed by the College pursuant to the provisions of the Indenture or this Loan Agreement, all at the sole cost and expense of the College.

Section 4.7 Rebate Requirement.

(a) The Issuer and the College acknowledge that the exclusion of interest on the Series 2014A Bonds from federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by sections 103(b)(2) and 148 of the Code. The Issuer hereby authorizes and directs the College, and the College hereby acknowledges sole responsibility as between the Issuer and the College, to take all actions necessary to comply with these requirements.

(b) Except as provided in the Tax Compliance Agreement, the College shall not direct or knowingly permit any proceeds of the Series 2014A Bonds to be invested in investment property, other than obligations qualifying under section 103 of the Code, at a yield in excess of the yield on the Series 2014A Bonds.

(c) The College covenants that so long as any of the Series 2014A Bonds remain outstanding, and any provisions in this Loan Agreement, the Tax Compliance Agreement or the Bond Indenture to the contrary notwithstanding, with respect to investment of moneys on deposit in the various funds established by the Bond Indenture, whether such moneys were derived from the proceeds of the Series 2014A Bonds, or from any other source, no use will be made of such moneys which would cause the Series 2014A Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and further covenants to comply with the requirements of said Section 148 and any regulations promulgated thereunder or under Section 103 of the Internal Revenue Code of 1954, as amended, if appropriate. The College further agrees that it will not take any action or fail to take any action with respect to the purchase of other Issuer obligations which may result in constituting the Series 2014A Bonds as "arbitrage bonds" and that neither it nor any related person, as defined in Section 144(a)(3) of the Code, shall, pursuant to an arrangement, formal or informal, purchase obligations of the Issuer in an

amount related to the amount of the Note delivered in connection with the transaction contemplated thereby.

(d) The College will select an Arbitrage Consultant to calculate the rebate amount as required under the Indenture. On or before the date which is the five year anniversary date of the delivery of the Series 2014A Bonds, the College shall provide to the Bond Trustee and the Issuer a written certificate of the Arbitrage Consultant stating that either (a) no rebate payments are then required to be made to the United States because of the existence of one or more exceptions from the rebate provisions contained in Section 148(f) of the Code and the United States Treasury Regulations relating to the tax-exempt bond provisions of the Code (the "Rebate Provisions"), or (b) the College has made (or caused to be made) a calculation of the amount of rebate owed pursuant to the Rebate Provisions and either (i) no rebate was then due and owing with respect to the Series 2014A Bonds, or (ii) rebate (the amount of which shall be specified) has been paid by the College on behalf of the Issuer to the United States with respect to the Series 2014A Bonds. The College shall also provide such certificate to the Bond Trustee and the Issuer at least every 5 years thereafter and by the 60th day following the final maturity date of the Series 2014A Bonds. The College acknowledges that its obligations under this Section are supplemental to, and not in lieu of, the Rebate Provisions set forth in the Tax Compliance Agreement. The College agrees to timely make all rebate payments as may be required and to deliver to the Issuer, the above-described certificates together with the necessary IRS Form 8038T (or any such successor form) for execution by the Issuer at least 15 days prior to each date any such rebate payment is due. The College will cause the Arbitrage Consultant to provide a copy of each rebate report to the Bond Trustee and the Issuer. Not later than sixty (60) days after (i) the fifth anniversary of the Closing Date and every five years thereafter, and (ii) the final retirement of the Series 2014A Bonds, the College will pay or cause to be paid any Rebate Amount required to be paid pursuant to section 148(f) of the Code and the Treasury Regulations under Section 148, including, to the extent applicable, Section 1.148-3 of the Treasury Regulations or subsequent applicable Treasury Regulations, to the Bond Trustee for deposit in the Rebate Fund, at the times, in the amounts and at the places required thereby in order to maintain the exclusion of the interest payable on the Series 2014A Bonds for federal income tax purposes and shall take such other actions with respect to the Rebate Amount as are required by the Indenture. The College agrees to indemnify, protect, and hold harmless the Issuer and the Bond Trustee with respect to the nonpayment of the Rebate amount and such interest and penalties, and any liabilities in connection therewith. The College acknowledges that its obligations under this section are supplemental to, and not in lieu of, the Rebate Provisions set forth in the Tax Compliance Agreement.

(e) The College further agrees and covenants that it will direct the investment of the money deposited with the Bond Trustee in the funds and accounts held under the Indenture in accordance with the Tax Compliance Agreement and will cooperate with the Bond Trustee in keeping accurate account of the investment earnings on all investments of Gross Proceeds, as defined in the Code, of the Series 2014A Bonds.

(f) The College hereby irrevocably authorizes and directs the Bond Trustee (and any other agent designated by the Issuer) to make payment of required rebate amounts from funds of the College, if any, held by the Bond Trustee or any agent of the Issuer or the

Bond Trustee, all as contemplated and required by the Indenture and this Loan Agreement, which payment may be made out of any available money on deposit in the various Funds and Accounts established under the Indenture. For purposes of this Section, "available money", when used with respect to any Fund or Account established under the Indenture, shall mean money on deposit in such Fund or Account in excess of the amounts required to be on deposit in any such Fund or Account from time to time for the payment of interest, principal or premium, if any, due with respect to the Series 2014A Bonds.

(g) The College agrees that it shall give no instructions to the Bond Trustee as to the investment of any amounts held pursuant to the Indenture that would cause a violation of this Section or the Indenture. The Issuer shall not be liable to the College by way of contribution, indemnification, counterclaim, set-off or otherwise for any payment made or expense incurred by the College pursuant to this section or the Indenture.

ARTICLE V

SPECIAL COVENANTS

Section 5.1 Compliance with Covenants, Conditions and Agreements in Master Indenture.

So long as the Series 2014 Bonds are Outstanding, the College shall comply with, each and every covenant, condition and agreement in the Master Indenture. Each such covenant, condition and agreement in the Master Indenture is hereby incorporated by reference and made a part of this Loan Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Loan Agreement as express covenants, conditions and agreements of the College.

Section 5.2 Merger, Sale and Transfer.

Except as provided in Section 3.10 of the Master Indenture, the College shall not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or to merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets and thereafter dissolve.

Section 5.3 Examination of Books and Records; Information to the Issuer.

The Bond Trustee and the Issuer shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records (other than confidential resident records) of the College with respect to the College's financial standing or its compliance with its obligations hereunder and under the Master Indenture.

Section 5.4 Financial Statements and Other Information.

The College shall furnish (a) to the Bond Trustee and the Underwriter the financial statements, certificate of no default and other information which the College has covenanted to furnish the Master Trustee pursuant to Section 5.07 of the Master Indenture and (b) to the

Underwriters and other parties such other information as may be required by law if the Series 2014 Bonds are to be recommended by the broker/dealers for purchase in the secondary market. Such information shall be furnished to such persons at the times and in the manner provided by Section 5.07 of the Master Indenture. Simultaneous therewith, the College shall cause to be filed with the Bond Trustee an Officer's Certificate demonstrating compliance with the provisions of Sections 5.04 and 5.07 of the Master Indenture.

Section 5.5 Damage, Destruction, Condemnation and Loss of Title.

(a) The College shall give prompt notice to the Bond Trustee and the Issuer of (1) any material damage to or destruction of any part of the Series 2014 Project, (2) a taking of all or any part of the Series 2014 Project or any right therein under the exercise of the power of eminent domain, (3) any loss of any part of the Series 2014 Project because of failure of title thereto, or (4) the commencement of any proceedings or negotiations that might result in such a taking or loss. Each such notice shall describe generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

(b) The College shall apply any Net Proceeds consistent with the provisions of Section 3.05 of the Master Indenture. The College shall simultaneously provide to the Bond Trustee the Officer's Certificates and consultant reports required to be delivered to the Master Trustee pursuant to Section 3.05 of the Master Indenture.

The College shall not by reason of the payment of the cost of replacement, repair, rebuilding or restoration be entitled to any reimbursement from the Issuer or the Bond Trustee or to any abatement or diminution of the amount payable under the Notes. All real and personal property acquired with Net Proceeds derived from Mortgaged Property shall be free and clear of all liens and encumbrances of any kind except Permitted Liens and become part of the Mortgaged Property and the College shall take all steps necessary to subject such property to the lien and security interest of the Mortgage and to obtain an amendment to the mortgagee title policy required by the Master Indenture to insure title to all such real property acquired. Prepayments of the Notes shall be used to redeem Series 2014 Bonds pursuant to Section 301 of the Indenture.

Section 5.6 Indemnification.

(a) The College shall at all times protect, indemnify and save harmless the Issuer and the Bond Trustee (together, the "Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (hereinafter referred to as "Damages"), including without limitation (1) all amounts paid in settlement of any litigation commenced or threatened against the Indemnitees, if such settlement is effected with the written consent of the College, which consent shall not be unreasonably withheld (2) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever, commenced or threatened against the College, the Series 2014 Project or any of the Indemnitees, (3) any judgments, penalties, fines, damages, assessments, indemnities or contributions, and (4) the reasonable fees of attorneys, auditors, and consultants of the Indemnitees, provided that the Damages arise out of:

(1) failure by the College or its officers, employees or agents, to comply with the terms of the Financing Instruments or the Indenture, and any agreements, covenants, obligations, or prohibitions set forth therein;

(2) any action, suit, claim or demand contesting or affecting the title of the Series 2014 Project;

(3) any breach of any representation or warranty set forth in the Financing Instruments or the Indenture or any certificate delivered pursuant thereto, and any claim that any representation or warranty of the College contains or contained any untrue or misleading statement of fact or omits or omitted to state any material facts necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(4) any action, suit, claim, proceeding or investigation of a judicial, legislative, administrative or regulatory nature arising from or in connection with the construction, acquisition, ownership, operation, occupation or use of the Series 2014 Project; or

(5) any loss, claim, damage, or liability related to investigations or audits with respect to the Series 2014 Bonds by the Internal Revenue Service or the Securities and Exchange Commission; or

(6) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the College, the Series 2014 Project or the Indemnitees that might adversely affect the validity, enforceability or tax-exempt status (as applicable) of the Series 2014 Bonds, the Financing Instruments or the Indenture, or the performance by the College or any Indemnitee of any of their respective obligations thereunder; or

(7) the issuance of the Series 2014 Bonds, the execution and delivery of this Loan Agreement, the Indenture and all related financing instruments;

provided that such indemnity shall be effective only to the extent of any loss that may be sustained by the Indemnitees in excess of the proceeds net of any expenses of collection, received by them or from any insurance carried with respect to such loss and provided further that the benefits of this section shall not inure to any person other than the Indemnitees. The Issuer has no insurance and no obligation is implied that it will obtain insurance.

(b) If any action, suit or proceeding is brought against the Indemnitees for any loss or damage for which the College is required to provide indemnification under this section, the College, upon request, shall at its expense resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by the College and approved by the Indemnitees, which approval shall not be unreasonably withheld, provided that such approval shall not be required in the case of defense by counsel designated by any insurance company undertaking such defense pursuant to any applicable policy of insurance. The obligations of the College under this section shall survive any termination of this Loan Agreement, including prepayment of the Notes.

(c) Nothing contained herein shall require the College to indemnify the Issuer for any claim or liability resulting from their willful wrongful acts or the Bond Trustee for any claim or liability resulting from their negligence (under the standard of care set forth in Article X of the Indenture) or their willful, wrongful acts.

(d) All references in this section to the Issuer and the Bond Trustee, including references to Indemnitees, shall include their members, directors, commissioners, officers, employees, representatives and agents.

Section 5.7 Maintenance of 501(c)(3) Status; Prohibited Activities.

The College shall file all required reports and documents with the Internal Revenue Service so as to maintain its status as an organization described in Section 501(c)(3) of the Code, and shall not operate the Series 2014 Project in any manner and shall not engage in any activities or take any action that might reasonably be expected to result in the College ceasing to be a "501(c)(3) organization" within the meaning of Section 145 of the Code. The College shall promptly notify the Bond Trustee and the Issuer of any loss of its status as a "501(c)(3) organization" or of any investigation, proceeding or ruling that might result in such loss of status.

Section 5.8 Tax Covenants.

The College agrees that it will not directly or indirectly use or permit the use of any of the proceeds of the Series 2014A Bonds or any other of its funds, or direct the Bond Trustee to invest any funds held by the Bond Trustee under the Indenture or this Agreement, in such manner as would, or enter into, or allow any other Person to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause any Series 2014A Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The College acknowledges having read the Indenture and agrees to perform all duties imposed upon it by the Indenture and by the Tax Compliance Agreement. Insofar as the Indenture and the Tax Compliance Agreement impose duties and responsibilities on the College, they are specifically incorporated by reference into this Agreement.

Section 5.9 Investment and Use of Trust Funds.

An Authorized Representative of the College shall provide instructions for the investment, in accordance with Article VII of the Indenture, of all funds held by the Bond Trustee under the Indenture.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Event of Default Defined.

Each of the following events shall be an Event of Default:

(a) Failure of the College to make any payment on the Notes when the same becomes due and payable, whether at maturity, redemption, acceleration or otherwise pursuant to the terms thereof or this Loan Agreement.

(b) Failure of the College to observe or perform any of its other covenants, conditions or agreements hereunder or under the Disclosure Undertaking or the Tax Compliance Agreement, for a period of 30 days after notice in writing (unless the College and the Bond Trustee shall agree in writing to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, given by the Issuer or the Bond Trustee to the College, or in the case of any default which cannot with due diligence be cured within such 30 day period, failure by the College to proceed promptly to prosecute the curing of the same with due diligence and to cure such within 90 days.

(c) An Event of Default under the Master Indenture, the Mortgage or the Indenture.

(d) The Master Trustee shall have declared the aggregate principal amount of any Obligation issued under the Master Indenture and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture.

Section 6.2 Remedies on Default.

Whenever an Event of Default shall have happened and be continuing, the Bond Trustee as the assignee of the Issuer may:

(a) Declare all amounts due under this Loan Agreement and the Note to be immediately due and payable, whereupon all such payments shall become and shall be immediately due and payable; and

(b) Take any action at law or in equity necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition or agreement of the College under the Note or this Loan Agreement.

Notwithstanding any other provision of this Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Bond Trustee shall not under any circumstances declare the entire unpaid aggregate amount of the Notes to be immediately due and payable except in accordance with the provisions of the Master Indenture or at the direction of the Master Trustee in the event the Master Trustee shall have declared the

aggregate principal amount of the Notes issued under the Master Indenture and all interest due thereon immediately due and payable in accordance with the Master Indenture.

If the Bond Trustee exercises any of its rights or remedies under this section, it shall give notice of such exercise to the College (1) in writing in the manner provided in Section 9.2 and (2) by telephone or telegram, provided that failure to give such notice by telephone or telegram shall not affect the validity of the exercise of any right or remedy under this section.

Section 6.3 Application of Amounts Realized in Enforcement of Remedies.

Any amounts collected pursuant to action taken under Section 6.2 hereof shall be applied in accordance with the provisions of the Indenture or, if payment of the Series 2014 Bonds shall have been made, shall be applied according to the provisions of Section 610 of the Indenture.

Section 6.4 No Remedy Exclusive.

No remedy herein conferred on or reserved to the Issuer or the Bond Trustee or the holder of the Note is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 6.5 Attorneys' Fees and Other Expenses.

Upon an Event of Default, the College shall on demand pay to the Issuer and the Bond Trustee the reasonable fees and expenses of attorneys and other reasonable expenses incurred by them in the collection of payments due on the Notes or the enforcement of performance of any other obligations of the College.

Section 6.6 No Additional Waiver Implied by One Waiver.

If either party or its assignee waives a default by the other party under any covenant, condition or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other default hereunder.

ARTICLE VII

PREPAYMENT OF NOTE

Section 7.1 Option To Prepay Notes.

The College shall have the option to prepay the Notes in full and terminate this Agreement if one of the following has occurred:

(a) Damage or destruction of the Mortgaged Property by fire or other casualty to such extent that, or loss of title to or use of substantially all of the Mortgaged Property as a result of the exercise of the power of eminent domain or failure of title to the extent that, in the opinion of both the College's Board of Directors (expressed in a resolution) and an independent architect or engineer reasonably acceptable to the Bond Trustee and the Issuer, both filed with the Bond Trustee, (1) the Mortgaged Property cannot be reasonably repaired, rebuilt or restored within a period of 12 months to their condition immediately preceding such damage or destruction, or (2) the College is prevented from carrying on its normal operations at the Mortgaged Property for a period of 12 months, or (3) the cost of repairs, rebuilding or restoration would exceed, by more than one percent of Book Value, the Net Proceeds of insurance (including self-insurance) plus the amounts for which the College is self-insured with respect to deductible amounts.

(b) A change in the Constitution of the Commonwealth of Kentucky or of the United States of America or a legislative or administrative action (whether local, state or Federal) or a final decree, judgment or order of any court or administrative body (whether local, state or Federal) contested by the College in good faith which causes this Agreement or the Notes to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed herein or unreasonable burdens or excessive liabilities to be imposed on the Issuer or the College.

(c) The College shall have the option to prepay the Notes in part without premium following loss of title to or use of a portion of the Mortgaged Property as a result of the exercise of the power of eminent domain or failure of title, or damage to or destruction of the Mortgaged Property if the College shall have furnished to the Bond Trustee:

(1) an Officer's Certificate certifying that the projected Long-Term Debt Service Coverage Ratio for each of the next two full Fiscal Years is not less than 1.20, as shown by projected financial statements for such period, accompanied by a statement of the relevant assumptions upon which such projected financial statements are based; or

(2) a written forecast, projection or other report of a Consultant to the effect that, for each of the next two full Fiscal Years, the projected Long-Term Debt Service Coverage Ratio is not less than 1.20.

The principal amount of the Note that may be prepaid in part may not exceed the principal amount of the Series 2014 Bonds permitted to be redeemed as determined in accordance with Section 301(a) of the Indenture.

(d) To exercise any of the above options, the College shall within 120 days after the event permitting their exercise file the required resolutions and opinions with the Issuer and the Bond Trustee and specify a date not more than 60 days thereafter for making such prepayment. In such case the Issuer shall cause the Bond Trustee to redeem the Series 2014 Bonds as provided in Section 301(a) of the Indenture.

Section 7.2 Option to Prepay Notes in Whole.

The College shall have the option to prepay the Notes in whole, with any applicable premium, and terminate this Loan Agreement before payment of the Series 2014 Bonds so long as any such payment allocable to principal of the Notes shall be used contemporaneously to discharge a like amount of Series 2014 Bonds; provided, however, that the covenants in Sections 4.1(b), 4.7, 5.6 and 5.8 shall survive termination of this Loan Agreement. In such case the Issuer shall cause the Bond Trustee to redeem the Series 2014 Bonds as provided in Section 301 of the Indenture.

Section 7.3 Option To Prepay Notes in Part.

The College shall have the option to prepay the Notes in part, with any applicable premium, so long as any such payment allocable to principal of the Notes shall be used contemporaneously to discharge a like amount of Series 2014 Bonds. The amount so prepaid shall, so long as all payments then due under the Notes have been made (a) if Series 2014 Bonds are then redeemable as provided in Section 301 of the Indenture, be used to redeem Series 2014 Bonds to the extent possible under such section, and (b) if Series 2014 Bonds are not then redeemable, be transferred to the Bond Fund.

Section 7.4 Amount Required for Prepayment.

To prepay the Note in whole or in part under Sections 5.5, 7.1, 7.2 or 7.3, the College shall pay to the Bond Trustee, for deposit in the Bond Fund of the Indenture, an amount of cash and Defeasance Obligations, as defined in the Indenture, that will be sufficient (1) in the case of prepayment in whole, to discharge the lien of the Indenture pursuant to Section 801 thereof, and (2) in the case of prepayment in part, to cause any Series 2014 Bonds that will be paid with the prepayment to be no longer Outstanding under the Indenture. If the College has prepaid the Notes, as provided above, the College shall not direct the expenditure of any funds from such prepayment in the Bond Fund for any purpose other than the payment of principal of or premium, if any, or interest on the Series 2014 Bonds to be paid. The College shall instruct the Bond Trustee to give the notice of redemption required by Section 302 of the Indenture if any of the Series 2014 Bonds are to be paid other than at maturity.

ARTICLE VIII

CONTINUING DISCLOSURE

Section 8.1 Continuing Disclosure.

The College hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Undertaking. The College agrees to execute and deliver a continuing disclosure certificate or agreement for the benefit of the Owners of the Series 2014 Bonds and to assist the Underwriter of the Series 2014 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under Securities Exchange Act of 1934, as amended, and in complying with all other statutes, regulations, judicial decisions or laws relating to disclosure then in effect. Notwithstanding any other

provision of this Agreement, failure of the College to comply with the Disclosure Undertaking shall not be considered an Event of Default; *provided, however*, the Bond Trustee may (and, at the request of any participating underwriter or the Owners of at least 25% aggregate principal amount in Outstanding Series 2014 Bonds, shall) or any Owner of the Series 2014 Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section 8.1. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014 Bonds for federal income tax purposes.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Term of Loan Agreement.

This Loan Agreement shall be effective upon its execution and delivery and, subject to earlier termination upon prepayment in full of the Notes and other amounts described in Articles IV, VI and VII, shall expire on the first date upon which the Series 2014 Bonds are no longer Outstanding; provided, however, that the covenants in Section 4.1(b), 4.7, 5.6 and 5.8 shall survive the termination of this Loan Agreement. In such case the Issuer shall cause the Bond Trustee to redeem the Series 2014 Bonds as provided in Section 301 of the Indenture.

Section 9.2 Notices.

Unless otherwise provided herein all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the College, at 2735 Bardstown Road, St. Catharine, Kentucky 40069, (Attention: Mr. Gary Robinson, Vice President for Finance);

(b) if to the Issuer, at The City of Springfield, Kentucky, 127 West Main Street, Springfield, Kentucky 40069;

(c) if to the Bond Trustee, at 3805 Edwards Road, Suite 350, Cincinnati, Ohio 45209-1940 (Attention: Cheri Scott-Geraci, Corporate Trust Division).

(d) if to the Underwriter, Ross, Sinclair & Associates, LLC, 700 Walnut Street, Suite 600, Cincinnati, Ohio 45202.

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given hereunder by either the Issuer or the College to the other shall also be given to the Bond Trustee and, for information purposes only, the Underwriter. The College,

the Bond Trustee, the Issuer or the Underwriter may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention they shall be directed.

Any such communication also may be transmitted to the appropriate party by telephone, facsimile or other electronic transmission and shall be deemed given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing sent as specified above.

Section 9.3 Amendments to Loan Agreement and Notes.

Neither this Loan Agreement nor the Notes shall be amended or supplemented and no substitution shall be made for the Notes before payment of the Series 2014 Bonds without the consent of the Bond Trustee and the Issuer given in accordance with and subject to Article XII of the Indenture.

Section 9.4 Successors and Assigns.

This Loan Agreement shall be binding on, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 9.5 Severability.

If any provision of this Loan Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 9.6 Applicable Law; Entire Understanding.

This Loan Agreement and the Notes shall be governed by the applicable laws of the Commonwealth of Kentucky. This Loan Agreement and the Note (including the applicable provisions of the Indenture, the Master Indenture and the Tax Compliance Agreement) express the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties.

Section 9.7 Issuer's Obligations Limited; Immunity of Directors, Officers and Employees of Issuer.

Except as otherwise expressly herein provided, no recourse under or upon any obligation or agreement contained in this Loan Agreement or in any Bond or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Indenture, shall be had against the Issuer.

Notwithstanding anything in this Loan Agreement to the contrary, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Bond Trustee or the College as to the existence of any fact or state of affairs required

hereunder to be noticed by the Issuer, (b) the Issuer shall not be under any obligation hereunder to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed either by the Bond Trustee or the College, and (c) none of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

Furthermore, notwithstanding anything herein contained to the contrary, any obligation which the Issuer may incur under this Loan Agreement or under any instrument executed in connection herewith which shall entail the expenditure of money shall not be a general obligation of the Issuer but shall be a limited obligation payable solely from the revenues and receipts under this Loan Agreement, the Notes and the Bond Indenture and shall not constitute a pledge of the full, faith, and credit or an indebtedness or charge against the general taxing powers of the Commonwealth of Kentucky, Washington County or any political subdivision thereof.

No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained in the Bond Indenture, this Loan Agreement or in any Bond issued under the Bond Indenture for any claim based thereon or otherwise in respect thereof, against any director, officer, employee or agent, as such, in his individual capacity, past, present or future, of the Issuer or of any successor corporation, either directly or through the Issuer or any successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assignment or penalty or otherwise; it being expressly agreed and understood that the Series 2014 Bonds, the Bond Indenture and this Loan Agreement are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, director, officer, employee or agent, as such, past, present or future, of the Issuer or of successor corporation, either directly or through the Issuer or any successor corporation, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the College whether contained in this Loan Agreement or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, director, officer, employee or agent is, by the execution of this Loan Agreement and the Bond Indenture, and as a condition of, and as part of the consideration for, the execution of this Loan Agreement and the Bond Indenture, expressly waived and released.

Section 9.8 Counterparts.

This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument, except that to the extent, if any, that this Loan Agreement shall constitute personal property under the Uniform Commercial Code of Kentucky, no security interest in this Loan Agreement may be created or perfected through the transfer or possession of any counterpart of this Loan Agreement other than the original counterpart, which shall be the counterpart containing the receipt therefor executed by the Bond Trustee following the signatures to this Loan Agreement.

IN WITNESS WHEREOF, the Issuer and the College have caused this Loan Agreement to be executed in their respective corporate names.

CITY OF SPRINGFIELD, KENTUCKY

By: _____
Mayor

SAINT CATHARINE COLLEGE, INC.

By: _____
President

[Signature page to Loan Agreement]

RECEIPT

Receipt of the foregoing original counterpart of the Loan Agreement dated as of December 1, 2014, between the City of Springfield, Kentucky and Saint Catharine College, Inc. is hereby acknowledged.

THE HUNTINGTON NATIONAL BANK, as
Bond Trustee

By: _____
Vice President

7329206v4

The Bond Trust Indenture

BOND TRUST INDENTURE

between

CITY OF SPRINGFIELD, KENTUCKY

and

THE HUNTINGTON NATIONAL BANK

Trustee

Dated as of December 1, 2014

Relating to:

\$5,965,000

**City of Springfield, Kentucky
Industrial Building Revenue Refunding Bonds, Series 2014A
(Saint Catharine College, Inc. Project)**

And

\$3,675,000

**City of Springfield, Kentucky
Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B
(Saint Catharine College, Inc. Project)**

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Exhibit A - Forms of Series 2014 Bonds

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Exhibit D - Application of Series 2014 Bond Proceeds

This **BOND TRUST INDENTURE** dated as of December 1, 2014 (this "Indenture"), between the **CITY OF SPRINGFIELD, KENTUCKY**, a public body corporate and politic duly created and existing under the laws of the Commonwealth of Kentucky (the "Issuer"), and **THE HUNTINGTON NATIONAL BANK**, a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States of America and having a corporate trust office in Cincinnati, Ohio, as trustee (in such capacity, together with any successor in such capacity the "Bond Trustee" or the "Trustee");

WHEREAS, the Chapter 103 of the Kentucky Revised Statutes, as amended (the "Act"), authorizes cities in the Commonwealth of Kentucky (the "Commonwealth") in order to promote the economic development of the Commonwealth, promote reconversion to peacetime economy, to relieve conditions of unemployment, to aid in the rehabilitation of returning veterans, to encourage the increase of industry in this state, and to aid in the retention of existing industry through the control of pollution or through conversion of energy facilities to more readily available fuels and authorizes and empowers cities to issue bonds for the purpose of providing funds to pay all or any part of the cost of any "Project," as defined in the Act, to issue negotiable bonds for the purpose of defraying the cost of acquiring any nonprofit educational institution in any manner related to or in furtherance of the educational purposes of such institution, including but not limited to classroom, laboratory, housing, administrative, physical educational, and medical research and treatment facilities; and

WHEREAS, Saint Catharine College, Inc. (the "College"), is a nonprofit educational institution located at 2735 Bardstown Road, St. Catharine, Kentucky;

WHEREAS, in furtherance of the purposes of the Act, the Issuer has agreed to issue its revenue bonds upon the terms and conditions set forth hereinafter and in the Indenture (hereinafter defined) to: (i) permanently finance all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky (collectively, the "Facilities"), all located on the current campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky (collectively, the "Series 2014 Project"); (ii) refund the Issuer's Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer's Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) (together, the "Prior Obligations") which were issued to finance or refinance, in whole or in part, the costs of the acquisition, construction, installation, renovation, expansion and/or improvement of certain facilities all located on the campus of the College and used in furtherance of its educational purposes (the "Refunded Obligations Facilities"); and (iii) pay all or a portion of the costs of issuance of the Series 2014 Bonds (as hereinafter defined); and

WHEREAS, the Facilities and the Refunded Obligations Facilities are owned by the College, which is a Kentucky nonprofit corporation organized and existing under of the laws of the Commonwealth; and

WHEREAS, simultaneously with the issuance of the Series 2014 Bonds, the College will execute and deliver to the Issuer a Promissory Note in the principal amount of \$5,965,000 constituting Series 2014A Note ("Series 2014A Note") and a Promissory Note in the principal amount of \$3,675,000 constituting Series 2014B Note ("Series 2014B Note", and together with the Series 2014A Note, the "Series 2014 Notes"), each under the Master Indenture (as hereinafter defined), secured by the Master Indenture and the Mortgage (as hereinafter defined); and

WHEREAS, the Issuer is entering into this Indenture for the purpose of authorizing the Series 2014 Bonds and securing the payment thereof by assigning its rights as registered owner of Series 2014 Notes and certain of its rights under the Loan Agreement; and

WHEREAS, the Series 2014 Bonds and the Bond Trustee's certificate of authentication thereon are to be in substantially the forms attached hereto as Exhibit A, with appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2014 Bonds, when authenticated by the Bond Trustee and issued as provided in this Indenture, valid, binding and legal limited obligations of the Issuer and to constitute this Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on all Series 2014 Bonds issued and to be issued hereunder have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Series 2014 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE FURTHER WITNESSETH:

GRANTING CLAUSES:

(a) That, as security for payment of the principal of, premium, if any, and interest on the Series 2014 Bonds when due, and for the funds which may be advanced by the Bond Trustee pursuant hereto, the Issuer does hereby pledge and assign to, and grant a security interest to the Bond Trustee in, the following described property (collectively, the "Trust Estate"):

1. Series 2014 Notes, and all rights, title and interest of the Issuer under, in and to the Loan Agreement, Series 2014 Notes, the Master Indenture and the Mortgage, and all revenues and receipts receivable by the Issuer therefrom and the security therefor including the Mortgage (except the Issuer's Unassigned Rights, as hereinafter defined), but excluding the payments made directly to the Issuer pursuant to Section 4.1(b)(1) and 5.6 of the Loan Agreement.

2. All funds (except the Rebate Fund), including moneys, investment income and investments therein (except for moneys deposited with or paid to the Bond Trustee for the redemption of Series 2014 Bonds, notice of the redemption of which has been duly given, the lien upon which shall be solely for the benefit of the Holders of the Series 2014 Bonds to be redeemed or paid with said moneys) held by the Bond Trustee pursuant to the terms of this Indenture, and any other moneys payable to the Bond Trustee by or for the account of the Issuer pursuant to Series 2014 Notes and this Indenture, excluding rebatable arbitrage whether or not deposited in the Rebate Fund, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

3. Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent in favor of the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

(b) In order to secure, for the benefit of the Bondholders to which Section 148(f) of the Code applies, the payment of amounts required to be paid to the United States of America under Section 148(f) of the Code, the Issuer does hereby transfer to and grants a lien and security interest in favor of the Bond Trustee for the benefit of the United States Treasury, on the account, if any, created for the Series 2014A Bonds in the Rebate Fund and all money and investments credited thereto, which amounts are to be used solely as herein provided and not to pay principal, premium, if any, and interest on the Series 2014 Bonds.

SUBJECT TO the rights of the College under the Loan Agreement, the Master Indenture and the Mortgage;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its assigns forever.

IN TRUST, however, for the equal and proportionate benefit and security of the Holders from time to time of the Series 2014 Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the Series 2014 Bonds over any of the others except as on the terms and conditions hereinafter stated.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Series 2014 Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Series 2014 Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Principal Account and Interest Account in the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Bond Trustee the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Bond Trustee, all sums of money due or to become due to it in accordance with the terms and provisions hereof, or provision for such payment shall have been made in accordance with the provisions of this Indenture, and all other sums payable under this Indenture shall have been paid or provided for as required in this Indenture, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Series 2014 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights, interests and revenues and funds hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Bond Trustee and with the respective owners from time to time of the Series 2014 Bonds as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions

Unless otherwise required by the context, all words and terms defined in the Loan Agreement and the Master Indenture shall have the same meaning in this Indenture. In addition, the following words and terms shall have the following meanings in this Indenture unless the context otherwise requires:

"Act" shall mean Chapter 103 of the Kentucky Revised Statutes, as amended.

"Arbitrage Consultant" means a certified public accountant, financial analyst or Bond Counsel, or any firm of the foregoing or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained to make the computations and give directions required under the Tax Regulatory Agreement. The College with the Issuer's consent shall select and shall inform the Trustee in writing of the name of the Arbitrage Consultant.

"Arbitrage Consultant's Fee" means the fees charged or incurred by the Arbitrage Consultant in fulfillment of its obligations pursuant to this Indenture to be paid by the College pursuant to the Loan Agreement.

"Issuer Representative" shall mean the person or persons designated to act on behalf of the Issuer by certificate signed by the Mayor of the Issuer and filed with the Bond Trustee.

"Authorized Denomination" shall mean \$5,000, or any integral multiple thereof.

"Authorized Representative of the College" shall mean the President of the College, the Chair and the Secretary of the Board of Trustees of the College or any other person or persons designated to act on behalf of the College by certificate signed by the President of the College and filed with the Issuer and the Bond Trustee.

"Bond Counsel" shall mean an attorney or firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Bond Trustee and the Issuer.

"Bond Funds" shall mean the Bond Funds established by Section 601.

"Bondholder", "bondholder" or "Holder" shall mean the registered owner of any Series 2014 Bond.

"Bond Trustee" shall mean the Bond Trustee at the time serving as such under this Indenture, whether the original or successor trustee.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banking institutions are authorized or obligated by law to close in the Commonwealth or at the place where the principal corporate trust office of the Bond Trustee is located.

"Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder, or any successor to the Internal Revenue Code of 1986, as amended. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section.

"Commonwealth" means the Commonwealth of Kentucky.

"Computation Date" means the fifth anniversary of the Closing Date and each fifth anniversary of such date thereafter and the date upon which all the Series 2014A Bonds are paid in full.

"Continuing Disclosure Agreement" shall mean the shall mean the Disclosure Dissemination Agent Agreement, dated as of December 1, 2014, between the College and Ross, Sinclair & Associates, LLC, as dissemination agent, with respect to the Series 2014 Bonds.

"Cost of Issuance Fund" shall mean the Cost of Issuance Fund established by Section 503.

"Costs of Issuance" shall mean any expenditure incurred in connection with the issuance of the Series 2014 Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accountants' fees, fees imposed by the Issuer and printing costs, but excluding expenditures incurred in connection with the acquisition of any facilities financed with the proceeds of the Series 2014 Bonds.

"Costs of the Series 2014 Project" shall mean all costs of acquiring, rehabilitating, constructing, equipping and improving the Series 2014 Project, including without limitation: (1) all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, (2) the cost of labor, materials and supplies furnished or used in the acquisition, construction, installation and equipping of the new library and related facilities and the costs of acquiring and installing equipment, (3) acquisition, transportation

and installation costs for personal property and fixtures, (4) fees for architectural, engineering and supervisory services to such architects, engineers, developers and construction supervisors as the College shall approve, (5) expenses incurred by the Issuer and the College in connection with the financing of the Series 2014 Project including legal, consulting and accounting fees, and (6) reimbursement to the College for any of the foregoing costs, fees and expenses set forth in (1) through (5) above, paid by it with its own funds.

"Defeasance Obligations" shall mean

- (i) noncallable Government Obligations;
- (ii) "Government Participations," which mean evidences of noncallable ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;
- (iii) noncallable obligations of state or local government municipal bond issuers that are rated in the highest rating category established by both Moody's and S&P, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (i) noncallable Government Obligations or (ii) Government Participations, the maturing principal of and interest on which Government Obligations or Government Participations, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers; and
- (iv) evidences of noncallable ownership of a proportionate interest in specified obligations described in subsection (iii), which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"DTC" shall mean The Depository Trust Company, New York, New York, the securities depository for the Series 2014 Bonds held in book-entry form pursuant to in Section 213.

"DTC Participant" shall mean any direct or indirect participant in DTC in accordance with DTC's customary practices.

"Event of Default" shall mean any of the events enumerated in Section 901.

"Fitch" shall mean Fitch, Inc., doing business as Fitch Ratings, or its successors in the business of providing investment rating services, provided that if neither Fitch nor any successor is then in such business, the references to Fitch and ratings thereof shall no longer be requirements of the financing documents for the Series 2014 Bonds.

"Fourth Supplemental Master Indenture" means the Supplemental Master Trust Indenture No. 4, dated as of December 1, 2014, between the College and the Master Trustee authorizing the issuance of the Series 2014 Notes.

"GAAP" shall mean accounting principles generally accepted in the United States.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Indenture" shall mean this Bond Trust Indenture, including any supplements hereto.

"Interest Account" shall mean the Interest Account established in the Bond Fund.

"Issuer Representative" shall mean the person or persons designated to act on behalf of the Issuer by certificate signed by the Mayor of the Issuer and filed with the Bond Trustee.

"Letter of Representations" shall mean the Letter of Representations dated November 13, 2001, from the Issuer to the Securities Depository and any amendments thereto or successor agreements between the Issuer and any successor Securities Depository, relating to a book-entry system to be maintained by the Securities Depository with respect to the Series 2014 Bonds. Notwithstanding any provision of this Indenture including Article XI regarding amendments, the Bond Trustee may enter into any such amendment or successor agreement without the consent of Bondholders.

"Loan Agreement" shall mean the Loan Agreement dated December 1, 2014, between the College and the City of Springfield, Kentucky.

"Master Indenture" shall mean the Master Trust Indenture dated as of November 1, 2004, as amended and restated, between the College and the Master Trustee, including any amendments or supplements thereto, particularly as supplemented by the Fourth Supplemental Master Indenture dated as of December 1, 2014.

"Master Trustee" shall mean The Huntington National Bank, as Master Trustee under the Master Indenture, and successors thereto.

"Moody's" shall mean Moody's Investors Service, Inc. or its successors in the business of providing investment rating services, provided that if neither Moody's nor any successor is then in such business the reference to Moody's and ratings thereof shall no longer be requirements of the financing documents for the Series 2014 Bonds.

"Mortgage" shall mean the Mortgage and Security Agreement dated as of November 1, 2004 and recorded in Book 0228, Page 0611, in the official records of the County Clerk of Washington County, Kentucky, as modified and amended by a Second Supplemental Mortgage, dated as of November 1, 2011, from the College to the Master Trustee and a Third Supplemental Mortgage, dated as of the date of delivery of the Series 2014 Bonds, from the College to the Master Trustee.

"Mortgaged Property" shall mean "Mortgaged Property" as defined in the Master Indenture.

"Opinion of Bond Counsel" shall mean an opinion in writing signed by Bond Counsel.

"Outstanding" or "Series 2014 Bonds outstanding" means all Series 2014 Bonds that have been authenticated and delivered by the Bond Trustee under this Indenture, except the following:

(a) Series 2014 Bonds canceled or purchased by or delivered to the Bond Trustee for cancellation pursuant to the provisions of this Indenture;

(b) Series 2014 Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Bond Trustee;

(c) Series 2014 Bonds deemed paid pursuant to Section 8.01 of this Indenture; and

(d) Series 2014 Bonds that have been authenticated under Section 204 of this Indenture (relating to registration and exchange of Bonds) or Section 210 of this Indenture (relating to mutilated, lost, stolen, destroyed or undelivered Bonds) in lieu of other Series 2014 Bonds.

"Principal Account" shall mean the Principal Account established in the Bond Fund.

"Prior Obligations" shall mean the Issuer's Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer's Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project).

"Rebate Amount" shall mean the amount of rebatable arbitrage computed for payment as of the applicable Computation Date pursuant to Treasury Regulation Section 1.148-3 or any successor regulation as may be applicable thereto.

"Rebate Fund" shall mean the Rebate Fund established by Section 601 into which the Bond Trustee is to deposit rebatable arbitrage paid by the College pursuant to Section 4.7 of the Loan Agreement.

"Series 2014 Bonds" shall mean the Series 2014A Bonds together with the Series 2014B Bonds.

"Series 2014 Notes" shall mean the Series 2014A Note together with the Series 2014B Note.

"Series 2014 Project" shall mean the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky, all located on the current campus of the College at 2735 Bardstown Road, St. Catharine, Kentucky.

"Series 2014A Bond Fund" means the City of Springfield, Kentucky Bond Fund: Saint Catharine College, Inc., Series 2014A Bonds created in Section 601 hereof.

"Series 2014A Bonds" shall mean the City of Springfield, Kentucky Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) in the aggregate principal amount of \$5,965,000 issued, authenticated and delivered under and pursuant to this Indenture.

"Series 2014A Cost of Issuance Fund" means Cost of Issuance Fund subaccount created in Section 504 hereof related to the Series 2014A Bonds.

"Series 2014A Interest Account" shall mean the Series 2014A Interest Account created in Section 601 hereof.

"Series 2014A Note" shall mean the Promissory Note Constituting Series 2014A Note in the initial principal amount of \$5,965,000, dated the date hereof, issued under the Master Indenture and delivered to the Issuer pursuant to the Loan Agreement.

"Series 2014A Principal Account" shall mean the Series 2014A Principal Account created in Section 601 hereof.

"Series 2014B Bond Fund" means the City of Springfield, Kentucky Bond Fund: Saint Catharine College, Inc., Series 2014B Bonds created in Section 601 hereof.

"Series 2014B Bonds" shall mean the City of Springfield, Kentucky Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) in the aggregate principal amount of \$3,675,000 issued, authenticated and delivered under and pursuant to this Indenture.

"Series 2014B Cost of Issuance Fund" means Cost of Issuance Fund subaccount created in Section 504 hereof related to the Series 2014B Bonds.

"Series 2014B Interest Account" shall mean the Series 2014B Interest Account created in Section 601 hereof.

"Series 2014B Note" shall mean the Promissory Note Constituting Series 2014B Note in the initial principal amount of \$3,675,000, dated the date hereof, issued under the Master Indenture and delivered to the Issuer pursuant to the Loan Agreement.

"Series 2014B Principal Account" shall mean the Series 2014B Principal Account created in Section 601 hereof.

"Standard & Poor's" shall mean Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., or its successors in the business of providing investment rating services, provided that if neither Standard & Poor's nor any successor is then in such business the references to Standard & Poor's and ratings thereof shall no longer be requirements of the financing documents for the Series 2014 Bonds.

"Tax Regulatory Agreement" means the Tax Exemption Certificate and Agreement and No-Arbitrage Certificate between the Issuer, the Bond Trustee and the College, dated December 18, 2014.

"Term Bonds" means the Series 2014A Bonds maturing on November 1 in the years 2028, 2030, 2033 and 2039 and the Series 2014B Bonds maturing on November 1 in the years 2022, 2024 and 2026.

"Treasury" means the United States Department of the Treasury, and any successor to its functions.

"Treasury Regulations" means all temporary or final federal income tax regulations issued or amended with respect to the Code by Treasury or the Internal Revenue Service.

"Trust Estate" means the Trust Estate as defined and set forth in the Granting Clauses hereof.

"Unassigned Rights" shall mean the rights of the Issuer under the Loan Agreement to payment of fees and expenses, indemnification and receipt of notices.

Section 102. Rules of Construction.

The following rules shall apply to the construction of this Indenture unless the context otherwise requires:

- (a) Singular words shall connote the plural number as well as the singular and vice versa.
- (b) Words importing the redemption or calling for redemption of Series 2014 Bonds shall not be deemed to refer to or connote the payment of Series 2014 Bonds at their stated maturity.
- (c) All references herein to particular articles or sections are references to articles or sections of this Indenture.
- (d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.
- (e) All references herein to the payment of Series 2014 Bonds are references to payment of principal of and interest on Series 2014 Bonds.

(f) All accounting terms used herein which are not otherwise expressly defined in this Indenture shall have the meanings respectively given to them in accordance with GAAP. Except as otherwise expressly provided herein, all financial computations made pursuant to this Indenture shall be made in accordance with GAAP and all balance sheets and other financial statements shall be prepared in accordance with GAAP.

(g) Unless otherwise specified, the interest rate applicable to all Series 2014 Bonds shall be a rate per year consisting of 360 days comprised of twelve 30-day months.

ARTICLE II

AUTHORIZATION, EXECUTION, AUTHENTICATION, REGISTRATION AND DELIVERY OF BONDS

Section 201. Authorization of Series 2014 Bonds.

The Issuer hereby authorizes the issuance of its (i) City of Springfield, Kentucky Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project), in the aggregate principal amount of \$5,965,000 and (ii) City of Springfield, Kentucky Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project), in the aggregate principal amount of \$3,675,000.

Section 202. Details of Series 2014 Bonds.

(a) The Series 2014A Bonds shall be issued as registered bonds without coupons in Authorized Denominations, shall be dated as of their date of delivery, shall be numbered consecutively from R-1 upwards, shall bear interest payable semiannually commencing on May 1, 2015, and on each May 1 and November 1 thereafter at the rates, and shall mature on November 1 in years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2025	\$220,000	4.000%
2026	225,000	4.125
2028	895,000	4.500
2030	960,000	4.625
2033	1,515,000	5.000
2039	2,150,000	5.000

(b) The Series 2014B Bonds shall be issued as registered bonds without coupons in Authorized Denominations, shall be dated as of their date of delivery, shall be numbered consecutively from R-1 upwards, shall bear interest payable semiannually commencing on May 1, 2015, and on each May 1 and November 1 thereafter at the rates, and shall mature on November 1 in years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2015	\$285,000	1.750%
2016	290,000	2.500
2017	300,000	3.000
2018	305,000	3.400
2019	315,000	3.750
2020	330,000	4.000
2022	695,000	4.250
2024	765,000	4.500
2026	390,000	4.750

(c) Each Series 2014 Bond shall bear interest from its dated date.

Principal of, premium, if any, and interest on the Series 2014 Bonds shall be payable in lawful money of the United States of America, but only from the revenues and receipts derived from the College and the security therefor and pledged to the payment thereof as hereinafter provided. Principal and premium, if any, of Series 2014 Bonds shall be payable upon presentation and surrender of the Series 2014 Bonds as they become due at the principal office of the Bond Trustee; provided that, for so long as Cede & Co. or other nominee of DTC is the sole Bondholder, principal of and premium, if any, on the Series 2014 Bonds shall be payable as provided in the Letter of Representations. Interest on Series 2014 Bonds shall be payable to the registered owners by check or draft mailed to such owners at their addresses as they appear on registration books kept by the Bond Trustee as Bond Registrar.

If any principal of or premium, if any, or interest on any Series 2014 Bond is not paid when due (whether at maturity, upon acceleration or call for redemption or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest shall bear interest until paid at the same rate set forth in such Series 2014 Bond.

Nothing herein shall be construed as prohibiting the Issuer from issuing the Series 2014A Bonds and Series 2014B Bonds each as one fully registered bond for the purpose of qualifying such Series 2014A Bonds and Series 2014B Bonds for book entry registration by a securities depository or any similar arrangement whereby investors may hold a participation interest in such Series 2014 Bonds.

Section 203. Execution of Bonds.

The Series 2014 Bonds shall be signed by the manual or facsimile signature of the Mayor or the Mayor Pro Tem of the Issuer and attested by the manual or facsimile signature of a member of the Issuer designated for such purpose. In case any officer whose signature or a facsimile of whose signature shall appear on any Series 2014 Bond shall cease to be such officer before the delivery of the Series 2014 Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery. Any Series 2014 Bond may bear the facsimile signature of such persons as at the actual time of the execution thereof shall be the proper officers to sign such Series 2014 Bond although at the date of delivery of such Series 2014 Bond such persons may not have been such officers.

Section 204. Authentication of Bonds.

The Series 2014 Bonds shall bear a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Bond Trustee. The Bond Trustee shall authenticate each Bond with the signature of an authorized officer of the Bond Trustee, but it shall not be necessary for the same officer to authenticate all of the Series 2014 Bonds. Only such authenticated Series 2014 Bonds shall be entitled to any right or benefit under this Indenture, and such certificate on any Series 2014 Bond issued

hereunder shall be conclusive evidence that the Series 2014 Bond has been duly issued and is secured by the provisions hereof.

Section 205. Form of Series 2014 Bonds.

The Series 2014 Bonds shall be substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as permitted or required by this Indenture. The Series 2014 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

Section 206. Delivery of Series 2014 Bonds.

(a) The Bond Trustee shall authenticate and deliver the Series 2014 Bonds when there have been filed with it the following:

(1) A certified copy of a resolution or resolutions of the Issuer authorizing (A) the execution and delivery of the Loan Agreement and the assignment of Series 2014 Notes, (B) the execution and delivery of this Indenture, and (C) the issuance, sale, execution and delivery of the Series 2014 Bonds.

(2) An original executed counterpart of this Indenture.

(3) An original executed Loan Agreement.

(4) The original executed Series 2014 Notes, assigned by the Issuer, without recourse, to the Bond Trustee.

(5) A copy of the Master Indenture.

(6) A copy of the recorded Mortgage.

(7) A mortgagee title insurance policy (or additional to the existing policy issued) on the Mortgaged Property issued by Mercantile Title in an amount at least in the amount of \$43,895,379, and designating the Master Trustee as the insured named in Schedule A thereto.

(8) An Opinion of [Mattingly, Simms, Robinson & McCain, PLLC] which may rely upon the mortgagee title policy, to the effect that the security interests created by the Loan Agreement, the Master Indenture and the Mortgage have been duly created and perfected, and that the appropriate records for the filing of financing statements do not disclose any security interests, except Permitted Liens, taking priority over the security interests created by the Master Indenture, the Loan Agreement and the Mortgage.

(9) An Opinion of Sr. Mary Angela Shaughnessy, SCN, Esq., to the effect that the College is (A) a "501(c)(3) organization" within the meaning of Section 145 of the Code, and (B) not a private foundation within the meaning of Section 509(a) of the Code and also to the effect that (C) the Loan Agreement, the Series 2014 Notes, the Master Indenture and the Mortgage have been duly authorized, executed and delivered by the College and are enforceable against the College, subject to bankruptcy and equitable principles.

(10) Internal Revenue Service Form 8038 completed by the Issuer with respect to the Series 2014A Bonds, together with a certificate of the College with respect to the information contained therein.

(11) An opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel, that the interest on the Series 2014A Bonds is excludable from gross income for Federal income tax purposes under existing law and interest on both the Series 2014A Bonds and the Series 2014B Bonds is exempt from taxation by the Commonwealth of Kentucky and also to the effect that the issuance of the Series 2014 Bonds has been duly authorized.

(12) A request and authorization of the Issuer, signed by its Mayor or Mayor Pro Tem, to the Bond Trustee to authenticate and deliver the Series 2014 Bonds to such person or persons named therein upon payment to the Bond Trustee for the account of the Issuer of a specified sum plus accrued interest to the date of delivery.

(b) Simultaneously with the delivery of the Series 2014 Bonds, the Bond Trustee shall apply, or arrange for the application of, the proceeds thereof (including accrued interest less any original issue discount and the underwriters' discount) as provided in Exhibit D hereof.

Section 207. Exchange of Bonds; Persons Treated as Owners.

The Bond Trustee shall maintain registration books for the registration of exchange of Series 2014 Bonds. Upon surrender of any Series 2014 Bond at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Trustee, such Series 2014 Bond may be exchanged for an equal aggregate principal amount of Series 2014 Bonds of authorized denominations, of the same series, form and maturity, bearing interest at the same rate as the Series 2014 Bonds surrendered and registered in the name or names requested by the then registered owner. The Issuer shall execute and the Bond Trustee shall authenticate any Series 2014 Bonds necessary to provide for exchange of Series 2014 Bonds pursuant to this section.

Prior to due presentment for registration of transfer of any Series 2014 Bond the Bond Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person registered on the 15th day of the month preceding the interest payment date as owner on the registration books maintained by the Bond Trustee.

Section 208. Charges for Exchange of Bonds.

Any exchange of Series 2014 Bonds shall be at the expense of the College, except that the Bond Trustee as Bond Registrar shall make a charge to any Bondholder requesting such exchange in the amount of any tax or other governmental charge required to be paid with respect thereto.

Section 209. Temporary Series 2014 Bonds.

Prior to the preparation of Series 2014 Bonds in definitive form the Issuer may issue temporary Series 2014 Bonds in such denominations as the Issuer may determine, but otherwise in substantially the form hereinabove set forth with appropriate variations, omissions and insertions. The Series 2014 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto. The Issuer shall, at the College's expense, promptly prepare, execute and deliver to the Bond Trustee before the first interest payment date Series 2014 Bonds in definitive form and thereupon, upon presentation and surrender of Series 2014 Bonds in temporary form, the Bond Trustee shall authenticate and deliver in exchange therefor Series 2014 Bonds in definitive form of the same series and maturity for the same aggregate principal amount. Until exchanged for Series 2014 Bonds in definitive form, Series 2014 Bonds in temporary form shall be entitled to the lien and benefit of this

Indenture. Notwithstanding the foregoing, so long as the Series 2014 Bonds are held in book-entry-only form they may be typewritten.

Section 210. Mutilated, Lost or Destroyed Series 2014 Bonds.

If any Series 2014 Bond has been mutilated, lost or destroyed, the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Series 2014 Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Series 2014 Bond or in lieu of and in substitution for such lost or destroyed Series 2014 Bond; provided, however, that the Issuer and the Bond Trustee shall so execute, authenticate and deliver such new Series 2014 Bond only if the Holder has paid the reasonable expenses and charges of the Issuer and the Bond Trustee in connection therewith and, in the case of a lost or destroyed Series 2014 Bond, (a) has filed with the Issuer and the Bond Trustee evidence satisfactory to them that such Series 2014 Bond was lost or destroyed and that the Holder was the owner thereof and (b) has furnished to the Issuer and the Bond Trustee indemnity satisfactory to them. If any such Series 2014 Bond has matured, instead of issuing a new Series 2014 Bond the Bond Trustee may pay the same without surrender thereof.

Section 211. Cancellation and Disposition of Series 2014 Bonds.

All Series 2014 Bonds that have been paid (whether at maturity, upon acceleration or call for redemption or otherwise) or delivered to the Bond Trustee by the College for cancellation shall not be reissued, and the Bond Trustee shall, unless otherwise directed by the Issuer, cremate, shred or otherwise dispose of such Series 2014 Bonds in accordance with the standard procedures of the Bond Trustee. The Bond Trustee shall deliver to the Issuer a certificate of any such cremation, shredding or other disposition.

Section 212. Book Entry Provisions.

The Series 2014 Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody. One Series 2014 Bond for the original principal amount of each maturity of each series will be registered to Cede & Co. Beneficial owners of the Series 2014 Bonds will not receive physical delivery of the Series 2014 Bonds. Individual purchases of the Series 2014 Bonds may be made in book-entry form only in Authorized Denominations. Payments of principal of and premium, if any, and interest on the Series 2014 Bonds will be made to DTC or its nominee as the sole Bondholder on the applicable payment date.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the Series 2014 Bonds to its participants, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants") and selection of Bonds to be redeemed in the case of a partial redemption. Transfer of the payments of the principal of and premium, if any, and interest on the Series 2014 Bonds to beneficial owners of the Series 2014 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of the beneficial ownership interests in the Series 2014 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the Series 2014 Bonds, in accordance with rules specified by DTC and its Participants. Neither the Issuer nor the Bond Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the Series 2014 Bonds will act in accordance with such rules or on a timely basis.

Section 213. Restriction on Purchasers.

THE ISSUER AND THE BOND TRUSTEE DISCLAIM ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL

OWNER OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2014 BONDS, (III) THE DELIVERY BY DTC TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BONDHOLDERS, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN ANY PARTIAL REDEMPTION OF THE SERIES 2014 BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co. (or any other DTC nominee), as nominee of DTC, is the sole Bondholder, references in this Indenture to the Bondholders, Holders or registered owners of the Series 2014 Bonds shall mean Cede & Co. and not the beneficial owners of the Series 2014 Bonds. Any notice to or consent requested of Bondholders under this Indenture shall be given to or requested of Cede & Co.

(a) Replacement Series 2014 Bonds (the "Replacement Series 2014 Bonds") will be registered in the name of and be issued directly to beneficial owners of the Series 2014 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the Series 2014 Bonds; or

(2) The Bond Trustee or the Issuer has advised DTC of the Bond Trustee's or the Issuer's determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the Series 2014 Bonds to discontinue the book-entry system of transfer.

Upon the occurrence of an event described in clause (1) or (2) (and the Bond Trustee and the Issuer undertake no obligation to make any investigation regarding the matters described in clause (2)), the Issuer may attempt to locate another qualified securities depository. If the Issuer fails to locate another qualified securities depository to replace DTC, the Issuer shall execute, at the College's expense, and the Bond Trustee shall authenticate and deliver to the Participants the Replacement Series 2014 Bonds (substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by this Indenture) to which the Participants are entitled for delivery to the beneficial owners of the Series 2014 Bonds. The Bond Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Series 2014 Bonds. The Holders of the Replacement Series 2014 Bonds shall be entitled to the lien and benefits of this Indenture.

ARTICLE III

REDEMPTION OF SERIES 2014 BONDS

Section 301. Redemption Dates and Prices.

The Series 2014 Bonds may not be called for redemption by the Issuer except as provided below:

(a) Extraordinary Optional Redemption. The Series 2014 Bonds are subject to redemption, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to, but not including, the redemption date, without premium, on the earliest date for which notice of redemption can be given at the direction of the College, to the extent the College makes a prepayment on the respective Series 2014 Note under the circumstances permitted by Section 7.1 of the Loan Agreement and Section 3.01 of the Master Indenture. In the circumstance contemplated by Section 7.1(c) of the Loan Agreement, the Series 2014 Bonds shall be subject to extraordinary optional redemption in an amount that bears the same pro rata relationship to the aggregate

principal amount of the Series 2014 Bonds then outstanding as that portion of the Mortgaged Property financed with the proceeds of the Series 2014 Bonds (the "Bond Financed Property") with respect to which the Net Proceeds have been received bears to all Bond Financed Property. In the event of a partial extraordinary optional redemption, an Authorized Representative of the College may direct the Bond Trustee to redeem the Series 2014 Bonds from each series and maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Series 2014 Bonds of such series and maturity bears to the total principal amount of all Series 2014 Bonds issued under this Indenture and then outstanding or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions.

(b) Optional Redemption. The Series 2014A Bonds maturing on or after November 1, 2025 will be subject to redemption by the Issuer, at the direction of the College, prior to maturity in whole, or in part, at any time prior to maturity on and after November 1, 2024 at a price equal to 100% of the principal amount of Series 2014A Bonds or portions thereof to be redeemed plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014A Note pursuant to Sections 7.2 or 7.3 of the Loan Agreement.

The Series 2014B Bonds maturing on or after November 1, 2025 will be subject to redemption by the Issuer, at the direction of the College, prior to maturity in whole, or in part, at any time prior to maturity on and after November 1, 2024 at a price equal to 100% of the principal amount of Series 2014A Bonds or portions thereof to be redeemed plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014A Note pursuant to Sections 7.2 or 7.3 of the Loan Agreement.

(c) Extraordinary Mandatory Redemption. The Series 2014 Bonds are subject to redemption, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest to, but not including, the redemption date, on the earliest date for which notice of redemption can be given, from amounts transferred to the Bond Fund pursuant to Section 502 hereof.

(d) Sinking Fund Redemption. The Term Bonds are required to be redeemed in part pursuant to the terms of the sinking fund requirement provided in Section 303 at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

(e) If less than all of the Series 2014 Bonds of any series or any maturity of the same series are called for redemption, the Series 2014 Bonds to be redeemed shall be selected by DTC in accordance with its procedures, or if DTC is not the securities depository, then by lot in such manner as the Bond Trustee in its discretion may determine, each portion of principal equal to the minimum authorized denomination being counted as one Bond for such purposes. If a portion of a Bond having a principal amount of more than the minimum authorized denomination shall be called for redemption, a new registered Series 2014 Bond of the same series in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

(f) If the College exercises any option to prepay the Series 2014 Notes under Article VII of the Loan Agreement or requests any redemption of Series 2014 Bonds permitted hereunder and sufficient amounts are in the funds created herein, the Bond Trustee shall, in the name of the Issuer, redeem Series 2014 Bonds as then permitted or required at the earliest practicable date permitted hereunder.

Section 302. Notice of Redemption.

The Bond Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the call for any such redemption identifying the Series 2014 Bonds to be redeemed to be sent by first class mail not less than 30 nor more than 60 days prior to the redemption date to the owner of each

Series 2014 Bond to be redeemed at his address as it appears on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2014 Bond with respect to which no such failure or defect has occurred.

Any notice of redemption mailed as specified in this section shall be deemed to have been duly given when mailed by the Bond Trustee. Any such notice shall be given in the Issuer's name, identify the Series 2014 Bonds to be redeemed by name, certificate number, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Series 2014 Bonds. All such notices shall also state that on the redemption date the Series 2014 Bonds called for redemption will be payable at the Bond Trustee's designated corporate trust office and that from that date interest will cease to accrue.

In the case of an optional redemption under Section 301(b) or (c) the notice may state that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to affect the redemption, with the Bond Trustee no later than the redemption date.

On or before the date fixed for redemption, funds shall be deposited with the Bond Trustee by the College to pay the principal of, redemption premium and accrued interest to the redemption date on the Series 2014 Bonds called for redemption. Upon the happening of the above conditions, the Series 2014 Bonds or portions thereof thus called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture.

Section 303. Mandatory Sinking Fund.

(a) The Series 2014A Bonds maturing on November 1, 2028 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year	<u>Amount</u>
<u>(November 1)</u>	
2027	\$445,000
2028*	450,000

* final maturity

(b) The Series 2014A Bonds maturing on November 1, 2030 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year	<u>Amount</u>
<u>(November 1)</u>	
2029	\$475,000
2030*	485,000

* final maturity

(c) The Series 2014A Bonds maturing on November 1, 2033 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year <u>(November 1)</u>	<u>Amount</u>
2031	\$500,000
2032	505,000
2033*	510,000

* final maturity

(d) The Series 2014A Bonds maturing on November 1, 2039 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year <u>(November 1)</u>	<u>Amount</u>
2034	\$520,000
2035	540,000
2036	555,000
2037	170,000
2038	180,000
2039*	185,000

* final maturity

(e) The Series 2014B Bonds maturing on November 1, 2022 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year <u>(November 1)</u>	<u>Amount</u>
2021	\$340,000
2022*	355,000

* final maturity

(f) The Series 2014B Bonds maturing on November 1, 2024 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year <u>(November 1)</u>	<u>Amount</u>
2023	\$375,000
2024*	390,000

* final maturity

(g) The Series 2014B Bonds maturing on November 1, 2026 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year	Amount
<u>(November 1)</u>	
2025	\$190,000
2026*	200,000

* final maturity

ARTICLE IV

GENERAL COVENANTS AND PROVISIONS

Section 401. Payment of Bonds.

The Issuer through the Trustee and solely from and to the extent of the Trust Estate shall promptly pay when due the principal of (whether at maturity, upon acceleration or call for redemption or otherwise) and premium, if any, and interest on the Series 2014 Bonds at the places, on the dates and in the manner provided herein and in the Series 2014 Bonds; provided, however, that such obligations are not general obligations of the Issuer but are limited obligations payable solely from the revenues and receipts derived from payments under the Loan Agreement, the Master Indenture and Series 2014 Notes, which revenues and receipts are hereby specifically pledged to such purposes in the manner and to the extent provided herein. Neither the directors, members, officers, employees or agents of the Issuer nor any persons executing the Series 2014 Bonds shall be liable personally on the Series 2014 Bonds by reason of the issuance thereof. The Series 2014 Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Issuer, Washington County, Kentucky (the "County"), the Commonwealth or any political subdivision or agency thereof. Neither the Issuer, the County, the Commonwealth nor any political subdivision or agency thereof shall be liable for the Series 2014 Bonds or obligated to pay the principal of, or the premium, if any, or the interest on the Series 2014 Bonds or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the County, the Commonwealth or any political subdivision thereof, is pledged to the payment of the principal of or the premium, if any, or the interest on the Series 2014 Bonds or other costs incident thereto.

Notwithstanding anything to the contrary contained herein, the Series 2014 Bonds, together with interest thereon and redemption or purchase premiums with respect thereto, are special, limited obligations of the Issuer secured by the Loan Agreement and the Master Indenture and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Master Indenture (except to the extent paid out of moneys attributable to proceeds of the Series 2014 Bonds or the income from the temporary investment thereof) and shall always be a valid claim of the owner thereof only against the revenues and income derived from the Loan Agreement, which revenues and income shall be used for no other purposes than to pay the principal installments of, redemption premium, if any, and interest on the Series 2014 Bonds, except as may be expressly authorized otherwise in this Indenture, the Loan Agreement and the Master Indenture. The Series 2014 Bonds and the obligation to pay interest thereon and any redemption premium and purchase price with respect thereto shall not be deemed to constitute a debt or pledge of the faith and credit of the Issuer, the County, the Commonwealth or any political subdivision or agency thereof, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Master Indenture. No owner of the Series 2014 Bonds shall have the right to compel the exercise of the taxing power, if any, of the Issuer, the County, the Commonwealth or any political subdivision or agency thereof, to pay any principal of, redemption premium, if any, or interest on the Series 2014 Bonds.

Section 402. Covenants and Representations of Issuer.

The Issuer shall observe and perform all covenants, conditions and agreements on its part contained in this Indenture, in every Series 2014 Bond executed, authenticated and delivered hereunder and in all its proceedings pertaining thereto; provided, however that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the revenues and receipts derived from payments under Series 2014 Notes and the Loan Agreement and the security therefor. The Issuer represents that it is duly authorized under the Constitution and laws of the Commonwealth of Kentucky, including particularly and without limitation the Act, to issue the Series 2014 Bonds authorized hereby and to execute this Indenture, to execute and assign the Loan Agreement, to assign Series 2014 Notes and to pledge the revenues, receipts and funds in the manner and to the extent herein set forth; that all action on its part for the issuance of the Series 2014 Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Series 2014 Bonds in the hands of the Holders thereof, when issued and the purchase price paid therefor, are and will be valid and enforceable obligations of the Issuer according to the terms thereof except as limited by bankruptcy laws and usual equity principles.

Section 403. Instruments of Further Assurance.

The Issuer, at the College's expense, shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Bond Trustee of all the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Series 2014 Bonds. The Issuer, at the College's expense, shall cooperate with the Bond Trustee and with the Bondholders in protecting the rights and security of the Bondholders.

Section 404. Inspection of Books of Facilities.

All books and documents in the Issuer's possession relating to the Loan Agreement and Series 2014 Notes and the revenues derived therefrom shall be open to inspection during normal business hours by such agents as the Bond Trustee or the Holders of 25% in aggregate principal amount of Series 2014 Bonds then Outstanding may from time to time designate.

Section 405. Rights under Agreement, Series 2014 Note and Mortgage.

The Bond Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the College under and pursuant to the Loan Agreement, Series 2014 Notes and the Mortgage for and on behalf of the Holders, whether or not the Issuer is in default hereunder.

Section 406. Compliance with Code.

The Issuer covenants and agrees not to take any action with respect to the investment of monies held in accordance with this Indenture that is inconsistent with the provisions of this Indenture or which would result in the Series 2014A Bonds becoming arbitrage bonds within the meaning of Section 148(a) of the Code. The Issuer further covenants and agrees to comply with and take all actions required of it by the Tax Regulatory Agreement and to continue to do so as specified therein notwithstanding any satisfaction or discharge of this Indenture

Section 407. Reports by Bond Trustee.

The Bond Trustee shall make monthly reports to the College of all moneys received and expended by it under this Indenture.

Section 408. Letter of Representations.

The Bond Trustee agree that, so long as Cede & Co. or some other nominee of DTC is the sole Bondholder, it will give notices, make payments, establish record dates for consents and similar purposes with respect to the Series 2014 Bonds and select Series 2014 Bonds for redemption as set forth in the Letter of Representations. Any actions which the Issuer is required to undertake pursuant to the Letter of Representations shall be at the sole cost and expense of the College.

Section 409. Loan of Series 2014 Bond Proceeds.

Subject to the provisions of Section 401 and pursuant to the Loan Agreement, the Issuer shall make a loan to the College with the proceeds of the Series 2014 Bonds so that it can, among other things, acquire and construct the Series 2014 Project and refund the Prior Obligations. The Issuer shall not knowingly create or suffer to be created any lien or security interest in the Mortgaged Property or the Facilities except Permitted Liens, or any lien on the revenues with respect to the loan to the College, except the pledge made pursuant to this Indenture.

ARTICLE V

**CUSTODY AND APPLICATION OF SERIES 2014 BOND PROCEEDS;
COST OF ISSUANCE FUND**

Section 501. Application of Series 2014 Bond Proceeds.

(a) Simultaneously with the delivery of the Series 2014 Bonds, the proceeds (including accrued interest less any original issue discount and the underwriter's discount) of the Series 2014 Bonds shall be applied by the Bond Trustee as provided on Exhibit D hereof.

Section 502. Project Fund.

(a) There is hereby established with the Bond Trustee a trust fund designated "City of Springfield, Kentucky Project Fund: Saint Catharine College, Inc., Series 2014B Bonds". The Bond Trustee shall use amounts in the Project Fund for financing and refinancing of Costs of the Series 2014 Project. All investment earnings on amounts held in the Project Fund shall be deposited to the Project Fund as received.

(b) Before any payment shall be made from the Project Fund for Costs of the Series 2014 Project, there shall be filed with the Bond Trustee:

(1) A requisition, substantially in the form of Exhibit C hereto, signed by an Authorized Representative of the College, stating:

(A) the name of the person, firm or corporation to whom the payment is due;

(B) the amount to be paid; and

(C) the purpose, in reasonable detail, for which the obligation is to be paid was incurred.

(2) A certificate attached to the requisition, signed by an Authorized Representative of the College, stating:

(A) that the obligation stated on the requisition constitutes a Cost of the Series 2014 Project, and that such item is a proper charge against the Project Fund and has not been the basis for a prior requisition that has been paid; and

(B) that as of the date of such certificate no event or condition has happened or existed or is happening or exists that constitutes, or that, with notice or lapse of time or both, would constitute, an Event of Default hereunder, under the Master Indenture or the Loan Agreement, or, if such an event or condition has happened or existed, or is happening or exists, the specific nature and date of the occurrence of such event or condition and describing the action the College have taken, is taking or proposes to take with respect thereto.

(3) An invoice or other appropriate evidence of the obligation described in the requisition required by subsection (b)(1) above.

Upon receipt of each such requisition and accompanying certificate, the Bond Trustee shall within two Business Days, make payment from the Project Fund in accordance with such requisition; provided, however, that if such certificate states any Event of Default exists, the Bond Trustee shall not be required to make, but may make, such payment if it determines that such payment is in the interest of the Holders of the Series 2014B Bonds. All such payments shall be made by check or draft payable either (i) directly to the person, firm or corporation to be paid, (ii) to both the College and such person, firm or corporation, or (iii) upon receipt of evidence that the College has previously paid such amount, to the College.

(c) When the Bond Trustee shall have received a certificate of the College signed by an Authorized Representative of the College, stating that all Costs of the Series 2014 Project have been paid, the balance of any moneys remaining in the Project Fund shall be transferred to the Bond Fund and applied, at the direction of the College, to the redemption of Series 2014B Bonds.

Section 503. Escrow Deposit Fund.

There is hereby established with the Bond Trustee a trust fund designated "City of Springfield, Kentucky Escrow Fund: Saint Catharine College, Inc., Series 2014A Bonds." The Bond Trustee is authorized to use monies in the Escrow Deposit Fund to refund the Prior Obligations as set forth in a closing memo prepared by the College.

Section 504. Cost of Issuance Fund.

(a) There is hereby established with the Bond Trustee a trust fund designated "City of Springfield, Kentucky Cost of Issuance Fund: Saint Catharine College, Inc., Series 2014 Bonds" with a subaccount for each series of the Series 2014 Bonds.

(b) The Bond Trustee shall use amounts in the applicable Cost of Issuance Fund subaccount for payment of Costs of Issuance related to each series of Series 2014 Bonds. All investment earnings on amounts held in the respective Cost of Issuance Fund subaccounts shall be transferred to the respective Bond Fund subaccounts (established pursuant to Section 601 hereof) as received.

(c) Before any payment shall be made from the respective Cost of Issuance Fund there shall be filed with the Bond Trustee:

(1) A requisition, substantially in the form of Exhibit B hereto, signed by an Authorized Representative of the College, stating:

- (A) the name of the person, firm or corporation to whom the payment is due;
- (B) the amount to be paid; and
- (C) the purpose, in reasonable detail, for which the obligation is to be paid was incurred.

(2) A certificate attached to the requisition, signed by an Authorized Representative of the College, stating:

(A) that the obligation stated on the requisition constitutes a Cost of Issuance, and that such item is a proper charge against the respective Cost of Issuance Fund and has not been the basis for a prior requisition that has been paid; and

(B) that as of the date of such certificate no event or condition has happened or existed or is happening or exists that constitutes, or that, with notice or lapse of time or both, would constitute, an Event of Default hereunder, under the Master Indenture or the Loan Agreement, or, if such an event or condition has happened or existed, or is happening or exists, the specific nature and date of the occurrence of such event or condition and describing the action the College have taken, is taking or proposes to take with respect thereto.

(3) An invoice or other appropriate evidence of the obligation described in the requisition required by subsection (d)(1) above.

Upon receipt of each such requisition and accompanying certificate, the Bond Trustee shall within two business days, make payment from the respective Cost of Issuance Fund in accordance with such requisition; provided, however, that if such certificate states any Event of Default exists, the Bond Trustee shall not be required to make, but may make, such payment if it determines that such payment is in the interest of the Holders of the Series 2014 Bonds. All such payments shall be made by check or draft payable either (i) directly to the person, firm or corporation to be paid, (ii) to both the College and such person, firm or corporation, or (iii) upon receipt of evidence that the College have previously paid such amount, to the College.

(d) When the Bond Trustee shall have received a certificate of the College signed by an Authorized Representative of the College, stating that all Costs of Issuance for the respective Series 2014 Bonds have been paid, the balance of any moneys remaining in the respective Cost of Issuance Fund subaccount shall be transferred to the respective Bond Fund established in Section 601 hereof or paid to the College.

ARTICLE VI

REVENUES AND FUNDS

Section 601. Establishment of Funds.

The following trust funds, all to be held by the Bond Trustee, are hereby established hereunder:

(a) "City of Springfield, Kentucky Bond Fund: Saint Catharine College, Inc., Series 2014A Bonds" in which there shall be established the following accounts:

(1) Series 2014A Interest Account; and

(2) Series 2014A Principal Account.

(b) "City of Springfield, Kentucky Bond Fund: Saint Catharine College, Inc., Series 2014B Bonds" in which there shall be established the following accounts:

(1) Series 2014B Interest Account; and

(2) Series 2014B Principal Account.

(c) "City of Springfield, Kentucky Rebate Fund: Saint Catharine College, Inc., Series 2014A Bonds."

Section 602. Funds Received.

(a) The Bond Trustee on the first day of the month shall deposit all payments and receipts derived from Series 2014 Notes, the Loan Agreement or the security therefor in the following order, subject to credits as provided in this Article VI:

(1) To the Series 2014A Interest Account of the Series 2014A Bond Fund and the Series 2014B Interest Account of the Series 2014B Bond Fund the amounts equal to:
(i) amounts representing accrued interest, if any, on the Series 2014A Bonds and the Series 2014B Bonds, respectively; and

(2) To the Series 2014A Principal Account of the Series 2014A Bond Fund and the Series 2014B Principal Account of the Series 2014B Bond Fund, one-twelfth of the amounts sufficient to pay principal of the Series 2014A Bonds and the Series 2014B Bonds, respectively, to become due or be paid at redemption on the next November 1.

(b) If on the first day of any month sufficient funds are not received by the Bond Trustee to make the deposits to the Bond Funds required on such date, the Bond Trustee shall within three Business Days notify the College (with a copy to the Issuer) of such by telephone or telecopy with receipt confirmed in writing, by first class registered or certified mail. If by the 10th day of such month the Bond Funds still do not contain the required funds, the Bond Trustee shall immediately send notice to the College (with a copy to the Issuer) by telecopy with receipt confirmed by telephone that an Event of Default has occurred.

Section 603. Bond Fund.

(a) Interest Accounts. The Bond Trustee shall use moneys in the Series 2014A Interest Account and the Series 2014B Interest Account solely to pay interest on the Series 2014A Bonds and the Series 2014B Bonds, respectively, as the same become due.

(b) Principal Account. The Bond Trustee shall use moneys in the Series 2014A Principal Account and the Series 2014B Principal Account solely to pay the principal of and premium, if any, on the Series 2014A Bonds and the Series 2014B Bonds, respectively, whether at maturity, by acceleration, call for redemption or otherwise. The Bond Trustee shall provide for redemption of Series 2014 Bonds in accordance with the mandatory sinking fund redemption schedule set forth in Section 303; provided, however, that on or before the 70th day next

preceding any such sinking fund payment date the Issuer, or the Authorized Representative of the College on behalf of the Issuer, may:

- (1) pay to the Bond Trustee for deposit in the Series 2014A Principal Account as an advance payment on Series 2014A Note or in the Series 2014B Principal Account as an advance payment on Series 2014B Note such amount as the College may determine, accompanied by a certificate signed by an Authorized Representative of the College directing the Bond Trustee to apply such amount on or before such 70th day to the purchase of such Series 2014 Bonds required to be redeemed on such sinking fund payment date, and the Bond Trustee shall thereupon use all reasonable efforts to expend such funds as nearly as may be practicable in the purchase of such Series 2014 Bonds at a price (including accrued interest to the date of settlement) not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date;
- (2) deliver to the Bond Trustee for cancellation any such Series 2014 Bonds required to be redeemed on such sinking fund payment date in any aggregate principal amount desired; or
- (3) instruct the Bond Trustee to apply a credit against the Issuer's sinking fund redemption obligation for any such Series 2014 Bonds that previously have been redeemed (other than through the operation of the sinking fund) and cancelled by the Bond Trustee and not previously applied as a credit against any sinking fund redemption obligation.

Each Series 2014 Bond so purchased, delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against amounts required to be transferred to the Series 2014A Principal Account on account of such Series 2014A Bonds, or to the Series 2014B Principal Account on account of such Series 2014B Bonds, and the principal amount of such Series 2014 Bonds to be redeemed on such sinking fund payment date shall be reduced by the amount of such Series 2014 Bonds so purchased, delivered or previously redeemed. Any principal amount of such Series 2014 Bonds in excess of the principal amount required to be redeemed on such sinking fund payment date shall be similarly credited in chronological order against future transfers to the Principal Account and shall similarly reduce the principal amount of Series 2014 Bonds to be redeemed on the next sinking fund payment date. Within seven days of the receipt of such Series 2014 Bonds or instructions described in subparagraphs (1), (2) or (3) of this paragraph, the Bond Trustee shall transfer any excess amounts to the respective interest account to be applied to the next regularly scheduled payment of interest on such Series 2014 Bonds.

(c) When the balances in the Series 2014A Interest and Series 2014A Principal Accounts of the Series 2014A Bond Fund or the Series 2014B Interest and Series 2014B Principal Accounts of the Series 2014B Bond Fund are sufficient to redeem or pay at maturity all such Series 2014 Bonds then Outstanding and to pay all interest to accrue thereon prior to redemption or maturity, at the request of the College the balance in such Bond Fund shall be held for redemption or payment of such Series 2014 Bonds at the earliest practicable date and the payment of interest thereon and for no other purpose.

Section 604. Rebate Fund.

(a) The Bond Trustee shall maintain the Rebate Fund at all times prior to the final payment to the United States of America of the amounts described in subsection (c) of this Section which fund shall not be part of the Trust Estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under this Indenture and applied solely as provided in this Section,

unless in the Opinion of Bond Counsel failure to make such application will not adversely affect any excludability from gross income of interest on the Series 2014A Bonds under the Code.

(b) The Bond Trustee shall deposit or transfer to the credit of the account of the Rebate Fund each amount paid to the Bond Trustee by the College pursuant to Section 4.7 of the Loan Agreement or moneys from other funds or accounts that the Bond Trustee is authorized to transfer to the Rebate Fund pursuant to Section 4.7 of the Loan Agreement. The Bond Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(c) The Bond Trustee, on behalf of the Issuer at the written direction of the College, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Arbitrage Consultant) in the amount, to the place and in the manner required by section 148(f) of the Code, the Regulations, and rulings thereunder. All such payments shall be made by the Bond Trustee for the account and in the name of the Issuer and shall be paid by check mailed by certified United States mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by Internal Revenue Service Form 8038-T as prepared by the College on behalf of the Issuer and executed by the Issuer and such other statements, explanations or forms required pursuant to the Regulations or other Internal Revenue Service promulgations provided to it by or on behalf of the College).

(d) The Bond Trustee shall preserve all statements, forms and explanations received from the College, the Arbitrage Consultant or the Issuer pursuant to this Section and all records of transactions in the Rebate Fund until six (6) years after the discharge of the Series 2014A Bonds.

(e) The Bond Trustee may conclusively rely on the information provided and the instructions and forms prepared by the College and the Arbitrage Consultant with regard to any actions to be taken by it, including payments to be made, pursuant to this Section and shall have no liability for any consequences of any failure of the College or the Arbitrage Consultant to supply accurate or sufficient instructions or to compute correctly any payment due pursuant to this Section. The Bond Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(f) If at any time during the term of this Indenture the College, the Issuer or the Bond Trustee desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide at the expense of the College to the other persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the excludability of interest on the Series 2014A Bonds from gross income of the owners of any such Series 2014A Bond for Federal income tax purposes and shall be in compliance with the laws of the Commonwealth.

(g) Notwithstanding any other provision of this Indenture, including in particular Article VII, the obligation to pay rebatable arbitrage to the United States of America and to comply with all other requirements of this Section shall survive the defeasance or payment in full of the Series 2014A Bonds until such obligation is fully discharged. Any amounts remaining after such obligation is fully discharged shall be released to the College.

Section 605. Accounts within Funds.

The Bond Trustee shall at the direction of the College create accounts within any fund established by this Indenture and shall deposit amounts transferred to such fund in accounts therein and invest the same as directed by the College. In making transfers from any such fund, the Bond Trustee shall draw on accounts therein as directed by the College so long as required transfers can be made consistent with such directions.

Section 606. Non-Presentation of Bonds.

If any Series 2014 Bond is not presented for payment when the principal thereof becomes due (whether at maturity, upon acceleration or call for redemption or otherwise), all liability of the Issuer to the Holder thereof for the payment of such Series 2014 Bond shall forthwith cease, determine and be completely discharged if funds sufficient to pay such Series 2014 Bond and interest due thereon shall be held by the Bond Trustee for the benefit of the Holder thereof, and thereupon it shall be the duty of the Bond Trustee to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Series 2014 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Series 2014 Bond.

Any moneys that have been set aside by the Bond Trustee for the payment of the principal of and premium, if any, and interest on the Series 2014 Bonds and that shall remain unclaimed by the registered owner of any of the Series 2014 Bonds for a period of five years after the date on which such principal and interest on the Series 2014 Bonds shall have become payable, shall, unless otherwise required by law, be paid to the College, and thereafter the registered owners of such Series 2014 Bonds shall look only to the College as unsecured creditors for the payment thereof and then only to the extent of the amount so received, without any interest thereon, and the Issuer and the Bond Trustee shall have no responsibility with respect to such moneys.

Section 607. Bond Trustee's and Issuer's Fees, Costs and Expenses.

The initial administrative and acceptance fees and expenses, including reasonable legal fees and expenses, of the Bond Trustee relating to the Series 2014 Bonds shall be paid from the respective Cost of Issuance Fund as and when the same shall become due, unless such payment would, together with other Costs of Issuance paid from the proceeds of the Series 2014A Bonds, exceed 2% of the proceeds of the Series 2014A Bonds. In such case such fees and expenses shall be paid by the College from their own funds. All other reasonable fees and expenses of the Bond Trustee (including such reasonable fees and expenses not incurred in the ordinary course of business) and the fees, if any, and reasonable costs and expenses of the Issuer directly related to the Project and the issuance of the Series 2014 Bonds are to be paid by the College from payments made under Section 4.1(b) of the Loan Agreement.

Section 608. Moneys to Be Held in Trust.

All moneys required to be deposited with or paid to the Bond Trustee for the account of any of the funds created by this Indenture shall be held by the Bond Trustee in trust, and except for moneys deposited with or paid to the Bond Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Bond Trustee, constitute part of the Trust Estate (other than the Rebate Fund) and be subject to the lien hereof.

Section 609. Final Balances.

Upon the deposit with the Bond Trustee of money sufficient to pay all principal of, premium, if any, and interest on the Series 2014 Bonds, and upon written notice to the Bond Trustee of satisfaction of all claims against the Issuer and the College hereunder and under the Loan Agreement, including any rebate obligation, all fees, charges and expenses of the Bond Trustee, the Bond Registrar, the Issuer and any Paying Agent which are properly due and payable hereunder and any other amounts required to be paid by the College under Series 2014 Notes or the Loan Agreement, or upon written notice to the Bond Trustee of the making of adequate provisions for the payment of such amounts as permitted hereby, all money remaining in all funds shall be remitted to the College; except (a) money necessary to pay principal of, premium, if any, and interest on the Series 2014 Bonds shall be held by the Bond Trustee and paid to the Bondholders or to the College pursuant to Section 607 and (b) money, if any, set aside in the Rebate Fund shall be applied pursuant to Section 604.

Section 610. Repayment to the College from Funds.

All amounts remaining in any of the funds created by this Indenture shall be paid to the College after payment in full of the Series 2014 Bonds and the fees, charges and expenses of the Bond Trustee and its agents and counsel and any other paying agent and other amounts required to be paid hereunder, and the fees, charges and expenses of the Issuer and its Counsel and financial advisor and any other amounts required to be paid by the College under Series 2014 Notes or the Loan Agreement.

ARTICLE VII

INVESTMENTS

Section 701. Investment of Funds.

The Bond Trustee shall separately invest and reinvest, unless the Bond Trustee obtains knowledge or written notice that an event of default by the College under the Loan Agreement has occurred and is continuing, any moneys held in the funds upon direction given or confirmed in writing (which direction shall specify the amount thereof to be so invested), of an Authorized Representative of the College in any of the following which at the time are legal investments under the laws of the Commonwealth for moneys held hereunder and then proposed to be invested therein:

- (a) Government Obligations;
- (b) Obligations of the Export-Import Bank, Farm Credit System Financial Assistance College, Rural Economic Community Development Administration (formerly the Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), U.S. Department of Housing & Urban Development (PHA's) or Federal Financing Bank which obligations represent the full faith and credit of the United States of America;
- (c) Direct obligations of any of the following federal agencies or entities which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by Fannie Mae or Freddie Mac, (ii) Obligations of the Resolution Funding Corporation (REFCORP), and (iii) Senior debt obligations of the Federal Home Loan Bank System;
- (d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P, and maturing no more than 360 calendar days after the date of purchase (Ratings on holding companies are not considered as the rating of the bank);
- (e) "Prime quality" commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof, including paper issued by banks and bank holding companies. "Prime quality" shall be as rated by Moody's within its ratings of P-1 or P-2 or by Standard & Poor's within its ratings of A-1 or A-2;
- (f) Investments in money market funds restricted to Government Obligations provided that such funds are rated in one of the three highest rating category by either Moody's, Standard & Poor's or Fitch, including any such fund administered by the Bond Trustee; and
- (g) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which

irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are (i) rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the specified redemption date or dates in the irrevocable instructions referred to above, as appropriate;

Municipal obligations rated "Aaa/AAA" or general obligations of a state of the United States of America with a rating of at least "A2/A" or higher by both Moody's and Standard and Poor's; and

(h) Investment Agreements with any bank, registered broker/dealer, insurance company or any other financial institution or corporation, or any subsidiary thereof, with a senior unsecured credit rating of, or claims paying ability of, at least "Aa3" by Moody's or "AA-" by Standard & Poor's or "AA-" by Fitch. The credit rating may be at either the parent or subsidiary level.

Any bonds, notes or other evidences of indebtedness listed in subsections (a), (b) and (c) above may be purchased by the Bond Trustee pursuant to a repurchase agreement with any bank or investment bank, including an affiliate of the Bond Trustee, within or without the Commonwealth of Kentucky having a combined capital, surplus and undivided profits of not less than \$50,000,000 and acceptable to the Bond Trustee, provided the obligation of the bank or investment bank to repurchase is within the time limitation established for investments as set forth below. A repurchase agreement for securities described in subsections (a), (b) and (c) above shall be considered a purchase of such securities even if title and/or possession of such securities is not transferred to the Bond Trustee so long as (i) the repurchase obligation of the bank or investment bank is collateralized by the securities themselves, (ii) the securities have on the date of the repurchase agreement a fair market value equal to at least 100% of the amount of the repurchase obligation of the bank or investment bank, (iii) the securities are held by a third party and segregated from securities owned generally by the bank or investment bank, (iv) a perfected security interest in such securities is created for the benefit of the Holders of the Series 2014 Bonds, under the Uniform Commercial Code of the Commonwealth or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq., and (v) if the repurchase agreement is with the bank serving as Bond Trustee or any related party, the third party holding such securities holds them as agent for the Bond Trustee as fiduciary for the Holders of the Series 2014 Bonds and not as agent for the bank serving as Bond Trustee in its commercial capacity or any other party.

All such investments shall be held by or under the control of the Bond Trustee and while so held shall be deemed a part of the fund in which such moneys were originally held, except as otherwise provided herein. The interest accruing from such investment and any profit realized therefrom shall be credited to such funds and any loss resulting from such investments shall be charged to such funds. The Bond Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund is insufficient for the purposes thereof. So long as all investment restrictions applicable to each fund or account created hereunder are complied with, the Bond Trustee may commingle the funds and accounts held by it hereunder for purposes of investing amounts held therein.

The Bond Trustee shall, to the extent consistent with other provisions of this section, make any investment requested by the College. In the absence of any instructions by the College, the Bond Trustee shall invest any moneys held under this Indenture in its cash sweep account if such account is a permitted investment. At the request of the College, but no more than monthly, the Bond Trustee shall provide the College with reports in reasonable detail regarding the investment of the funds held by the Bond Trustee.

Moneys held in the following funds shall be invested in securities and obligations maturing not later than the following dates:

(A) Cost of Issuance Fund and Project Fund -- only in obligations maturing or redeemable at the option of the Holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Cost of Issuance Fund or the Project Fund, as applicable.

(B) Bond Fund -- not later than the dates on which such moneys will be needed to pay principal of (whether at maturity or by mandatory sinking fund redemption) or interest on the Series 2014 Bonds.

For the purposes of this section investments shall be considered as maturing on the date on which they are redeemable without penalty at the option of the holder or the date on which the Bond Trustee may require their repurchase, pursuant to a repurchase agreement qualifying as described above.

For the purpose of determining the amount on deposit to the credit of any such fund or account, as reflected by annual accounting statements, obligations purchased as an investment of moneys therein shall be valued at least annually at the cost or market price thereof, whichever is lower, inclusive of accrued interest. The Bond Trustee shall not be required to calculate the value of investments more frequently than annually.

Section 702. Arbitrage.

The Issuer shall not knowingly engage in any activities or take any action that might result in the income of the Issuer derived from the College becoming taxable to it.

The Issuer and the Bond Trustee covenant for the benefit of the Holders of the Series 2014A Bonds that they will not knowingly, to the extent within their control, take any action to cause the proceeds of the Series 2014A Bonds, the earnings on those proceeds or any moneys on deposit in any fund or account maintained with respect to the Series 2014A Bonds (whether such moneys were derived from the proceeds of the sale of the Series 2014A Bonds or from other sources) to be used in a manner that will cause the Series 2014A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code (including but not limited to ensuring compliance with the ongoing requirements of Section 148 of the Code concerning the rebate and non-purpose investment rules) all in accordance with the Tax Regulatory Agreement. This covenant shall survive the defeasance or payment in full of the Series 2014A Bonds, notwithstanding any other provision of this Indenture until requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been satisfied.

The Issuer and the Bond Trustee covenant for the benefit of the Holders of the Series 2014A Bonds that they will not knowingly, to the extent within their control, take any action to cause or permit any action to be taken that would cause the interest on the Series 2014A Bonds to be included in gross income for federal income tax purposes. This covenant shall survive the defeasance or payment in full of the Series 2014A Bonds notwithstanding any other provision of this Indenture until the requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been fully satisfied.

The Issuer shall, on or prior to the date of issuance of the Series 2014A Bonds, deliver to the Bond Trustee the Tax Regulatory Agreement required by the regulations promulgated under Section 148 of the Code to evidence that such Series 2014A Bonds will not be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 703. Allocation and Transfers of Investments.

Any investments shall be deemed at all times a part of the fund from which the investment was made. Any loss resulting from such investments shall be charged to such fund, any interest or other gain from any fund from any investment or reinvestment pursuant to Section 7.01 hereof shall be allocated and transferred subject to the Tax Regulatory Agreement, as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the funds shall be retained in the respective fund.

(b) Notwithstanding the foregoing, any interest or other gain realized as a result of any investments or reinvestments of moneys in funds pursuant to Section 701 hereof shall first be deposited in the Rebate Fund to the extent amounts required to be deposited therein pursuant to the Tax Regulatory Agreement have not been so deposited.

Section 704. Investment of Rebate Fund.

Moneys on deposit in the Rebate Fund shall be invested only in Permitted Investments, and otherwise in accordance with the provisions of the Tax Regulatory Agreement, all as shall be directed by the College in writing; provided, however, that in the event of a conflict in said provisions, the provisions of the Tax Regulatory Agreement shall control.

Section 705. Investments through Bond Trustee's Bond Department.

The Bond Trustee may make investments permitted by Section 701 through its own bond department.

ARTICLE VIII

DISCHARGE OF INDENTURE

Section 801. Discharge of Indenture.

Bonds shall be deemed paid for all purposes of this Indenture when (a) payment of the principal of and the maximum amount of interest that may become due on such Series 2014 Bonds to the due date of such principal and interest (whether at maturity, upon redemption, acceleration or otherwise) either (i) has been made in accordance with the terms of Article III or (ii) has been provided for by depositing with the Bond Trustee (A) moneys sufficient to make such payment which otherwise meet the definition of Defeasance Obligations or (B) noncallable Defeasance Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment without regard to the reinvestment thereof; and (b) all compensation and expenses of the Issuer and the Bond Trustee (as well as the fees and expenses of their Counsel) and financial advisor, if any, pertaining to each such Series 2014 Bond in respect of which such payment or deposit is made have been paid or provided for to their respective satisfaction. When a Bond is deemed paid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for payment from moneys or Defeasance Obligations under subsection (a) above and except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II.

Notwithstanding the foregoing, no deposit under subsection (a) above made for the purpose of paying the redemption price of such Series 2014 Bond (as opposed to the final payment thereof upon maturity) will be deemed a payment of such Series 2014 Bond as aforesaid until (x) notice of redemption of such Series 2014 Bond is given in accordance with Article III or, if such Series 2014 Bond is not to be redeemed within the next 60 days, until the College has given the Bond Trustee, in form satisfactory to the Bond Trustee, irrevocable written instructions to notify, as soon as practicable, the Holder of such

Series 2014 Bond, in accordance with Article III, that the deposit required by subsection (a) above has been made with the Bond Trustee and that such Series 2014 Bond is deemed to be paid under this Article and stating the redemption date upon which moneys are to be available for the payment of the principal of such Series 2014 Bond or (y) the maturity of such Series 2014 Bond. Additionally, and while the deposit under subsection (a) above made for the purpose of paying the final payment of a Series 2014 Bond upon its maturity shall be deemed a payment of such Series 2014 Bond as aforesaid, the Bond Trustee shall mail notice to the Owner of such Series 2014 Bond, as soon as practicable stating that the deposit required by subsection (a) above has been made with the Bond Trustee and that such Series 2014 Bond is deemed to be paid under this Article.

When Series 2014 Bonds are deemed paid under the foregoing provisions of this Section and other sums due hereunder and under the Loan Agreement are paid, the Bond Trustee shall, upon request, acknowledge the discharge of the Issuer's obligations under this Indenture with respect to such Series 2014 Bonds, except for obligations under Article II in respect of the transfer, exchange, registration, discharge from registration and replacement of Bonds. Series 2014 Bonds delivered to the Bond Trustee for payment shall be cancelled pursuant to Section 212.

An Authorized Representative shall direct the deposit, investment and use of the moneys and securities described in this Section such that no deposit will be made and no use made of any such deposit that would cause any Series 2014A Bonds (including Bonds deemed paid pursuant to this section) to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. Before accepting or using any such deposit, the Bond Trustee may request an Opinion of Bond Counsel as to whether such use or acceptance would cause the Series 2014A Bonds (including Bonds deemed paid pursuant to this section) to be so treated and, that all conditions hereunder have been satisfied, and the Bond Trustee may conclusively rely on such Opinion with regard thereto.

The Bond Trustee may request and shall be fully protected in relying upon a certificate of an independent certified public accountant to the effect that a deposit will be sufficient to defease such Series 2014 Bonds as provided in this Section 801.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 901. Events of Default.

Each of the following events shall be an Event of Default:

- (a) Default in the due and punctual payment of any interest on any Series 2014 Bond;
- (b) Default in the due and punctual payment of the principal of any Series 2014 Bond (whether at maturity, upon acceleration or call for redemption or otherwise);
- (c) An "Event of Default" under the Loan Agreement or the Master Indenture, and such "Event of Default" shall not have been remedied or waived; or
- (d) Subject to the provisions of Section 911, default in the observance or performance of any other covenant, condition or agreement on the part of the Issuer under this Indenture or in the Series 2014 Bonds.

Section 902. Acceleration.

If an Event of Default occurs and is continuing, the Bond Trustee may, and if requested by the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding shall, by notice to the Issuer, declare the entire unpaid principal of and interest on the Series 2014 Bonds due and payable and, thereupon, the entire unpaid principal of and interest on the Series 2014 Bonds shall forthwith become due and payable. Upon any such declaration the Issuer through the Trustee shall forthwith pay to the Holders of the Series 2014 Bonds the entire unpaid principal of and accrued interest on the Series 2014 Bonds, but only from the revenues and receipts herein specifically pledged for such purpose. Upon the occurrence of an Event of Default and a declaration of acceleration hereunder, the Bond Trustee as assignee of the Issuer shall immediately exercise its option under Section 6.2(a) of the Loan Agreement to declare all payments on Series 2014 Notes to be immediately due and payable.

Section 903. Other Remedies; Rights of Bondholders.

Upon the occurrence of an Event of Default, the Bond Trustee may proceed to protect and enforce its rights as the Holder of Series 2014 Notes and the rights of the Bondholders by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement herein contained.

Upon the occurrence of an Event of Default, if requested to do so by the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding and if indemnified as provided in Section 1001(k), the Bond Trustee shall exercise such one or more of the rights and powers conferred by this article as the Bond Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy conferred by this Indenture upon or reserved to the Bond Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee or to the Bondholders hereunder 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 or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Bond Trustee pursuant to Section 910 or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Upon the occurrence of an Event of Default under the Master Indenture, the Bond Trustee shall notify the Master Trustee and request that the Master Trustee direct all Members, as defined in the Master Indenture, to deliver to the Master Trustee all Pledged Assets as defined in the Master Indenture.

Section 904. Right of Bondholders To Direct Proceeding.

Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 905. Application of Moneys.

All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities and advances incurred or made by the Bond Trustee, the fees and reasonable legal expenses of the Bond Trustee and the expenses of the Issuer in carrying out this Indenture or the Loan Agreement, be deposited in the Bond Fund and thereafter shall be deposited, to the extent of any deficiency of required amounts in the Rebate Fund, in the Rebate Fund. All moneys so deposited in the Bond Funds and all moneys held or deposited in the Bond Funds during the continuance of an Event of Default shall be applied as follows:

(a) Unless the principal of all the Series 2014 Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Series 2014 Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2014 Bonds;

Second - To the payment to the persons entitled thereto of the unpaid principal of any of the Series 2014 Bonds which shall have become due (other than Series 2014 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Series 2014 Bonds at the respective rates specified therein from the respective dates on which they became due and, if the amount available shall not be sufficient to pay in full Series 2014 Bonds due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2014 Bonds; and

Third - To the extent permitted by law, to the payment to persons entitled thereto of the unpaid interest on overdue installments of interest ratably, according to the amount of such interest due on such date, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2014 Bonds.

(b) If the principal of all the Series 2014 Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Series 2014 Bonds, including, to the extent permitted by law, interest on overdue installments of interest, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Series 2014 Bond over any other Series 2014 Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2014 Bonds.

(c) If the principal of all the Series 2014 Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this article, then, subject to the provisions of subsection (b) of this section in the event that the principal of all the

Series 2014 Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this section.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys shall be applied at such times and from time to time as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Series 2014 Bond until such Series 2014 Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

Section 906. Remedies Vested in Bond Trustee.

All rights of action (including the right to file proof of claims) under this Indenture or under any of the Series 2014 Bonds may be enforced by the Bond Trustee without the possession of any of the Series 2014 Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Bond Trustee may be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Series 2014 Bonds, and any recovery of judgment shall be for the equal benefit of the Holders of the outstanding Series 2014 Bonds.

Section 907. Limitation on Suits.

Except to enforce the rights given under Sections 902 and 908, no Holder of any Series 2014 Bond shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (a) a default has occurred and is continuing of which the Bond Trustee has been notified as provided in Section 1001(h), or of which by such section it is deemed to have notice, (b) such default has become an Event of Default and the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding have made written request to the Bond Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) they have offered to the Bond Trustee indemnity as provided in Section 1001(k), (d) the Bond Trustee has for 30 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names, (e) no direction inconsistent with such written request has been given to the Bond Trustee during such 30 day period by the Holders of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding, and (f) notice of such action, suit or proceeding is given to the Bond Trustee; it being understood and intended that no one or more Holders of the Series 2014 Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the Holders of all Series 2014 Bonds then Outstanding. The notification, request and offer of indemnity set forth above, at the option of the Bond Trustee, shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

Section 908. Unconditional Right To Receive Principal, Premium and Interest.

Nothing in this Indenture shall, however, affect or impair the right of any bondholder to enforce, by action at law, payment of the principal of, premium, if any, or interest on any Series 2014 Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to the provisions of Section 902)

upon the same being declared due prior to maturity as herein provided, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Series 2014 Bonds issued hereunder to the respective Holders thereof at the time, place, from the source and in the manner expressed herein and in the Series 2014 Bonds. In no event shall the Issuer have any obligation to pay any of the sums contemplated by this Section or elsewhere in this Indenture except from the Trust Estate or from funds provided by the College.

Section 909. Termination of Proceedings.

In case the Bond Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer, the College and the Bond Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 910. Waiver of Events of Default.

The Bond Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Series 2014 Bonds, and shall do so on the written request of the Holders of (a) a majority in aggregate principal amount of Series 2014 Bonds then Outstanding in respect of which default in the payment of principal and/or interest exists, or (b) a majority in aggregate principal amount of Series 2014 Bonds then Outstanding in the case of any other default; provided, however, that

(1) there shall not be waived without the consent of the Holders of all Series 2014 Bonds then Outstanding (A) any Event of Default in the payment of the principal of any Outstanding Series 2014 Bonds (whether at maturity or by sinking fund redemption) or (B) any default in the payment when due of the interest on any such Series 2014 Bonds unless, prior to such waiver or rescission,

(i) there shall have been paid or provided for all arrears of interest with interest (to the extent permitted by law) at the rate borne by the Series 2014 Bonds on overdue installments of interest, all arrears of principal and all expenses of the Bond Trustee in connection with such default, and

(ii) in case of any such waiver or rescission or in case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Bond Trustee on account of any such default, the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, and

(2) no declaration of maturity under Section 902 made at the request of the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding shall be rescinded unless requested by the Holders of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding.

No such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Section 911. Notice of Defaults; Opportunity of the College To Cure Defaults.

Anything herein to the contrary notwithstanding, no default specified in Section 901(d) on the part of the Issuer shall constitute an Event of Default until (a) notice of such default shall be given (1) by

the Bond Trustee to the Issuer and the College or (2) by the Holders of 25% in aggregate principal amount of Series 2014 Bonds then Outstanding to the Bond Trustee, the Issuer and the College, and (b) the Issuer and the College shall have had 30 days after such notice to correct such default or cause such default to be corrected, and shall not have corrected such default or caused such default to be corrected within such period; provided, however, that if any default specified in Section 901(d) shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the College within such period and diligently pursued until such default is corrected, as long as such default is corrected within 90 days.

With regard to any alleged default concerning which notice is given to the College under this section, the College may perform any covenant, condition or agreement the nonperformance of which is alleged in such notice to constitute a default, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

ARTICLE X

THE BOND TRUSTEE

Section 1001. Acceptance of Trusts and Obligations.

The Bond Trustee hereby accepts the trusts and obligations imposed upon it by this Indenture and the Loan Agreement and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Indenture or the Loan Agreement against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the Loan Agreement and as a corporate Bond Trustee ordinarily would perform such duties under a corporate indenture. In case an Event of Default has occurred (which has not been cured or waived) the Bond Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man ordinarily would exercise and use under the circumstances in the conduct of his own affairs.

(b) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act or refrain from acting on the written direction of an Authorized Representative of the College or on the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and shall be fully protected in acting upon such advice and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trust hereof. As a condition to the taking, suffering or omission of any action hereunder, the Bond Trustee may demand and act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such written direction or Opinion of Counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Series 2014 Bonds (except in respect to the certificate of the Bond Trustee endorsed on the Series 2014 Bonds) or for the recording, re-recording, other filing or re-filing of any financing or continuation statement or any other document or instrument, or for insuring the Facilities or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Series 2014 Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Mortgaged Property or otherwise as to the

maintenance of the security hereof; except that in the event the Bond Trustee takes possession of any part of the Mortgaged Property pursuant to any provision of this Indenture, the Loan Agreement or the Mortgage it shall use due diligence in preserving such part. The Bond Trustee shall not be liable for any debts contracted or for damages to persons or to personal property insured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Mortgaged Property. The Bond Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Issuer or on the part of the College under the Loan Agreement or the Mortgage, except as hereinafter set forth, but the Bond Trustee may reasonably require of the Issuer (at the sole cost and expense of the College) or the College full information and advice as to the observance or performance of such covenants, conditions or agreements. The Bond Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Section 701.

(d) The Bond Trustee shall not be accountable for the use of any Series 2014 Bonds authenticated or delivered hereunder. The bank or trust company acting as Bond Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Series 2014 Bonds and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Bond Trustee. To the extent permitted by law, such bank or trust company may also purchase in good faith Series 2014 Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Bond Trustee.

(e) The Bond Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Bond Trustee pursuant to this Indenture on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Series 2014 Bond shall be conclusive and binding on all future owners of the same Series 2014 Bond and on Series 2014 Bond issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Bond Trustee shall be entitled to rely on a certificate signed on behalf of the Issuer by its Mayor or Mayor Pro Tem and attested by any member designated for such purpose, or a certificate signed by an Authorized Representative of the College, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (h) of this section, or of which by said subsection it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Bond Trustee may accept a certificate of the Mayor or Mayor Pro Tem or any member authorized by the Issuer for such purpose of the Issuer to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Bond Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Bond Trustee shall not be answerable for other than its negligence or willful default.

(h) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by Article VI or failure by the Issuer or the College to file with the Bond Trustee any document required by this Indenture, the Loan Agreement or the Mortgage to be so filed, unless the Bond Trustee shall be notified of such default by the Issuer or by the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding delivered to the corporate trust

address specified in accordance with Section 1404 and, in the absence of such notice or delivery, the Bond Trustee may conclusively assume no such default exists.

(i) The Bond Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(j) Notwithstanding any other provision of this Indenture, the Bond Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Bond Trustee in respect of the authentication of any Series 2014 Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(k) Before taking any action under this Indenture or the Loan Agreement at the direction or request of Bondholders, the Bond Trustee may require that satisfactory indemnity from the Bondholders be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken including reasonable costs incurred in defending itself against any and all changes, claims, complaints, allegations, assertions or demands of any nature whatsoever, except liability that is adjudicated to have resulted from its negligence or willful default.

(l) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Bond Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(m) The Bond Trustee shall cooperate with the College in the contest, at the expense of the College, of any condemnation proceeding or contest over title with respect to the Mortgaged Property and shall, to the extent it may lawfully do so, permit the College to litigate in any such proceeding or contest in the name and on behalf of the Bond Trustee. In no event shall the Bond Trustee voluntarily settle, or consent to the settlement of, any condemnation proceeding or contest over title with respect to the Mortgaged Property without the consent of the College and prior written notice to the Issuer.

(n) The Bond Trustee shall not be responsible for the tax-exempt status of the Series 2014A Bonds, provided that the Bond Trustee shall not knowingly take any action that will cause (1) any Series 2014A Bond to become an "arbitrage bond" within the meaning of Section 103(b)(2) of the Code or (2) the interest on any Series 2014A Bond otherwise to become taxable to the recipients thereof under the Federal income tax laws, unless the Bond Trustee shall determine that such action is nevertheless expedient in the interests of the Holders of the Series 2014A Bonds then outstanding or that such action is required by other provisions of this Indenture or by the Loan Agreement or by law.

(o) The Bond Trustee shall not be liable for any action it takes or omits to take which in good faith, absent negligence, it believes to be authorized or within its powers hereunder.

Section 1002. Fees, Charges and Expenses of Bond Trustee.

Absent a specific agreement as to payment of the Bond Trustee's fees, charges and expenses, the Bond Trustee and any payment agents shall be entitled to payment and reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and disbursements and other expenses reasonably made or incurred by the Bond Trustee in connection with such services from the College pursuant to the Loan Agreement, provided that the Trust Estate shall not be liable for costs or expenses of the Bond Trustee other than reasonable costs and expenses. Upon an Event of Default, but only upon an Event of Default, the Bond Trustee shall have a first lien with right of payment prior to payment on

account of principal of, or premium, if any, and interest on any Series 2014 Bond upon the Trust Estate created by this Indenture for the foregoing fees, charges and expenses incurred by the Bond Trustee. When the Bond Trustee incurs expenses or renders services after the occurrence of an Event of Default hereunder caused by the occurrence of an "Event of Default" specified in subsections 4.01(e) or 4.01(f) of the Master Indenture, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 1003. Notice Required of Bond Trustee.

If the College fails to make any payment on the Series 2014 Notes on the day such payment is due and payable, the Bond Trustee shall give notice thereof by telephone or telegram to the College on the next succeeding Business Day and shall confirm such notice in writing by first class mail. In the event of (a) the continuance of any such failure to make payment for 30 days after such payment was due, (b) failure of the Issuer to cause any of the payments to be made to the Bond Trustee as required by Article VI, or (c) notification to the Bond Trustee by the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding, of any default hereunder, the Bond Trustee shall give notice thereof to the owner of each Series 2014 Bond then outstanding.

Section 1004. Intervention by Bond Trustee.

In any judicial proceeding to which the Issuer is a party and which in the opinion of the Bond Trustee has a substantial bearing on the interests of the Bondholders, the Bond Trustee may intervene on behalf of the Bondholders and, subject to Section 1001(k), shall do so if requested by the Holders of 25% in aggregate principal amount of Series 2014 Bonds then outstanding.

Section 1005. Merger or Consolidation of Bond Trustee.

Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Bond Trustee hereunder and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1006. Resignation by Bond Trustee.

The Bond Trustee may at any time resign from the trusts hereby created by giving 30 days' notice to the Issuer, the College and each registered owner of Series 2014 Bonds then Outstanding. Such resignation shall take effect upon the appointment of a successor or temporary Bond Trustee by the Bondholders or the Issuer. In the event that no successor or temporary Bond Trustee is appointed within 30 days of the Bond Trustee's giving of notice of its resignation, the Bond Trustee shall have the right to petition any court of competent jurisdiction for such court's appointment of a temporary Bond Trustee provided, however, that nothing in this sentence shall be deemed to authorize appointment of any Bond Trustee other than in accordance with the requirements of Section 1008 hereof.

Section 1007. Removal of Bond Trustee.

The Bond Trustee may be removed at any time (i) by an instrument or concurrent instruments in writing delivered to the Bond Trustee and to the Issuer and signed by the owners of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding, or (ii) by any instrument signed by an Authorized Representative of the College provided no Event of Default has occurred and is continuing.

The removal shall take effect upon the appointment of a temporary or successor Bond Trustee by the Bondholders, the College or a court of competent jurisdiction.

Section 1008. Appointment of Successor Bond Trustee; Temporary Bond Trustee.

In case the Bond Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by (a) the owners of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners or (b) so long as no Event of Default has occurred and is continuing, the College by an instrument signed by an Authorized Representative; provided, however, that in case of such vacancy the Issuer by an instrument signed by its Mayor or Mayor Pro Tem may appoint a temporary Bond Trustee to fill such vacancy until a successor Bond Trustee shall be appointed by the Bondholders or the College in the manner provided above; and any such temporary Bond Trustee so appointed shall immediately and without further act be superseded by the Bond Trustee so appointed by such Bondholders or the College. Every such Bond Trustee appointed pursuant to this section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (a) a bank or trust company organized under the laws of the United States of America or one of the states thereof or located in one of the states thereof, in good standing, having a combined capital, surplus and undivided profits of not less than \$50,000,000 or be a wholly owned subsidiary or affiliate of a bank holding company, or a wholly owned subsidiary or affiliate of a company that is a wholly owned subsidiary or affiliate of a bank holding company, which bank holding company shall have a combined capital, surplus and undivided profits of not less than \$50,000,000.

Section 1009. Concerning any Successor Bond Trustee.

Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer or its successor, execute and deliver an instrument transferring to such successor Bond Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all securities and moneys held by it as Bond Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Bond Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this article, shall be filed and/or recorded by the successor Bond Trustee in each recording office where the Indenture may have been filed and/or recorded.

Section 1010. Right of Bond Trustee To Pay Taxes and Other Charges.

In case any tax, assessment or governmental or other charge on any part of the property conveyed pursuant to the Loan Agreement is not paid as required herein, the Bond Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Bondholders hereunder arising in consequence of such failure. Any amount at any time so paid under this section, with interest thereon from the date of payment at the Prime Rate, as defined in the Loan Agreement, shall become additional indebtedness secured by this Indenture, and such indebtedness shall be given a preference in payment over any of the Series 2014 Bonds, and shall be paid out of the proceeds of revenues and receipts collected from the property herein conveyed, if not otherwise caused to be paid;

but the Bond Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the Holders of at least 25% in aggregate principal amount of Series 2014 Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1011. Bond Trustee Protected in Relying on Resolutions, etc.

The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Bond Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Bond Trustee for the release of property, the withdrawal of cash hereunder or the taking of any other action by the Bond Trustee as provided hereunder.

Section 1012. Successor Bond Trustee as Bond Registrar, Custodian of Funds and Paying Agent.

In the event of a change in the office of Bond Trustee the predecessor Bond Trustee which has resigned or been removed shall cease to be Bond Registrar, custodian of the several funds created under this Indenture and paying agent for principal of and interest on the Series 2014 Bonds and the successor Bond Trustee shall become such Bond Registrar, custodian and paying agent.

Section 1013. Removal and Resignation Not to Affect Fees.

No resignation or removal of the Bond Trustee shall affect the obligation of the College to pay the Bond Trustee its fees, expenses and any indemnity due hereunder that have accrued prior to the effective date of such resignation or removal and reasonable expenses of transferring funds, records and other necessary items and information to the successor trustee hereunder.

Section 1014. Trustee Article Controlling.

Regardless of whether expressly so provided therein, every provision of this Indenture relating to the conduct or affecting the liability of the Bond Trustee shall be subject to the provisions of this Article X.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Not Requiring Consent of Bondholders.

The Issuer and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into such indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer on the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders or the Bond Trustee or either of them;
- (c) To subject to this Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Indenture in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities (Blue Sky) law, and, if they so determine, to add to this

Indenture such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law;

(e) To modify, amend or supplement this Indenture in such manner as required to prevent this Indenture or any fund, account or deposit created, established or made pursuant hereto from being deemed an "investment company" as such term is defined in Section 3 of the Investment Company Act of 1940, as amended, or otherwise subject to registration under Section 8 of such Act; or

(f) To make any other change herein that, in the opinion of the Bond Trustee, shall not prejudice in any material respect the rights of the Holders of the Series 2014 Bonds then Outstanding.

Section 1102. Supplemental Indentures Requiring Consent of Bondholders.

Exclusive of supplemental indentures covered by Section 1101 and subject to the terms and provisions contained in this section, the Holders of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Indenture, to consent to and approve the execution by the Issuer and the Bond Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2014 Bond, or (b) a reduction in the principal amount of any Series 2014 Bond or the rate of interest thereon, or (c) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Series 2014 Bond, or (d) a privilege or priority of any Series 2014 Bond or Series 2014 Bonds over any other Series 2014 Bond or Series 2014 Bonds, or (e) a reduction in the aggregate principal amount of Series 2014 Bonds required for consent to such supplemental indenture, without the consent and approval of the Holders of all of the Series 2014 Bonds then outstanding.

If at any time the Issuer shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be sent to each registered owner of Bonds then outstanding by registered or certified mail to the address of such bondholder as it appears on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Holders of a majority in aggregate principal amount of Series 2014 Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no Holder of any Series 2014 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing such supplemental indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Series 2014 Bonds owned or held by or for the account of the Issuer or the College or any person controlling, controlled by or under common control with either of them shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Series 2014 Bonds provided for in this Article XI or in Article XII. At the time of any such calculation, the College shall furnish the Bond Trustee a certificate of an Authorized Representative of the College, upon which the Bond Trustee may rely, describing all Series 2014 Bonds so to be excluded.

Section 1103. Consent of the College Required.

Notwithstanding any other provision of this Indenture, a supplemental indenture under this article that affects any rights of the College shall not become effective until the College shall have consented to the execution and delivery of such supplemental indenture.

Section 1104. Amendment by Unanimous Consent.

Notwithstanding any other provision in this Indenture, the Issuer and the Bond Trustee may enter into any indenture supplemental to this Indenture upon receipt of the consent of the Holders of all Series 2014 Bonds then outstanding, the Opinion of Bond Counsel required by Section 1106 and, if required by Section 1103, the consent of the College.

Section 1105. Amendment without Consent of Issuer.

In the event the Issuer is dissolved without replacement or is otherwise unable to enter into any supplemental indenture permitted by this Article XI the Bond Trustee may, without the consent of the Issuer, amend or supplement this Indenture in any manner otherwise permitted by this Article XI so long as such amendment or supplement does not adversely affect the rights or increase the obligations of the Issuer.

Section 1106. Opinion of Counsel Required.

Notwithstanding any other provision of this Indenture, the Bond Trustee (a) shall not execute any supplemental indenture to this Indenture unless there shall have been filed with the Bond Trustee an Opinion of Bond Counsel stating (i) that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms and that upon execution it will be valid and binding on the Issuer in accordance with its terms, which Opinion of Bond Counsel, to the extent appropriate, may rely on the Bond Trustee's determination that such amendment, change or modification is as described in Section 1101(f), if applicable, and (ii) that such supplemental indenture will not have an adverse effect on the exemption of interest on the Series 2014A Bonds from gross income for Federal income tax purposes, and (b) shall not, without the consent of the College, execute any supplemental indenture to this Indenture that will adversely affect any rights of the College and shall in all events give the College at least 15 days' prior notice (which may be waived) of any proposed supplemental indenture.

Section 1107. Trustee's Obligation Regarding Supplemental Indentures and Amendments of Series 2014 Notes, Agreement and Mortgage.

The Bond Trustee shall not unreasonably (a) refuse to enter into any supplemental indenture permitted by this Article or (b) withhold its consent to any amendment, change or modification of the Loan Agreement, the Master Indenture, Series 2014 Notes, or the Mortgage permitted by Article XII; provided, however, that any such refusal or withholding shall not be unreasonable if the Bond Trustee reasonably believes that such supplemental indenture or amendment, change or modification does or may prejudice any right of the Holders of Series 2014 Bonds then outstanding or affect adversely the rights and immunities of, or increase the duties of, the Bond Trustee.

ARTICLE XII

AMENDMENTS OF AGREEMENT, MASTER INDENTURE, SERIES 2014 NOTE AND MORTGAGE

Section 1201. Amendments of Agreement, Master Indenture, Series 2014 Note and Mortgage Not Requiring Consent of Bondholders.

The Issuer and the Bond Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement, Master Indenture, Series 2014 Notes, or the Mortgage as may be required

- (a) by the provisions of the Loan Agreement, Master Indenture, Series 2014 Notes, the Mortgage, or this Indenture,
- (b) for the purpose of curing any ambiguity or formal defect or omission therein,
- (c) in connection with additional real estate, furnishings, machinery or equipment that is to become part of the Facilities pursuant to the Loan Agreement so as to identify the same more precisely,
- (d) in connection with any other change therein that, in the opinion of the Bond Trustee will not prejudice in any material respect the rights of the Holders of the Series 2014 Bonds then outstanding.

The Issuer and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any such amendment, change or modification made in connection with any modification or amendment of, or supplement to, the Indenture pursuant to Section 1101(e).

Section 1202. Amendments of Agreement, Master Indenture, Series 2014 Notes and Mortgage Requiring Consent of Bondholders.

Except for amendments, changes or modifications as provided in Section 1201 and subject to Section 1206, neither the Issuer nor the Bond Trustee shall consent to any amendment, change or modification of the Loan Agreement, the Master Indenture, Series 2014 Notes, or the Mortgage without the written approval or consent of the Holders of a majority in aggregate principal amount of Series 2014 Bonds then outstanding given and procured as provided in Section 1102. If at any time the Issuer and the College shall request the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall, upon being satisfactorily indemnified by the College with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1102 with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that a copy of the instrument embodying the same is on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders.

Section 1203. Limitation on Amendments.

No amendment, change or modification may decrease the obligation of the College under the Loan Agreement, the Master Indenture, Series 2014 Notes and the Mortgage to pay amounts sufficient to pay principal of, premium, if any, and interest on the Series 2014 Bonds as the same become due, or change, modify, or increase the obligations of, or decrease the rights of the Issuer without the Issuer's consent.

Section 1204. Amendment by Unanimous Consent.

Notwithstanding any other provision of this Indenture, the Issuer and the Bond Trustee may consent to any amendment, change or modification of the Loan Agreement, the Master Indenture, Series 2014 Notes, or the Mortgage upon receipt of the consent of the Holders of all Series 2014 Bonds then outstanding.

Section 1205. Opinion of Counsel Required.

The Bond Trustee shall not consent to any amendment, change or modification of the Loan Agreement, the Master Indenture, Series 2014 Notes or the Mortgage unless there shall have been filed with the Bond Trustee and the Issuer an Opinion of Counsel that such amendment, change or modification is authorized or permitted by this Indenture and complies with its terms and that on execution it will be valid and binding on the party or parties executing it in accordance with its terms, which Opinion of Counsel, to the extent appropriate, may rely on the Bond Trustee's determination that such amendment, change or modification is described in Section 1201(d), if applicable, and an Opinion of Bond Counsel stating that such amendment, change or modification will not have an adverse effect on the exemption of interest on the Series 2014A Bonds from gross income for federal income tax purposes.

Section 1206. Partial Consent to Amendment of Master Indenture.

Notwithstanding the provisions of Section 1202, if the Bond Trustee, as "Holder" of Series 2014 Notes under the Master Indenture, is requested to make or give any request, direction or consent with respect to the Master Indenture that the Bond Trustee cannot make or give pursuant to Section 1201 above and the approval or consent of the Holders of a majority in aggregate principal amount of Series 2014 Bonds then outstanding is not obtained, then at the College's request the Bond Trustee shall inform the Master Trustee of the principal amount of Series 2014 Bonds held by Holders giving such approval or consent so that the provisions of Section 8.01 of the Master Indenture may be given effect.

ARTICLE XIII

MISCELLANEOUS

Section 1301. Consents of Bondholders.

Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument, or of the writing appointing any such agent shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Bond Trustee with regard to any action taken under such request or other instrument, if the fact and date of the execution by any person of any such writing is proved by the certification of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

For all purposes of this Indenture and of the proceedings for its enforcement, such person shall be deemed to continue to be the Holder of such Series 2014 Bond until the Bond Trustee shall have received notice in writing to the contrary.

Section 1302. Limitation of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Series 2014 Bonds is intended or shall be construed to give to any

person or company other than the parties hereto and the Holders of the Series 2014 Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and agreements herein contained; this Indenture and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Series 2014 Bonds as herein provided.

Section 1303. Limitation of Liability of Members, etc. of Issuer.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, member, employee or agent of the Issuer in his individual capacity, and neither the members of the Issuer nor any officer thereof executing the Series 2014 Bonds shall be liable personally on the Series 2014 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, member, employee, agent or adviser of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Indenture or the Act.

Section 1304. Notices.

Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed

(a) if to the College, at 2735 Bardstown Road, St. Catharine, Kentucky 40069, (Attention: Mr. Gary Robinson, Vice President for Finance);

(b) if to the Issuer, at The City of Springfield, Kentucky, 127 West Main Street, Springfield, Kentucky 40069;

(c) if to the Bond Trustee, at 3805 Edwards Road, Suite 350, Cincinnati, Ohio 45209-1940 (Attention: Cheri Scott-Geraci, Corporate Trust Division).

A duplicate copy of each demand, notice, approval, request, consent, opinion or other communication given hereunder by either the Issuer or the Bond Trustee to the other shall also be given to the College. The Issuer, the College and the Bond Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Any such communication also may be transmitted to the appropriate party by telephone, facsimile or other electronic transmission and shall be deemed given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing sent as specified above.

Section 1305. Payments/Actions Due on Holidays, Etc.

If any date specified herein for the payment of the Series 2014 Bonds or the performance of any act shall not be a business day, such payment or performance shall be made on the next succeeding business day with the same effect as if made on such date, and in case any payment of the principal or redemption price of or interest on the Series 2014 Bonds shall be due on a date that is not a business day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding business day.

Section 1306. Successors and Assigns.

This Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 1307. Severability.

If any provision of this Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 1308. Applicable Law; Venue.

This Indenture shall be governed by the applicable laws of the Commonwealth of Kentucky. The Issuer and the Bond Trustee consent and agree to the exclusive jurisdiction of the Courts of Commonwealth of Kentucky sitting in Washington County, Kentucky, the Courts of the United States of America, and appellate courts from any thereof.

Section 1309. Counterparts.

This Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer and the Bond Trustee have caused this Indenture to be executed in their respective corporate names as of the date first above written.

CITY OF SPRINGFIELD, KENTUCKY

By _____
Mayor

THE HUNTINGTON NATIONAL BANK, as Bond
Trustee

By _____
Authorized Officer

[Signature page to Bond Trust Indenture]

EXHIBIT A

EXHIBIT A-1

FORM OF SERIES 2014A BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF KRS 103.200 TO 103.280 AND IS PAYABLE SOLELY FROM THE SOURCES OF REVENUE DERIVED FROM THE BUILDING, AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OF SPRINGFIELD, KENTUCKY, COUNTY OF WASHINGTON, KENTUCKY, OR COMMONWEALTH OF KENTUCKY WITHIN THE MEANING OF THE CONSTITUTION OF THE COMMONWEALTH OF KENTUCKY.

Registered Number: R-__

Registered Dollars: \$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF SPRINGFIELD, KENTUCKY
INDUSTRIAL BUILDING REVENUE REFUNDING BONDS, SERIES 2014A
(SAINT CATHARINE COLLEGE, INC. PROJECT)

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP NO.:
_____%	November 1, ____	December 18, 2014	_____

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: _____ Dollars and No Cents

The City of Springfield, Kentucky, a public body corporate and politic duly created and existing under the laws of the Commonwealth of Kentucky (the "Issuer"), for value received, hereby promises to pay, upon presentation and surrender hereof at the corporate trust office of The Huntington National Bank, as trustee, or its successor in trust (the "Bond Trustee"), solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum set forth above on the maturity date set forth above, subject to prior redemption as described below, and to pay, solely from such sources, on May 1, 2015, and on each May 1 and November 1 thereafter, interest hereon at the interest rate per year specified above, from the interest payment date next preceding the date on which this Series 2014A Bond is authenticated, unless this Series 2014A Bond is (a) authenticated before the first interest payment date following the initial delivery of the Series 2014A Bonds, in which

case it shall bear interest from its date, or (b) authenticated upon an interest payment date, in which case it shall bear interest from such interest payment date (unless interest on this Series 2014A Bond is in default at the time of authentication, in which case this Series 2014A Bond shall bear interest from the date to which interest has been paid). Interest hereon shall be paid to the person in whose name this Series 2014A Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the month next preceding an interest payment date by check or draft mailed to such person at his address as it appears on the registration books kept by the Bond Trustee. Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Series 2014A Bonds, the principal of and premium, if any, on this Series 2014A Bond shall be paid to Cede & Co. or such other nominee as provided under the Indenture. Both principal, premium, if any, and interest are payable in lawful money of the United States of America.

The principal of, premium, if any, and interest on the Series 2014A Bonds are limited obligations of the Issuer and (except to the extent payment with respect to the Series 2014A Bonds shall be made from the proceeds from the sale of the Series 2014A Bonds or the income, if any, derived from the investment thereof) are payable solely from the revenues and receipts derived from payments made by the College, as defined in the hereinafter defined Master Indenture, pursuant to Series 2014A Note, as hereinafter defined, and such Master Indenture, which revenues and receipts have been pledged and assigned to the Bond Trustee to secure payment of the Series 2014A Bonds.

THE SERIES 2014A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY OF WASHINGTON, KENTUCKY (THE "COUNTY"), THE COMMONWEALTH OF KENTUCKY (THE "COMMONWEALTH ") OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE ISSUER, THE COUNTY, THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE LIABLE FOR THE SERIES 2014A BONDS OR OBLIGATED TO PAY THE PRINCIPAL OF, OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2014A BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2014A BONDS OR OTHER COSTS INCIDENT THERETO.

This Series 2014A Bond is one of an issue of \$5,965,000 City of Springfield, Kentucky, Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) (the "Series 2014A Bonds"), of like date and tenor, except as to number, denomination, maturity, rate of interest and privilege of redemption, authorized and issued pursuant to Chapter 103 of the Kentucky Revised Statutes, as amended (the "Act"). Pursuant to a Loan Agreement dated as of December 1, 2014 (the "Agreement"), between the Issuer and Saint Catharine College, Inc., a Kentucky nonprofit corporation (the "College"), the Issuer will loan the proceeds of the Series 2014A Bonds to the College for the purpose of (1) financing a portion of the costs of (i) the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky, all located on the current campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky; and (ii) providing funds to refund (a) the Issuer's Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) the proceeds of which financed the acquisition, construction, installation and equipping of energy savings improvements, and (b) the Issuer's Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) the proceeds of which financed a portion of the costs identified in (i) above; and (2) paying a portion of expenses incurred in connection with the issuance of the Series 2014A Bonds.

The Series 2014A Bonds are issued under and secured by a Bond Trust Indenture dated as of December 1, 2014 (the "Indenture"), between the Issuer and the Bond Trustee, which assigns to the Bond Trustee, as security for the Series 2014A Bonds, the Promissory Note constituting the Series 2014A Note dated December 18, 2014 in the principal amount of \$5,965,000 (the "Series 2014A Note"), and certain rights of the Issuer under the Loan Agreement. In the Loan Agreement, the College agrees to pay amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2014A Bonds as the same become due. Series 2014A Note is issued as under a Master Trust Indenture dated as of November 1, 2004 (the "Master Indenture") by and among the College, and The Huntington National Bank, a national banking association, as trustee (the "Master Trustee"), as supplemented and amended. Additional Obligations (as defined in the Master Indenture) may be issued on the terms provided in the Master Indenture. All Obligations, including Series 2014A Note, will be equally and ratably secured by the provisions of the Master Indenture. All Obligations of the College, including the Series 2014A Note, other than those evidencing unsecured indebtedness, are equally and ratably secured by a Mortgage and Security Agreement dated as of November 1, 2004, as amended and supplemented (the "Mortgage"), from the Initial Members to the Master Trustee, which creates a lien on and a security interest in the Mortgaged Property (as defined in the Mortgage), which lien and security interest are more fully described in the Mortgage.

Reference is hereby made to the Indenture, the Loan Agreement, the Master Indenture and the Mortgage, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Series 2014A Bonds are issued, the nature and extent of the security for the Series 2014A Bonds, the rights, duties and obligations of the Issuer, the Bond Trustee and the Master Trustee, the rights of the Holders of the Series 2014A Bonds and the provisions for defeasance of such rights.

The Series 2014A Bonds may not be called for redemption by the Issuer except as provided in the Indenture and as provided below.

As more fully described in the Indenture and the Loan Agreement, the Series 2014A Bonds are required to be redeemed by the Issuer in whole or in part at any time at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date in the event the College exercises its option to prepay the Series 2014A Note, in whole or in part, upon damage to, condemnation of or failure of title to the Mortgaged Property or certain other extraordinary events.

The Series 2014A Bonds maturing on or after November 1, 2025 are subject to redemption prior to maturity at the direction of the College on or after November 1, 2024, as a whole or in part at any time in any order of maturity as selected by the College and within a maturity by lot, upon payment of a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed, plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014A Note pursuant to the Loan Agreement.

The Series 2014A Bonds maturing on November 1, 2028 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year	Amount
<u>(November 1)</u>	
2027	\$445,000
2028*	450,000

* final maturity

The Series 2014A Bonds maturing on November 1, 2030 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

<u>Year</u> <u>(November 1)</u>	<u>Amount</u>
2029	\$475,000
2030*	485,000
<hr/>	
* final maturity	

The Series 2014A Bonds maturing on November 1, 2033 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014A Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

<u>Year</u> <u>(November 1)</u>	<u>Amount</u>
2031	\$500,000
2032	505,000
2033*	510,000
<hr/>	
* final maturity	

The Series 2014A Bonds maturing on November 1, 2039 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

<u>Year</u> <u>(November 1)</u>	<u>Amount</u>
2034	\$520,000
2035	540,000
2036	555,000
2037	170,000
2038	180,000
2039*	185,000
<hr/>	
* final maturity	

The Indenture provides for a credit against the sinking fund requirements of the Series 2014A Bonds maturing on November 1, 2028, 2030, 2033 and 2039, to the extent the Series 2014A Bonds of such maturity previously have been purchased or redeemed (other than through the operation of the sinking fund) and cancelled or surrendered for cancellation and have not been applied previously as such a credit.

If less than all the Series 2014A Bonds of any maturity are called for redemption, the Series 2014A Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, or if, the Series 2014A Bonds are held in a book-entry system by Depository Trust Company, in accordance with its procedures, each portion of principal in the minimum authorized denomination being counted as one Series 2014A Bond for this purpose. If a portion of this Series 2014A Bond shall be called for redemption, a new Series 2014A Bond in the principal amount equal to the

unredeemed portion thereof will be authenticated and delivered to the registered owner upon the surrender hereof.

If any of the Series 2014A Bonds or portions thereof are called for redemption, the Bond Trustee shall send to the registered owner of each Bond to be redeemed notification thereof by first class mail not less than 30 nor more than 60 days prior to the redemption date, at his address as it appears on the registration books; provided, however, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2014A Bonds with respect to which no such failure or defect has occurred. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2014A Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The owner of this Series 2014A Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2014A Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before their stated maturities, together with accrued interest thereon. Modifications or alterations of the Indenture, the Loan Agreement or Series 2014A Note or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Series 2014A Bonds are issuable only as registered bonds without coupons in denominations of \$5,000, and any integral multiple of \$5,000 in excess thereof. At the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions and upon payment of charges provided in the Indenture, Series 2014A Bonds may be exchanged for an equal aggregate principal amount of Series 2014A Bonds of different authorized denominations as requested by the owner hereof or his duly authorized attorney or legal representative.

The transfer of this Series 2014A Bond may be registered by the registered owner thereof in person or by his duly authorized attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of the Series 2014A Bond. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Series 2014A Bond a new Series 2014A Bond, registered in the name of the transferee, of authorized denominations. The Bond Trustee, the Issuer and the College shall, prior to due presentment for registration of transfer, treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that all payments of interest shall be made to the registered owner as of the fifteenth day of the month preceding each interest payment date.

Any exchange or registration of transfer shall be without charge except that the Bond Trustee shall make a charge to any bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2014A Bond have happened, exist and have been performed.

This Series 2014A Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the City of Springfield, Kentucky has caused this Series 2014A Bond to be signed by the signature of its Mayor, and attested by the signature of its City Clerk, and this Series 2014A Bond to be dated December 18, 2014.

CITY OF SPRINGFIELD, KENTUCKY

By: _____
Mayor

ATTEST:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Series 2014A Bond is one of the Series 2014A Bonds described in the within-mentioned Indenture.

Date of Authentication: _____

THE HUNTINGTON NATIONAL BANK, as Bond
Trustee

By: _____
Authorized Officer

ASSIGNMENT

For value received _____ the undersigned does hereby sell, assign and transfer unto _____ the within-mentioned Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the Bond Register of the Bond Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Social Security or Other
Identifying Number
of Transferee: _____

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____
(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT A-2

FORM OF SERIES 2014B BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF KRS 103.200 TO 103.280 AND IS PAYABLE SOLELY FROM THE SOURCES OF REVENUE DERIVED FROM THE BUILDING, AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY OF SPRINGFIELD, KENTUCKY, COUNTY OF WASHINGTON, KENTUCKY, OR COMMONWEALTH OF KENTUCKY WITHIN THE MEANING OF THE CONSTITUTION OF THE COMMONWEALTH OF KENTUCKY.

Registered Number: R-__

Registered Dollars: \$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF SPRINGFIELD, KENTUCKY
TAXABLE INDUSTRIAL BUILDING REVENUE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2014B
(SAINT CATHARINE COLLEGE, INC. PROJECT)

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP NO.:
_____%	November 1, ____	December 18, 2014	_____

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: _____ Dollars and No Cents

The City of Springfield, Kentucky, a public body corporate and politic duly created and existing under the laws of the Commonwealth of Kentucky (the "Issuer"), for value received, hereby promises to pay, upon presentation and surrender hereof at the corporate trust office of The Huntington National Bank, as trustee, or its successor in trust (the "Bond Trustee"), solely from the sources and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum set forth above on the maturity date set forth above, subject to prior redemption as described below, and to pay, solely from such sources, on May 1, 2015, and on each May 1 and November 1 thereafter, interest hereon at the interest rate per year specified above, from the interest payment date next preceding the date on which this Series 2014B Bond is authenticated, unless this Series 2014B Bond is (a) authenticated

before the first interest payment date following the initial delivery of the Series 2014B Bonds, in which case it shall bear interest from its date, or (b) authenticated upon an interest payment date, in which case it shall bear interest from such interest payment date (unless interest on this Bond is in default at the time of authentication, in which case this Series 2014B Bond shall bear interest from the date to which interest has been paid). Interest hereon shall be paid to the person in whose name this Series 2014B Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the month next preceding an interest payment date by check or draft mailed to such person at his address as it appears on the registration books kept by the Bond Trustee. Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, New York, is registered owner of all of the Series 2014B Bonds, the principal of and premium, if any, on this Series 2014B Bond shall be paid to Cede & Co. or such other nominee as provided under the Indenture. Both principal, premium, if any, and interest are payable in lawful money of the United States of America.

The principal of, premium, if any, and interest on the Series 2014B Bonds are limited obligations of the Issuer and (except to the extent payment with respect to the Series 2014B Bonds shall be made from the proceeds from the sale of the Series 2014B Bonds or the income, if any, derived from the investment thereof) are payable solely from the revenues and receipts derived from payments made by the College, as defined in the hereinafter defined Master Indenture, pursuant to Series 2014B Note, as hereinafter defined, and such Master Indenture, which revenues and receipts have been pledged and assigned to the Bond Trustee to secure payment of the Series 2014B Bonds.

THE SERIES 2014B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY OF WASHINGTON, KENTUCKY (THE "COUNTY"), THE COMMONWEALTH OF KENTUCKY (THE "COMMONWEALTH ") OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. NEITHER THE ISSUER, THE COUNTY, THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE LIABLE FOR THE SERIES 2014B BONDS OR OBLIGATED TO PAY THE PRINCIPAL OF, OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2014B BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2014B BONDS OR OTHER COSTS INCIDENT THERETO.

This Series 2014B Bond is one of an issue of \$3,675,000 City of Springfield, Kentucky, Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) (the "Series 2014B Bonds"), of like date and tenor, except as to number, denomination, maturity, rate of interest and privilege of redemption, authorized and issued pursuant to Chapter 103 of the Kentucky Revised Statutes, as amended (the "Act"). Pursuant to a Loan Agreement dated as of December 1, 2014 (the "Agreement"), between the Issuer and Saint Catharine College, Inc., a Kentucky nonprofit corporation (the "College"), the Issuer will loan the proceeds of the Series 2014B Bonds to the College for the purpose of providing funds to refund on a current basis the outstanding commercial notes the proceeds of which financed a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky, all located on the current campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky, and (ii) paying a portion of expenses incurred in connection with the issuance of the Series 2014B Bonds.

The Series 2014B Bonds are issued under and secured by a Bond Trust Indenture dated as of December 1, 2014 (the "Indenture"), between the Issuer and the Bond Trustee, which assigns to the Bond

Trustee, as security for the Series 2014B Bonds, the Promissory Note constituting the Series 2014B Note dated December 18, 2014 in the principal amount of \$3,675,000 (the "Series 2014B Note"), and certain rights of the Issuer under the Loan Agreement. In the Loan Agreement, the College agrees to pay amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2014B Bonds as the same become due. Series 2014B Note is issued as under a Master Trust Indenture dated as of November 1, 2004 (the "Master Indenture") by and among the College, and The Huntington National Bank, a national banking association, as trustee (the "Master Trustee"). Additional Obligations (as defined in the Master Indenture) may be issued on the terms provided in the Master Indenture. All Obligations, including the Series 2014B Note, will be equally and ratably secured by the provisions of the Master Indenture. All Obligations of the College, including Series 2014B Note, other than those evidencing unsecured indebtedness, are equally and ratably secured by a Mortgage and Security Agreement dated as of November 1, 2004, as amended and supplemented (the "Mortgage"), from the Initial Members to the Master Trustee, which creates a lien on and a security interest in the Mortgaged Property (as defined in the Mortgage), which lien and security interest are more fully described in the Mortgage.

Reference is hereby made to the Indenture, the Loan Agreement, the Master Indenture and the Mortgage, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Series 2014B Bonds are issued, the nature and extent of the security for the Series 2014B Bonds, the rights, duties and obligations of the Issuer, the Bond Trustee and the Master Trustee, the rights of the Holders of the Series 2014B Bonds and the provisions for defeasance of such rights.

The Series 2014B Bonds may not be called for redemption by the Issuer except as provided in the Indenture and as provided below.

As more fully described in the Indenture and the Loan Agreement, the Series 2014B Bonds are required to be redeemed by the Issuer in whole or in part at any time at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date in the event the College exercises its option to prepay the Series 2014B Note, in whole or in part, upon damage to, condemnation of or failure of title to the Mortgaged Property or certain other extraordinary events.

The Series 2014B Bonds maturing on or after November 1, 2025 are subject to redemption prior to maturity at the direction of the College on or after November 1, 2024, as a whole or in part at any time in any order of maturity as selected by the College and within a maturity by lot, upon payment of a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed, plus accrued interest thereon to the redemption date, in the event the College exercises its option to prepay all or a portion of the amounts available under the Series 2014B Note pursuant to the Loan Agreement.

The Series 2014B Bonds maturing on November 1, 2022 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year	Amount
<u>(November 1)</u>	
2021	\$340,000
2022*	355,000

* final maturity

The Series 2014B Bonds maturing on November 1, 2024 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

<u>Year</u> <u>(November 1)</u>	<u>Amount</u>
2023	\$375,000
2024*	390,000
<hr/>	
* final maturity	

The Series 2014B Bonds maturing on November 1, 2024 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

<u>Year</u> <u>(November 1)</u>	<u>Amount</u>
2025	\$190,000
2026*	200,000
<hr/>	
* final maturity	

The Indenture provides for a credit against the sinking fund requirements of the Series 2014B Bonds maturing on November 1, 2022, 2024 and 2026, to the extent the Series 2014B Bonds of such maturity previously have been purchased or redeemed (other than through the operation of the sinking fund) and cancelled or surrendered for cancellation and have not been applied previously as such a credit.

If less than all the Series 2014B Bonds of any maturity are called for redemption, the Series 2014B Bonds to be redeemed shall be selected by lot in such manner as the Bond Trustee in its discretion shall determine, or if, the Series 2014B Bonds are held in a book-entry system by Depository Trust Company, in accordance with its procedures, each portion of principal in the minimum authorized denomination being counted as one Series 2014B Bond for this purpose. If a portion of this Series 2014B Bond shall be called for redemption, a new Series 2014B Bond in the principal amount equal to the unredeemed portion thereof will be authenticated and delivered to the registered owner upon the surrender hereof.

If any of the Series 2014B Bonds or portions thereof are called for redemption, the Bond Trustee shall send to the registered owner of each Series 2014B Bond to be redeemed notification thereof by first class mail not less than 30 nor more than 60 days prior to the redemption date, at his address as it appears on the registration books; provided, however, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2014B Bonds with respect to which no such failure or defect has occurred. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2014B Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

The owner of this Series 2014B Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2014B Bonds issued under the

Indenture and then outstanding may become or may be declared due and payable before their stated maturities, together with accrued interest thereon. Modifications or alterations of the Indenture, the Loan Agreement or Series 2014B Note or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Series 2014B Bonds are issuable only as registered bonds without coupons in denominations of \$5,000, and any integral multiple of \$5,000 in excess thereof. At the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions and upon payment of charges provided in the Indenture, Series 2014B Bonds may be exchanged for an equal aggregate principal amount of Series 2014B Bonds of different authorized denominations as requested by the owner hereof or his duly authorized attorney or legal representative.

The transfer of this Series 2014B Bond may be registered by the registered owner thereof in person or by his duly authorized attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of the Series 2014B Bond. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Series 2014B Bond a new Series 2014B Bond, registered in the name of the transferee, of authorized denominations. The Bond Trustee, the Issuer and the College shall, prior to due presentment for registration of transfer, treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that all payments of interest shall be made to the registered owner as of the fifteenth day of the month preceding each interest payment date.

Any exchange or registration of transfer shall be without charge except that the Bond Trustee shall make a charge to any bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Series 2014B Bond have happened, exist and have been performed.

This Series 2014B Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the City of Springfield, Kentucky has caused this Series 2014B Bond to be signed by the signature of its Mayor, and attested by the signature of its City Clerk, and this Series 2014B Bond to be dated December __, 2014.

CITY OF SPRINGFIELD, KENTUCKY

By: _____
Mayor

ATTEST:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Series 2014B Bond is one of the Series 2014B Bonds described in the within-mentioned Indenture.

Date of Authentication: _____

THE HUNTINGTON NATIONAL BANK, as Bond
Trustee

By: _____
Authorized Officer

ASSIGNMENT

For value received _____ the undersigned does hereby sell, assign and transfer unto _____ the within-mentioned Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the Bond Register of the Bond Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Social Security or Other
Identifying Number
of Transferee: _____

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____
(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT B

No. ____

REQUISITION FROM PROJECT FUND

**CITY OF SPRINGFIELD, KENTUCKY
TAXABLE INDUSTRIAL BUILDING REVENUE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2014B
(SAINT CATHARINE COLLEGE, INC. PROJECT)**

_____, 20__

The Huntington National Bank, as Trustee
3805 Edwards Road
Suite 350
Cincinnati, Ohio 45209-1940
Attention: Corporate Trust Division

Ladies and Gentlemen:

As an Authorized Representative of Saint Catharine College, Inc., I hereby requisition, pursuant to Section 502 of the Bond Trust Indenture dated as of (the "Indenture") between the City of Springfield, Kentucky and you as Trustee, from the Project Fund created by the Indenture, the sum of \$_____ to be paid to:

Payee: _____

Address: _____

Amount to be Paid: \$_____

Purpose (in reasonable detail) for which the obligation(s) to be paid was incurred:

Attached hereto is an invoice or other appropriate evidence of the incurrence of each obligation described above.

Authorized Representative of Saint Catharine College,
Inc.

CERTIFICATE

I hereby certify that:

(a) the obligation stated on this requisition constitutes a Cost of the Series 2014B Project, and is a proper charge against the Project Fund and has not been the basis for a prior requisition that has been paid; and

(b) as of the date hereof no event or condition has happened or existed or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an "Event of Default" under the Indenture, the Master Indenture or the Loan Agreement (as such terms are defined in the Indenture), or if such an event has happened or exists, the nature of the event and what action the Saint Catharine College, Inc. has taken with respect thereto is described on an attachment hereto.

Authorized Representative of Saint Catharine College,
Inc.

EVIDENCE OF INCURRENCE OF OBLIGATIONS

EXHIBIT C

EXHIBIT C-1

No. ____

REQUISITION FROM SERIES 2014A COST OF ISSUANCE FUND

**CITY OF SPRINGFIELD, KENTUCKY
INDUSTRIAL BUILDING REVENUE REFUNDING BONDS, SERIES 2014A
(SAINT CATHARINE COLLEGE, INC. PROJECT)**

_____, 20__

The Huntington National Bank, as Trustee
3805 Edwards Road
Suite 350
Cincinnati, Ohio 45209-1940
Attention: Corporate Trust Division

Ladies and Gentlemen:

As an Authorized Representative of Saint Catharine College, Inc., I hereby requisition, pursuant to Section 503 of a Bond Trust Indenture dated as of (the "Indenture") between the City of Springfield, Kentucky and you as Trustee, from the Cost of Issuance Fund created by the Indenture, the sum of \$_____ to be paid to:

Payee: _____

Address: _____

Amount to be Paid: \$_____

Purpose (in reasonable detail) for which the obligation(s) to be paid was incurred:

Attached hereto is an invoice or other appropriate evidence of the incurrence of each obligation described above.

Authorized Representative of Saint Catharine College,
Inc.

CERTIFICATE

I hereby certify that:

(a) the obligation stated on this requisition constitutes a Cost of Issuance, and is a proper charge against the Cost of Issuance Fund and has not been the basis for a prior requisition that has been paid; and

(b) as of the date hereof no event or condition has happened or existed or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an "Event of Default" under the Indenture, the Master Indenture or the Loan Agreement (as such terms are defined in the Indenture), or if such an event has happened or exists, the nature of the event and what action the Saint Catharine College, Inc. has taken with respect thereto is described on an attachment hereto.

Authorized Representative of Saint Catharine College,
Inc.

EXHIBIT C-2

No. ____

REQUISITION FROM SERIES 2014B COST OF ISSUANCE FUND

CITY OF SPRINGFIELD, KENTUCKY
TAXABLE INDUSTRIAL BUILDING REVENUE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2014B
(SAINT CATHARINE COLLEGE, INC. PROJECT)

_____, 20__

The Huntington National Bank, as Trustee
3805 Edwards Road
Suite 350
Cincinnati, Ohio 45209-1940
Attention: Corporate Trust Division

Ladies and Gentlemen:

As an Authorized Representative of Saint Catharine College, Inc., I hereby requisition, pursuant to Section 503 of a Bond Trust Indenture dated as of (the "Indenture") between the City of Springfield, Kentucky and you as Trustee, from the Cost of Issuance Fund created by the Indenture, the sum of \$_____ to be paid to:

Payee: _____

Address: _____

Amount to be Paid: \$_____

Purpose (in reasonable detail) for which the obligation(s) to be paid was incurred:

Attached hereto is an invoice or other appropriate evidence of the incurrence of each obligation described above.

Authorized Representative of Saint Catharine College,
Inc.

CERTIFICATE

I hereby certify that:

(a) the obligation stated on this requisition constitutes a Cost of Issuance, and is a proper charge against the Cost of Issuance Fund and has not been the basis for a prior requisition that has been paid; and

(b) as of the date hereof no event or condition has happened or existed or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an "Event of Default" under the Indenture, the Master Indenture or the Loan Agreement (as such terms are defined in the Indenture), or if such an event has happened or exists, the nature of the event and what action the Saint Catharine College, Inc. has taken with respect thereto is described on an attachment hereto.

Authorized Representative of Saint Catharine College,
Inc.

EXHIBIT D

APPLICATION OF SERIES 2014 BOND PROCEEDS

The Series 2014A Bond proceeds in the amount of \$5,809,028.50 (representing the original par amount of the Series 2014A Bonds of \$5,965,000.00, less original issue discount of \$66,496.50 and less Underwriter's discount of \$89,475.00), shall be applied as follows:

(a) \$5,776,879.57 shall be deposited to the Escrow Deposit Fund and applied as provided in Section 503 of the Indenture; and

(b) \$28,450.00 shall be deposited in the Series 2014A Cost of Issuance Fund and applied to the payment of Costs of Issuance as provided in Section 504 of the Indenture.

(c) \$3,698.83 shall be deposited in the Series 2014A Bond Fund and applied to the payment of interest on the Series 2014A Bonds on the next interest payment date.

The Series 2014B Bond proceeds in the amount of \$3,605,684.45 (representing the original par amount of the Series 2014B Bonds of \$3,675,000.00, less original issue discount of \$14,190.55 and less Underwriter's discount of \$55,125.00), shall be applied as follows:

(a) \$3,526,301.60 shall be deposited to the Project Fund and applied as provided in Section 502 of the Indenture; and

(b) \$78,950.00 shall be deposited in the Series 2014B Cost of Issuance Fund and applied to the payment of Costs of Issuance as provided in Section 504 of the Indenture.

(c) \$432.85 shall be deposited in the Series 2014B Bond Fund and applied to the payment of interest on the Series 2014B Bonds on the next interest payment date.

Summary of the Master Indenture

The following is a summary of the Master Indenture. The summary does not purport to set forth all of the provisions of such document, to which reference is made for the complete and actual terms thereof. Prior to the issuance of the Bonds, a copy of the Master Indenture is available for inspection upon request and upon payment to the Underwriter of a charge for copying, mailing and handling, from the Underwriter.

Definitions

“Adjusted Annual Revenue” means, as of any date of determination thereof, net education service revenue, other operating revenue, and net non-operating revenues and expenses of the Obligated Issuer for the Fiscal Year in question, less (1) net revenues derived from Property financed with the proceeds of Project Indebtedness and (2) to the extent otherwise included therein, gifts, grants or bequests of a non-recurring nature to the extent such gifts, grants and bequests exceed 150% of the arithmetic mean of the gifts, grants and bequests of a non-recurring nature received by members of the Obligated Issuer during the two immediately preceding Fiscal Years and the Fiscal Year for which the computation of Adjusted Annual Revenue is being made.

“Affiliate” means an entity controlling, controlled by or under common control with an Obligated Issuer. For purposes of this definition, control means the power to direct the management and entity through the ownership of a majority of its voting securities, the right to designate or elect a majority of the members of its board of directors or other governing board or body, by contract or otherwise.

“Assumed Amortization Period” means with respect to any Indebtedness the principal and interest requirements of which are to be recast for purposes of accumulation of the Debt Service Coverage Ratio or in connection with the incurrence of Interim Indebtedness pursuant to Section 5.04(f) of the Master Indenture, the period of time determined, at the election of the Obligated Issuer Representative, pursuant to either paragraph (a) or paragraph (b) below:

(a) thirty (30) years; or

(b) the period of time, not exceeding thirty (30) years, set forth in an opinion delivered to the Master Trustee of an investment banker selected by the Obligated Issuer Representative and experienced in underwriting indebtedness of the type being recast, or of another person selected by the Obligated Issuer Representative and experienced in the issuance and sale of indebtedness of such type, as being the maximum period of time over which indebtedness having comparable terms and security issued or incurred by health care institutions of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

“Assumed Interest Rate” means, with respect to any Indebtedness the principal and interest requirements of which are to be recast for purposes of a calculation of the Debt Service Coverage Ratio or in connection with the incurrence of Interim Indebtedness pursuant to Section 5.04(f) of the Master Indenture, the rate per annum determined in accordance with the applicable paragraph set forth below:

(a) with respect to Variable Rate Indebtedness proposed to be incurred the rate set forth in an opinion of an Independent Person which is an investment banker selected by the Obligated Issuer Representative and experienced in underwriting such Variable Rate Indebtedness as being the rate which such Variable Rate Indebtedness would have borne had it been offered to the public at par on the last business day of the calendar month preceding the month in which the determination of the Assumed Interest Rate is being made;

(b) with respect to Variable Rate Indebtedness then Outstanding and not described in clause (a) above, either (i) the rate per annum which was in effect as of the last business day of the calendar month preceding the month in which the determination of the Assumed Interest Rate is being made or, if no rate was in effect on such business day, then the rate per annum which was in effect on the date on which such Variable Rate Indebtedness was issued or incurred, at the discretion of the Obligated Issuer Representative, or (ii) the weighted average rate per annum for the most recent period of three full calendar months or for such lesser period as such indebtedness has been Outstanding, such weighted average being the sum of the numbers resulting from multiplying each interest rate in effect during the period in question by a fraction, the numerator of which is the number of days such interest rate was in effect during the period in question, and the denominator of which is the total number of days in the period in question; or

(c) with respect to Indebtedness then Outstanding and not described in either clause (a) or clause (b) above, thereafter per annum determined as of the last day of the calendar month next preceding the month in which the determination of the Assumed Interest Rate is being made and determined at the election of the Obligated Issuer Representative pursuant to clause (i) or clause (ii) below:

(i) a rate per annum equal to (1) ninety percent (90%), if interest on the Indebtedness is exempt from Federal income taxation, or (2) one hundred ten percent (110%) if interest on the Indebtedness is subject to Federal income taxation, of the most recently published daily yields to maturity of United States Treasury securities (as of the time in which the determination is being made) adjusted to a constant maturity of twenty (20) years as published by the Board of Governors of the Federal Reserve System; or

(ii) the rate per annum set forth in an opinion delivered to the Master Trustee of an independent Person which is an investment banker selected by the Obligated Issuer Representative and experienced in underwriting indebtedness of the type being recast, or of another Independent Person selected by the Obligated Issuer Representative and experienced in the issuance and sale of indebtedness of such type, as being the lowest rate of interest (which may be a rate which reflects the exemption of such interest from Federal income taxation if such exemption is then available) at which indebtedness having comparable terms and security, amortized on a level debt service basis over a period of time equal to the Assumed Amortization Period, and issued or incurred by institutions of comparable type and credit standing would, if being offered as of the last day of the calendar month preceding the calendar month in which the determination of the Assumed Interest Rate is being made, be marketable on reasonable and customary terms; provided that such rate shall not be less than the rate specified in the "Revenue Bond Index" published in *The Bond Buyer*, or successor index, if any, as in effect on the date of such opinion.

"Book Value" when used in connection with Property of an Obligated Issuer, shall mean the value of such Property, net of accumulated depreciation, as it is named on the books of account of such Obligated Issuer and in conformity with generally accepted accounting principles.

"College" means Saint Catharine College, Inc., a Kentucky nonprofit corporation.

"Consultant's Report" means, when used with reference to a Projection, a written statement of an Independent Consultant to the effect that the Independent Consultant has reviewed the Projection, concurs with the calculations reflected therein and believes that the assumptions and rationale upon which the Projection is based are reasonable and appropriate or believes that they are not unreasonable.

“*Completion Indebtedness*” means any Long-Term Indebtedness or Interim Indebtedness incurred or issued by the Obligated Issuer for the purpose of financing the completion of a project for which Long-Term Indebtedness or Interim Indebtedness has already been issued or incurred.

“*Convertible Indebtedness*” means Indebtedness which by its terms permits the borrower on one or more occasions to establish or to modify the period for which the rate of interest thereon shall be fixed.

“*Credit Enhanced Indebtedness*” means Indebtedness the principal of and interest on which are secured by the proceeds of an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement with a person not a member of the Obligated Issuer whom one or more Obligated Issuers are obligated to reimburse for advances made for amounts due on such Credit Enhanced Indebtedness.

“*Current Assets*” means cash, cash equivalents, accounts receivable, accrued interest receivable and any other assets of the Obligated Issuer which at the time of computation thereof are considered current assets under generally accepted accounting principles (including those set forth under the heading of other assets which otherwise would qualify therefor) except that, regardless of generally accepted accounting principles, Current Assets shall include cash and cash equivalents, which otherwise would be considered current assets but which have been designated by the Governing Body of any member of the Obligated Issuer to be used for the acquisition of capital assets by such member of the Obligated Issuer (“Board Designated Assets”), except for Board Designated Assets that have been contractually committed by action of such Governing Body to pay part of the costs of a particular capital project with respect to which Indebtedness has been incurred and the completion of which capital project has not been abandoned by action of such Governing Body.

“*Debt Service Coverage Ratio*” means for the period in question the ratio of Net Income Available for Debt Service to the Maximum Annual Debt Service; provided, however, that for purpose of calculating such ratio:

(a) principal and interest requirements on Long-Term Indebtedness, or portions thereof shall not be included in the computation of the Maximum Annual Debt Service until the Fiscal Year in which such principal or interest, or portions thereof first becomes payable from sources other than amounts deposited in trust, escrowed or otherwise set aside for the payment thereof at the time of incurrence of Indebtedness (including without limitations capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Master Trustee, a Related Bond Trustee or another person approved by the Master Trustee;

(b) any Long-Term Indebtedness having a single principal maturity and no sinking fund redemption requirements, or having a principal amount due in any Fiscal Year which exceeds an amount equal to 200% of the maximum principal amount of such Long-Term Indebtedness that would have become due (whether at maturity or pursuant to sinking fund redemption requirements) in such Fiscal Year if such Indebtedness Outstanding on the date of calculation had been amortized on a level debt service basis from the date of calculation over the stated term of such Indebtedness shall be deemed to bear interest at the Assumed Interest Rate determined in accordance with paragraph (c) of the definition of Assumed Interest Rate and shall be deemed to be amortized on a level debt service basis over a period equal to the Assumed Amortization Period;

(c) the interest on any Variable Rate Indebtedness shall be calculated in accordance with paragraph (a) of the definition of Assumed Interest Rate; and

(d) the annual principal and interest payments on Indebtedness arising from any Guaranty shall be taken into account as follows:

(i) if at any time within the three full Fiscal Years immediately preceding the computation date, the obligee of the guaranteed indebtedness shall have demanded that the guarantor pay principal of or interest on the guaranteed indebtedness and prior to the date of calculation, the Obligated Issuer Representative shall have failed to deliver to the Master Trustee an Opinion of Counsel to the effect that the guarantor is not legally obligated to honor such demand, then 100% of the annual principal and interest payments scheduled to become due on the guaranteed indebtedness; or

(ii) otherwise, 20% of the annual principal and interest payments by the principal obligor scheduled to become due on the guaranteed indebtedness; provided that if the guaranteed indebtedness would be Variable Rate Indebtedness if it were incurred by an Obligated Issuer, then the annual amount of interest on the guaranteed indebtedness shall be calculated at the Assumed Interest Rate, and, provided further, that if the guaranteed indebtedness would be Optional Tender Indebtedness, Convertible Indebtedness or Credit Enhanced Indebtedness if it were incurred by an Obligated Issuer, and would be subject to refinancing at the sole option of the Obligated Issuer, then (i) until the Obligated Issuer shall be obligated to repay amounts advanced by a person other than an Obligated Issuer (the "Liquidity Backer"), the principal and interest payments due on such guaranteed indebtedness shall be calculated as if the principal obligor were an Obligated Issuer, and there shall be taken in to account 20% of the annual principal and interest payments calculated in such manner, and (ii) if the Obligated Issuer shall be obligated to repay amounts advanced by the Liquidity Backer, then 100% of such amounts.

(e) principal and interest requirements on Long-Term Indebtedness, or portions thereof shall not be included in the computation of the Maximum Annual Debt Service due in any Fiscal Year to the extent that a Federal, state or local government has absolutely, unconditionally and irrevocably committed to make payments in such Fiscal Year to or for the benefit of a member of the Obligated Issuer and the application of such payments is limited to the payment of such principal and interest: provided, however, that the exclusion set forth in this subsection (e) shall apply only if an Officer's Certificate shall be delivered to the Master Trustee describing the amount to be excluded hereunder and the year of such exclusion and only if such Officer's Certificate shall be accompanied by a copy of the contract, commitment letter or other evidence of the Federal, state or local government's commitment together with an Opinion of Counsel to the effect that such commitment is absolute, unconditional and irrevocable and that the amounts so committed are legally and validly restricted to the payment of principal and/or interest on Long-Term Indebtedness.

(f) debt service on Optional Tender Indebtedness shall include (i) periodic fees of the Liquidity Backer required to provide moneys payable upon exercise by the holder thereof of the option to tender and (ii) amounts required to be repaid to the Liquidity Backer for periods during which payments have been required to be made to the holder by the Liquidity Backer as a result of it advancing funds and not being reimbursed, but shall not otherwise include amounts payable upon exercise by the holder thereof of the option to tender such Indebtedness for payment to the extent at the time of the determination of the Debt Service Coverage Ratio the Liquidity Backer is required to provide the moneys necessary for such payment.

(g) debt service on Convertible Indebtedness shall be determined based upon the type of Indebtedness the Convertible Indebtedness is at the time of calculation if each of the

following tests is satisfied: (i) the Obligated Issuer incurring such Indebtedness has no expectation that the conversion option of such Indebtedness will be exercised at any particular future time, (ii) the conversion option has been included to provide flexibility in reacting to future circumstances, (iii) the conversion option has not been included for the purpose of avoiding any limit or restriction in the Master Indenture on the incurrence of Indebtedness of a type into which such Convertible Indebtedness may by its terms be converted, and (iv) an Officer's Certificate so stating is filed with the Master Trustee. If each of the foregoing tests shall not be satisfied, the debt service on Convertible Indebtedness shall be determined based upon the type yielding the highest debt service payment (determined in accordance with clause (a),(b) or (c) of this definition) for any one-year period: provided, however, that in the event an option to convert such Indebtedness has been exercised, but such debt has not been so converted at the time of calculation, the debt service shall be determined based on the rate into which the indebtedness shall be converted.

(h) debt service on Credit Enhanced Indebtedness shall be deemed to include all periodic payments to the Credit Enhancer but shall not be based upon the terms of any reimbursement obligation to the Credit Enhancer except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation due to the Credit Enhancer advancing funds and not being reimbursed. Any Obligated Issuer which also is undertaking any contingent repayment obligation to a person other than an Obligated Issuer who has undertaken to provide moneys necessary for payment to holders of such Credit Enhanced Indebtedness (the "Credit Enhancer") shall not also be deemed to be incurring separate Indebtedness to the Credit Enhancer.

(i) any outstanding debt which has been completely defeased shall be excluded.

"Defeasance Obligations" means:

(a) Federal Securities;

(b) Evidences of ownership or proportionate interests in future interest and principal payments on Federal Securities held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the Federal Securities, and which underlying Federal Securities are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated;

(c) Evidences of indebtedness issued by any of the following: Bank for Cooperatives; Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks, Federal Financing Banks; Federal Intermediate Credit Corporation; Federal National Mortgage Association; or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; and

(d) Obligations described in Section 103(a) of the Code, such obligations having received the highest generic rating of S&P and/or Moody's, provision for the payment of the principal or premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clauses (i) or (ii) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal or premium, if any, and interest on such obligations, and which securities described in clauses (i) or (ii) are not available to satisfy any other claim, including any claim of the trustee or escrow agent

or of any person claiming through the trustee or escrow agent or to whom the trustee or escrow agent may be obligated, including in the event of the insolvency of the trustee or escrow agent or proceedings arising out of such insolvency.

Notwithstanding the foregoing provisions of this definition, the Supplemental Indenture or Related Bond Indenture pursuant to which a series of Notes or Related Bonds, respectively, is issued may preclude providing for the payment thereof through the deposit of one or more types of Defeasance Obligations described in the preceding paragraph, and as to such series of Notes or Related Bonds, respectively the provisions of such Supplement or Related Bond Indenture shall control.

“Event of Default” shall have the meaning set forth in Article VI of the Master Indenture.

“Excluded Property” means (a) the Real Property described in Exhibit C of the Master Indenture, as amended or supplemented from time to time in accordance with the provisions of Section 9.01(a) of the Master Indenture, (b) any Real Property which is entitled to be excluded from the Mortgaged Property pursuant to Section 4.01(f) of the Master Indenture, (c) any Real Property released from the lien of a Master Indenture Mortgage pursuant to the provisions of Section 4.02 of the Master Indenture, (d) Real Property financed solely with the proceeds of Project Indebtedness and (e) any Real Property required by any provision of the Master Indenture to be included in the Mortgaged Property if prior to or concurrently with the event giving rise to the requirement that such Real Property be included in the Mortgaged Property, the person required to cause such Real Property to be included in the Mortgaged Property shall satisfy the requirements of Section 4.02 of the Master Indenture and shall demonstrate to the satisfaction of the Master Trustee that such Real Property, if it then constituted a part of the Mortgaged Property, would be entitled to an immediate release from the lien of a Master Indenture mortgage pursuant to such Section 4.02, together in each case with all improvements thereto.

“Fair Market Value” means the value established for Property pursuant to a written appraisal delivered to the Master Trustee made by an Independent Person which is a Member of the American Institute of Real Estate Appraisers designated by the Obligated Issuer Representative and experienced in appraising the value of assets similar or identical to the Property, which written appraisal states the appraisal opinion of the Fair Market Value of such Property as of a date not more than five years prior to the date as of which Fair Market Value is being determined; provided, however, that if at the time determination of Fair Market Value is required under any provision of the Indenture the Debt Service Coverage Ratio for the then most recently completed Fiscal Year for which annual statements have been delivered pursuant to Section 5.07(a) of the Master Indenture is not less than 2.00, then such appraisal may be made by any person otherwise qualified under the foregoing provisions of this definition and without regard to whether or not such person is an Independent Person. Such Fair Market Value may be adjusted for a period not in excess of five years from the date of the report for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Trustee. Whenever Fair Market Value of Property is to be determined, there shall be filed with the Master Trustee copies of the written appraisal reports required and not previously filed with the Master Trustee, which reports shall be as of a date not more than five years prior to being filed with the Master Trustee, and by evidence satisfactory to the Master Trustee of any changes in the implicit price deflator for the gross national product or other index since the date of such reports which are to be taken into account in establishing Fair Market Value.

“Federal Securities” means direct obligations of or obligations the full and timely payment of the principal and interest on which is unconditionally guaranteed by the United States of America.

“*Fiscal Year*” shall mean, with respect to each member of the Obligated Issuer, that period of twelve complete, consecutive calendar months determined by the Obligated Issuer Representative (which determination shall be made by delivery of written notice thereof to the Master Trustee) and which period shall have been reported on by an Independent Certified Public Accountant.

“*Governing Body*” means, with respect to each Obligated Issuer, the board of directors or board of trustees of such Obligated Issuer, or if there shall be no board of trustees or board of directors, then such person or body which pursuant to law or the organizational documents of the Obligated Issuer is vested with powers similar to those vested in a board of trustees or board of directors, the term also encompasses any committee empowered to act on behalf of such board of body.

“*Guaranty*” means a loan commitment or obligation of any Obligated Issuer which loan commitment or obligation guarantees in any manner whether directly or indirectly any obligation of any other person which obligation would constitute Indebtedness within the meaning of clauses (a), (b) or (c) as the case may be, of the definition thereof if such other person were an Obligated Issuer.

“*Indebtedness*” means without duplication, (a) all indebtedness (other than Project Indebtedness) of the Obligated Issuer and each member thereof for borrowed moneys or which has been incurred or assumed in connection with the acquisition of Property; (b) all indebtedness for borrowed moneys, no matter how created, secured by Property of any member of the Obligated Issuer, whether or not such indebtedness is assumed by any member of the Obligated Issuer; (c) the liability of any member of the Obligated Issuer under any lease of real or personal property which is properly capitalized on the balance sheet of any member of the Obligated Issuer in accordance with generally accepted accounting principles; and (d) any Guaranty; provided that (i) any obligation owed by one member of the Obligated Issuer to another member of the Obligated Issuer shall not constitute Indebtedness for purposes of the Master Indenture; (ii) Project Indebtedness shall not be considered as Indebtedness for purposes of the Master Indenture; (iii) there shall be excluded from the definition of Indebtedness any reimbursement agreement described in paragraph (c) of the definition of “Permitted Encumbrance” until and to the extent the related credit facility is drawn upon; (iv) dividends which have been declared with respect to stock of an Obligated Issuer shall not be considered Indebtedness unless and until such dividends shall remain unpaid on the date established for the payment thereof; (v) any Obligated Issuer which in connection with the incurrence of Optional Tender Indebtedness also is undertaking a contingent repayment obligation to a person other than an Obligated Issuer, which person has undertaken to provide moneys necessary for payment to holders of such Optional Tender Indebtedness who exercise their option to tender for payment shall not also be deemed to be incurring separate Indebtedness to such person; and (vi) as of any date of computation, the principal amount of any Indebtedness arising from any Guaranty shall be deemed to be an amount calculated as follows:

(a) if at any time within the three full Fiscal Years immediately preceding the computation date, the obligee of the guaranteed indebtedness shall have demanded that the guarantor pay principal of or interest on the guaranteed indebtedness and prior to the date of calculation the Obligated Issuer Representative shall have failed to deliver to the Master Trustee an Opinion of Counsel to the effect that the guarantor is not legally obligated to honor such demand, then 100% of the annual principal and interest payments scheduled to become due on the guaranteed indebtedness; or

(b) otherwise, 20% of the annual principal and interest payments by the principal obligor scheduled to become due on the guaranteed indebtedness; provided that if the guaranteed indebtedness would be Variable Rate Indebtedness if it were incurred by an Obligated Issuer, then the annual amount of interest on the guaranteed indebtedness shall be calculated at the Assumed Interest Rate, and, provided further, that if the guaranteed indebtedness would be Optional Tender Indebtedness, Convertible Indebtedness or Credit Enhanced Indebtedness if it

were incurred by an Obligated Issuer, and would be subject to refinancing at the sole option of the Obligated Issuer, then (i) until the Obligated Issuer shall be obligated to repay amounts advanced by the Liquidity Backer, the principal and interest payments due on such guaranteed indebtedness shall be calculated as if the principal obligor were an Obligated Issuer, and there shall be taken into account 20% of the annual principal and interest payments calculated in such manner, and (ii) if the Obligated Issuer shall be obligated to repay amounts advanced by the Liquidity Backer, then 100% of such amounts.

“Independent Certified Public Accountant” means an Independent Person of national reputation and experience qualified as a certified public accountant.

“Independent Consultant” means an Independent Person of national recognition and experience (which may be an Independent Certified Public Accountant) appointed by the Obligated Issuer Representative and not reasonably objected to by the Master Trustee as lacking the skill or the experience necessary to render the particular opinions and reports required by the Master Indenture.

“Independent Engineer” means an Independent Person qualified as an architect or engineer.

“Independent Insurance Consultant” means an Independent Person, appointed by the Obligated Issuer Representative and not reasonably objected to by the Master Trustee as lacking (a) the qualifications to survey risks and to recommend insurance coverage for facilities of the type or types operated by the members of the Obligated Issuer and services and organizations engaged in like operations and (b) a favorable reputation for skill and experience in such surveys and such recommendations, and who may be the principal broker or agent with whom any member of the Obligated Issuer transacts business if he otherwise meets the qualifications.

“Independent Person” means either (a) a firm or person designated by the Obligated Issuer Representative and reasonably acceptable to the Master Trustee or (b) a firm or person designated by the Obligated Issuer Representative and in which no partner (treating a shareholder of a professional association which is a partner as though such shareholder were such partner), director, officer or employee is a member, stockholder, partner, director, officer or employee of a member of the Obligated Issuer or an elected officer of any Related Issuer.

“Interim Indebtedness” means Indebtedness incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

“Investment Securities” means (to the extent permitted by law) (a) Defeasance Obligations; (b) obligations issued or guaranteed as to full and timely payment of principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America, pursuant to authority granted by the Congress of the United States of America to the extent not otherwise described in (a) above; (c) certificates of deposit of any bank, savings and loan or trust company organized under the laws of the United States of America or any state thereby including the Master Trustee, a Related Bond Trustee or any holder of the Related Bonds or of Notes, provided that such certificates of deposit shall be fully collateralized (with a prior perfected security interest), to the extent they are not insured by the Federal Deposit Insurance Corporation, or the Federal Savings and Loan Insurance Corporation, by Investment Securities described in (a) or (b) above having a market value at all times equal to the uninsured amount of such deposit; (d) investment agreements (which term, for purposes of this clause (d), shall not include repurchase agreements with a bank or bank holding company which has outstanding long term indebtedness rated “Aa” or better by Moody's and rated “AA” or better by S&P, or their respective successors; or (e) repurchase agreements with banks or other financial institutions (“Repurchasers”) including but not limited to the Master Trustee and any of its affiliates, provided that each such repurchase agreement (i) is in commercially reasonable form and is for a

commercially reasonable period, and (ii) results in transfer to the Master Trustee of legal and equitable title to, or the granting to the Master Trustee of a prior perfected security interest in, identified Federal Securities which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Master Trustee or by a third party (other than the Repurchaser) as the agent solely by or in trust solely for the benefit of the Master Trustee, provided that Federal Securities required pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such Federal Securities or the repurchase price thereof set forth in the applicable repurchase agreement; such investments shall be made so as to mature on or prior to the date or dates that the Master Trustee anticipates that moneys therefrom will be required hereunder; or (f) such other investments as shall be described in a Related Supplemental Indenture executed and delivered in connection with the issuance of Notes or Related Bonds, or both, which investments shall be rated at the time of issuance thereof by S&P or Moody's, or both, in one of the three highest generic rating categories then assigned by such agencies. Evidence of ownership of proportionate interests in Investment Securities shall also constitute Investment Securities so long as (i) the owner of the interest is the real party in interest and has the right to proceed against the obligor on the underlying Investment Securities and (ii) the underlying Investment Securities are not available to satisfy any claim of any custodian of the underlying investment securities or any person claiming through the custodian or to whom the custodian may be obligated.

“Lien” means any mortgage, pledge, lien or encumbrance on, any Property of any Obligated Issuer which secures any Indebtedness or any other obligation of any Obligated Issuer other than an obligation to any other Obligated Issuer; provided, however, that liens applicable to Property in which any Obligated Issuer has only a leasehold interest shall be deemed *“Liens”* only if liens secure Indebtedness.

“Long-Term”, when used in connection with Indebtedness, means Indebtedness having an original maturity greater than one year or renewable at the option of the obligor for a period greater than one year from the date of original incurrence or issuance thereof which shall not include the current portion of such Long-Term Indebtedness as determined in accordance with generally accepted accounting principles.

“Master Indenture” means the Master Trust Indenture, dated as of November 1, 2004, from the College to the Master Trustee, and all amendments and supplements thereto.

“Master Indenture Mortgage” shall mean the Mortgages given pursuant to Section 4.01 of the Master Indenture and the interests and liens created thereby, as the same may be amended or modified from time to time by any Supplemental Mortgages.

“Master Trustee” mean Huntington National Bank, as successor to Central Bank & Trust Co., Lexington, Kentucky or the successor master trustee and/or co-master trustee at the time serving as such under the Master Indenture.

“Maximum Annual Debt Service” shall mean the largest amount of principal and interest on Long-Term Indebtedness computed in accordance with clauses (a) through (i) of the definition of Debt Service Coverage Ratio due in any Fiscal Year ending on or after the date of determination.

“Moody's” shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Moody's”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Issuer Representative, by notice to the Master Trustee.

“Municipal Bond Insurance Company” means any Person which shall issue a policy of insurance, which shall insure the payment when due without regard to acceleration, or the principal of.

“Mortgaged Property” means Real Property subject to the lien of a Master Indenture Mortgage.

“Net Income Available for Debt Service” means, with respect to any period of calculation, the excess of Adjusted Annual Revenue over expenses (other than those relating to non-operating revenue) of the Obligated Issuer (including without limitation all property, franchise, income, sales, use and other taxes, assessments and governmental charges) other than (i) expenses incurred with respect to Property the acquisition of which has been financed from the proceeds of Project Indebtedness, (ii) depreciation, amortization and interest on Long-Term Indebtedness, (iii) all Federal, state and local taxes assessed with respect to the income of any member of the Obligated Issuer if and to the extent that such income shall not have been included in the determination of Adjusted Annual Revenue, and (iv) operating expenses incurred in connection with solicitation, acceptance or expenditure of gifts, grants or awards to the extent that such gifts, grants or awards are not included in the Adjusted Annual Revenue for the period of calculation, all as determined in accordance with generally accepted accounting principles consistently applied and applied in the manner set forth in Section 1.05 of the Master Indenture, which may be determined on a consolidated or combined basis; provided that no determination thereof shall take into account: (a) insurance proceeds payable as a result of a casualty or other similar circumstances (other than the proceeds of business interruption insurance); (b) gains and losses from the sale of capital assets and from other extraordinary items; and (c) gains and losses attributable to refundings, advance refundings, and other early extinguishments of Indebtedness or Project Indebtedness.

“Note” or “Notes” means the Master Indenture Notes of the College from time to time issued by the College under the Master Indenture.

“Obligated Issuer” means the College and any other person which has become an Obligated Issuer under the Master Indenture in accordance with the provisions of Article VI thereof except to the extent such person shall have withdrawn from the Obligated Issuer pursuant to Section 5.06 of the Master Indenture.

“Obligated Issuer Representative” means the College or such other person designated from time to time by the Obligated Issuer in writing delivered to the Master Trustee.

“Officer's Certificate” means a certificate signed by the President or any Vice President of Administration and Finance or Treasurer of the Obligated Issuer.

“Opinion of Bond Counsel” means an opinion in writing signed by legal counsel which shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers (as such term is designed within the definition of the term “Related Bonds”) and the exemption from Federal income taxation of interest on such obligations, and who shall not be unsatisfactory to the Master Trustee as lacking either the skill or experience necessary to render the opinions required.

“Opinion of Counsel” means an opinion in writing signed by (a) an attorney or firm of attorneys who may be an employee of or counsel to the Obligated Issuer and who shall not be unsatisfactory to the Master Trustee as lacking either the skill or experience necessary to render the opinions required, or (b) an attorney or firm of attorneys who neither are employees of, nor counsel to, the Obligated Issuer.

“Optional Tender Indebtedness” means any portion of Indebtedness a feature of which is an option on the part of the holders of such Indebtedness to tender for purchase at a stated purchase price prior to its stated due date all or a portion of such Indebtedness to one or more members of the Obligated

Issuer or an agent, or a trustee or other fiduciary for such holders, or other party whom one or more members of the Obligated Issuer are obligated to reimburse.

“Outstanding” means:

(a) when used in connection with Notes, all Notes which have been duly authenticated and delivered by the Master Trustee under the Master Indenture, except: (i) Notes theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation; (ii) Notes for the payment or redemption of which cash funds (or Defeasance Obligations to the extent permitted in Section 11.01 of the Master Indenture) shall have theretofore been deposited with the Master Trustee; provided that if such Notes are to be redeemed prior to the maturity thereof notice of such redemption shall have been given or arrangements satisfactory to the Master Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Master Trustee shall have been filed with the Master Trustee and provided further that prior to such redemption or payment, the Notes to be paid or redeemed shall be deemed to be outstanding for the purpose of replacement under Section 2.11 of the Master Indenture and transfer and exchange under Section 2.09 of the Master Indenture; (iii) Notes issued under the Master Indenture in connection with the issuance of a series of Related Bonds, to the extent that such Related Bonds are no longer deemed to be outstanding under the provisions of the Related Bond Indenture; (iv) Notes in lieu of which other Notes have been authenticated under Section 2.11 of the Master Indenture; and (v) Notes owned by the Obligated Issuer, or by any Affiliate.

(b) when used in connection with Indebtedness not evidenced by Notes, all such Indebtedness except: (i) Indebtedness, with respect to which the obligations of the Obligated Issuer to make payments thereon have been discharged, or Indebtedness which is no longer deemed to be outstanding in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness; and (ii) Indebtedness, provision for the payment of which has been made by the deposit in trust of cash or Defeasance Obligations, not redeemable at the option of anyone other than the holder thereof the principal of and interest on which will be sufficient to pay, when due (whether at maturity, by redemption, upon acceleration or otherwise), amounts due with respect to such Indebtedness.

“Permitted Encumbrances” means:

(a) Liens created by any Master Indenture Mortgage and all Liens, if any, created by the Master Indenture or any Supplemental Indenture, all Related Bond Indentures and loan or similar agreements related to such Related Bond Indentures;

(b) Liens arising by reason of good faith deposits by any Obligated Issuer in connection with tenders, leases of real estate or tangible personal property, bids or contracts (other than contracts for the payment of money), a deposits by any Obligated Issuer to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges;

(c) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or anybody created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation (i) as a condition to the transaction of any business or the exercise of any privilege or license, or (ii) to enable any Obligated Issuer to maintain self-insurance or to participate in any person or fund established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age employee benefit or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(d) any judgment Lien against any Obligated Issuer, so long as such judgment is being contested and execution thereon is stayed or provision for payment of the judgment has been made in accordance with applicable law or by the deposit of cash or Defeasance Obligations with the Master Trustee or a commercial bank or trust company acceptable to the Master Trustee in its reasonable discretion;

(e) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, creating any Property, to (A) terminate such power, franchise, grant, license or permit, or (B) purchase, condemn, appropriate or recapture, or designate a purchaser of such Property; (ii) any Liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent, or the amount or validity of which, are being contested and execution thereon is stayed or with respect to which a bond sufficient in amount to discharge such Lien is posted with a person not reasonably objected to by the Master Trustee on the basis of the credit worthiness of such person; (iii) easements, rights-of-way, licenses, servitudes, restrictions and other defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof (for purposes of this clause (iii) the absence of such material and adverse impairment or such material and adverse effect can be conclusively established by an Officer's Certificate delivered to the Master Trustee); (iv) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner; and (v) landlords liens;

(f) so long as the Property encumbered thereby is not encumbered by a lien as a result of the noncompliance therewith, governmental police power laws, ordinances or regulations relating to environmental protection or restricting, regulating or prohibiting the occupancy, use or enjoyment of the Property or regulating the character, dimensions or location of any improvements thereon, or prohibiting a separation in ownership or reduction in the dimensions or area of the Property including, without limitation, subdivision, zoning and environmental laws;

(g) any lease, sublease, guaranty, sale or similar agreement entered into in connection with the issuance of and providing for or securing the payment of Related Bonds;

(h) any Mortgage permitted by Sections 4.01 of the Master Indenture;

(i) leases of Real Property or space within Real Property or other Liens for any one or more of the following purposes; (i) "college located specialty services" related to the operation of an educational facility such as, but not limited to, food services, laundry services and/or medical facilities; (ii) "student or employee convenience activities" such as, but not limited to, banking services, gift shops, snack shops, barber or beauty shops, doctors' or dentists' offices and accommodations, flower shops, counseling services, pharmacy and living accommodations for persons providing services within an educational facility; (iii) in connection with arrangements, either direct or indirect, with or for the benefit of administrators, professors, employees or other Persons providing educational or educational support services to the Obligated Issuer so long as the Master Trustee shall have received an Officer's Certificate confirming that either (A) as of the date of attachment thereof such leases or Liens, both individually and in the aggregate, do not materially and adversely affect the Adjusted Annual Revenue of the Obligated Issuer determined on a consolidated or combined basis after limitations of all material balances and transactions between or among members of the Obligated Issuer and if a lease, then the lessor has retained the

right to increase the rents payable thereunder to satisfy any recommendations of an Independent Consultant rendered pursuant to Sections 5.05 or 6.01(a) of the Master Indenture, (B) the Book Value of the Property of the Obligated Issuer (other than that financed with the proceeds of Project Indebtedness) encumbered by leases or Liens described in this clause (i)(iii) does not exceed three percent (3%) of the Book Value of all Property of the Obligated Issuer (other than that financed with the proceeds of Project Indebtedness), or (C) the Transfer Test would be satisfied if the attachment of such lien, charge or encumbrance or the execution of such lease were deemed a sale or other disposition of such Property; (iv) residential purposes so long as such Real Property or space within real property has been used for residential purposes for each of the 180 consecutive calendar days prior to the execution and delivery of such lease or for the period during which it has been owned or leased by any one or more members of the Obligated Issuer, whichever period shall be shorter; (v) any other purposes not relating to the delivery of educational services so long as either (A) such Real Property or space within Real Property has been used for purposes other than the delivery of health care for each of the 180 consecutive calendar days prior to the execution and delivery of such lease or for the period during which it has been owned or leased by any one or more members of the Obligated Issuer, whichever period shall be shorter or (B) prior to the execution of such lease, an Officer's Certificate shall be delivered to the Master Trustee certifying that all educational services delivered at the leasehold premises during the 180 consecutive calendar days prior to the execution and delivery of such lease either have been relocated or have been discontinued in accordance with Section 5.03(b) of the Master Indenture; (vi) other purposes in connection with the delivery of educational services so long as such lease (A) shall be, as of the date of the execution thereof upon terms no less favorable to the lessor than "arm's length" and (B) either shall have a lease term of one year or lessor shall permit the lessor to adjust the rents payable thereunder to satisfy the recommendations of an Independent Consultant delivered pursuant to Section 5.05 or 6.01(b) of the Master Indenture; and (vii) leases on Real Property acquired by any Obligated Issuer if an Officer's Certificate is delivered to the Master Trustee certifying that (1) the lease was created by a person other than the Obligated Issuer acquiring such Real Property prior to acquisition of such Real Property by the Obligated Issuer, and (2) the lease was created prior to the decision of the Obligated Issuer to acquire the Real Property and was not created for the purpose of enabling the Obligated Issuer to avoid the limitations hereof on creation of leases on Real Property of the Obligated Issuer;

(j) reservations contained in patents from the United States of America or any state, territory or possession thereof;

(k) liens existing on Property when received by an Obligated Issuer through gifts, grants or bequests; provided that no such Lien may be extended, renewed or modified by any member of the Obligated Issuer so as to apply to any Property of any Obligated Issuer not previously subject to such Liens, unless such Lien, as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance hereunder;

(l) liens on moneys deposited by students or others with any Obligated Issuer as security for or as prepayment for the cost of educational services;

(m) liens on Current Assets due to rights of third party pay or for recoupment of amounts paid to the Obligated Issuer;

(n) liens existing on the date of execution and delivery of the Master Indenture which are described in Exhibit D of the Master Indenture;

(o) liens in favor of a lessor, vendor, or lender extending credit to the Obligated Issuer for the acquisition by the Obligated Issuer of the Property which is the subject of the Lien (whether or not such Lien constitutes a purchase money mortgage or purchase money security interest under applicable state or local law), the acquisition of which Property has not been financed, directly or indirectly, with moneys representing the proceeds of Notes or Related Bonds;

(p) liens which are security only for Project Indebtedness and which do not extend to any Property other than that acquired with the proceeds of Project Indebtedness;

(q) any lien required by a Federal, state or local government as a condition of its making a grant or loan (except loans made solely from the proceeds derived from the sale of Related Bonds) to, or its guaranteeing or insuring part or all of the Indebtedness of the Obligated Issuer so long as either: (i) such lien is limited to Property which has not been acquired using the proceeds of Indebtedness evidenced by Notes; or (ii) if such lien shall include Property acquired using the proceeds of Indebtedness evidenced by Notes then the terms of the Loan Agreement or instrument granting such lien shall provide that such lien shall be inferior to the lien of the Master Indenture Mortgage covering such Property and require that the Master Trustee's consent be obtained before any action or proceeding to foreclose such lien may be commenced; and

(r) liens on Excluded Property.

“Project Indebtedness” means any Indebtedness the liability for which is effectively limited to Property (other than Mortgaged Property and any other Property which is subject to any Lien which secures any Note issued and Outstanding hereunder) with no recourse, directly or indirectly, to any other Property of any Obligated Issuer.

“Projection” means pro forma projected or forecasted financial statements of an Obligated Issuer or the Obligated Issuer for a future period, including balance sheets as of the end of such period and statements of income and changes in financial position for such period, accompanied by a statement of the relevant assumptions and rationale upon which the pro forma financial statements are based.

“Property”, when used in connection with a particular person or group of persons, means any and all rights, titles and interests of such person or group of persons in and to any and all property, whether real or personal, tangible or intangible, and wherever situated.

“Property, Plant and Equipment” means all Property of the members of the Obligated Issuer which is property, plant and equipment under generally accepted accounting principles.

“Real Property” means that Property which under the laws of the jurisdiction in which such Property is located is deemed to be “real property”.

“Record Date” means the period of fifteen days preceding any interest payment date on the Bonds.

“Refunding Indebtedness” means any Indebtedness issued for the purpose of refunding Outstanding Long-Term Indebtedness so as to no longer be outstanding.

“Related Bonds” means the bonds or other obligations issued by any Obligated Issuer or by any state, territory or possession of the United States of America or any municipal corporation or political subdivision formed under the laws thereof or anybody corporate and politic or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof

(“governmental issuer”) pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to or for the benefit of one or more members of the Obligated Issuer, directly or indirectly, in consideration, in whole or in part, of the execution, authentication and delivery of a Note or Notes to or for the order of such governmental issuer or the Related Bond Trustee.

“*Related Bond Indenture*” means any indenture or resolution or comparable instrument pursuant to which a series of Related Bonds is issued.

“*Related Bond Trustee*” means the bond trustee and its successors in the trusts created under any Related Bond Indenture, or if there is no such bond trustee, means the Related Issuer.

“*Related Issuer*” means the issuer of any issue of Related Bonds.

“*Related Supplemental Indenture*”, when used with reference to Notes of a particular series, means the Supplemental Indenture creating such series.

“*S&P*” means Standard & Poor's Rating Services, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Issuer Representative by notice to the Master Trustee.

“*Short-Term*”, when used in connection with Indebtedness (including Notes), shall mean having an original maturity less than or equal to one year and not renewable at the option of the obligor for a term greater than one year beyond the date of original incurrence or issuance.

“*Subordinated Indebtedness*” means Indebtedness (including Notes) which contains provisions substantially in the form set forth in Exhibit A attached to the Master Indenture.

“*Supplemental Indenture*” means an indenture supplemental to, and authorized and executed pursuant to the terms of the Indenture for the purpose of creating a particular series of Notes issued thereunder, or amending or supplementing the terms thereof.

“*Title Insurance Policy*” means a Title Insurance Policy or Policies, or commitments therefor, and all amendments and endorsements thereto or commitments therefor, given pursuant to Section 4.01 of the Master Indenture, which shall be in the form of the American Land Title Association standard mortgage loan policy.

“*Value*” shall mean, with respect to Mortgaged Property, at the option of the Obligated Issuer Representative, either the Book Value or the Fair Market Value thereof.

“*Variable Rate Indebtedness*” means any portion of indebtedness the rate of interest on which is not established at the time of incurrence as one or more numerical rates applicable throughout the term thereof or for specified periods during the term thereof with the result that at the time of incurrence the numerical rate of interest which will be in effect during any portion of the term thereof cannot be determined.

Series and Amount of Notes. There is no limitation the aggregate principal amount of Notes that may be issued, but no Notes may be issued unless the provisions of the Master Indenture are followed.

Security for Notes.

Pledge of Revenue. The Obligated Issuer and all future Obligated Issuers covenant and agree with the Master Trustee, for the equal and proportionate benefit of the respective holders from time to time of Notes of each series, as follows:

(i) That the Obligated Issuer in consideration of the premises and of the purchase of the Notes and of other good and lawful consideration, the receipt of which is acknowledged, and to secure the payment of the principal of, premium, if any, and interest on the Notes and the performance and observance of all of the covenants and conditions therein or in the Master Indenture contained, has executed and delivered the Master Indenture and has conveyed, mortgaged, granted, assigned, transferred, pledged, set over and confirmed and granted a security interest in and by these presents does convey, mortgage, grant, assign, transfer, pledge, set over and confirm and grant a security interest in and to the Master Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular the property, real and personal, hereinafter described (said property being herein sometimes referred to as the "Trust Estate") to wit:

- (A) All revenues, receivables, accounts and assignable general intangibles now owned or hereafter acquired by the Obligated Issuer, regardless of how generated, and all proceeds therefrom, whether cash or noncash, all as defined in Article 9 of the Kentucky Uniform Commercial Code, as amended, being Sections 355.9-101 to 355.9-507, of the Kentucky Revised Statutes as amended; excluding, however, gifts, grants, bequests, donations and contributions to the Obligated Issuer heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payments required under the Master Indenture or on the Notes;
- (B) Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Master Indenture by the Obligated Issuer or by anyone on its behalf to the Master Trustee, including without limitation, funds of the Obligated Issuer held by the Master Trustee as security for the Notes.

To have and to hold, all and singular, the properties, the rights and privileges conveyed, assigned and pledged by the Obligated Issuer or intended to be, unto the Master Trustee, its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of all Notes issued under the Master Indenture, without preference, priority or distinction as to participation in the lien, benefit and protection of one Note over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as otherwise expressly provided in the Master Indenture, so that each and all of such Notes shall have the same right, lien and privilege under the Master Indenture and shall be equally secured by the Master Indenture with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery of the Master Indenture and were expressed to mature on one and the same date.

Provided, nevertheless, and these presents are upon the express condition, that if the Obligated Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Notes with interest, according to the provisions set forth in the Notes and each of them or shall provide for the payment or redemption of such Notes by depositing or causing to be deposited with the Master Trustee the entire amount of funds or securities requisite for

payment or redemption, thereupon the Master Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Obligated Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Obligated Issuer such instruments of satisfaction or release as may be necessary or proper to discharge the Master Indenture of record, and if necessary, shall grant, reassign and deliver to the Obligated Issuer, its successors or assigns, all and singular the property, rights, privileges and interest granted by them, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as provided in the Master Indenture; otherwise the Master Indenture shall be and remain in full force.

Master Indenture Mortgage.

(a) Upon issuance and delivery of the initial series of Notes, the Master Indenture requires an Obligated Issuer to deliver to the Master Trustee one or more Master Indenture Mortgages subjecting to the lien thereof all Real Property (other than Real Property described in clauses (a), (b), (d), (e) and (f) of the definition of Excluded Property) then owned by the Obligated Issuer together with a Title Insurance Policy or binder to the effect that such Real Property is subject to a Master Indenture Mortgage and that such Master Indenture Mortgage creates a prior Lien on such Real Property, subject only to Permitted Encumbrances.

(b) Upon its acquisition of Real Property not then subject to a Master Indenture Mortgage, the Obligated Issuer shall deliver to the Master Trustee a Master Indenture Mortgage subjecting such Real Property (other than Real Property described in clauses (b), (d), (e) and (f) of the definition of Excluded Property) to the lien thereof together with a Title Insurance Policy (or an endorsement to an existing policy) or binder, or an Opinion of Counsel if such insurance is not available or is not customarily obtained where the Real Property is located, to the effect described in subsection (b) above.

(c) All Master Indenture Mortgages shall (i) grant to the Master Trustee, for the benefit of the holders of all Notes, a lien upon such Mortgaged Property, subject in each case only to Permitted Encumbrances, (ii) permit to the extent permitted by law foreclosure or sale (or other appropriate similar remedy under the laws of the state in which such Mortgaged Property is located) upon the occurrence of an Event of Default under the Master Indenture and (iii) provide that any successor Trustee under the Master Indenture shall succeed to the interests of the mortgagee thereunder.

(d) Each Master Indenture Mortgage (i) shall permit the granting of easements, rights-of-way, licenses, etc., with respect to any Mortgaged Property or improvements thereon which shall constitute Permitted Encumbrances subject to the lien of the Master Indenture Mortgage and (ii) shall, subject to the provisions of Sections 4.02 and 4.03 of the Master Indenture, contain such other provisions, including, without limitation, provisions for release of the Mortgaged Property from the lien of such Master Indenture Mortgage, as do not, in the judgment of the Governing Body of the mortgagor, materially adversely affect the Noteholders.

(e) Notwithstanding any other provision of the Master Indenture, including, without limitation, subsections (b) through (d) above and Article VI of the Master Indenture, the Master Indenture shall not require that any Real Property be subjected to the lien of a Master Indenture Mortgage (i) if such lien is prohibited by any covenant or restriction imposed by either (1) a predecessor-in-title which is neither the Obligated Issuer nor an Affiliate and running with such Real Property or (2) the lessor of such Real Property who is neither the Obligated Issuer nor an Affiliate or (ii) if (1) such Real Property is not used in the delivery of educational services by the Obligated Issuer and (2) the aggregate amount of revenue derived by the Obligated Issuer during

the preceding Fiscal Year from all Real Property which is excluded from the Mortgaged Property pursuant to the provisions of this clause (ii) does not exceed two percent (2%) of the Adjusted Annual Revenue for such Fiscal Year and if in the judgment of the Obligated Issuer Representative the loss of such Real Property (through foreclosure or otherwise) would not materially interfere with or impair the operations being conducted on the Mortgaged Property by the Obligated Issuer.

(f) At or prior to the issuance of each subsequent series of Notes, the Obligated Issuer shall deliver to the Master Trustee as the insured one or more Title Insurance Policies or binders (or endorsements to Title Insurance Policies) with respect to the Mortgaged Property in an amount not less than the amount described in clause (ii) of this subsection, insuring the Master Trustee's Lien under the Master Indenture Mortgage as being subject only to Permitted Encumbrances. To the extent additional Real Property is not to be mortgaged in connection with such issuance of Notes, it shall be sufficient if previous Title Insurance Policies, binders or endorsements delivered to the Master Trustee are endorsed only to change the amount of coverage and are not otherwise updated.

(i) Unless such insurance is not available or is not customarily obtained by lenders where the Real Property is located, the amount of coverage under the Title Insurance Policy upon the issuance of any series of Notes shall be an amount not less than the principal amount of Notes to be Outstanding minus the aggregate of amounts credited to debt service reserve funds or similar funds solely for the payment of amounts to come due on one or more Notes, or on Related Bonds if and to the extent payment of amounts due thereon is to be credited against amounts to come due on Notes.

(g) Mortgaged Property, Current Assets and Adjusted Annual Revenue derived from Mortgaged Property of the Obligated Issuer shall not be subject to any Lien or Mortgage except for:

(i) Permitted Encumbrances; and

(ii) Liens on Current Assets and Adjusted Annual Revenue derived from Mortgaged Property either (A) to secure indebtedness pursuant to Section 5.04(d) of the Master Indenture or (B) so long as prior to or contemporaneously with the attachment thereof, the Obligated Issuer owning such Current Assets shall have entered into a security agreement with the Master Trustee granting it a security interest prior to or on a parity with such other Lien and shall have taken all action necessary to perfect the security interest granted to the Master Trustee.

Nothing in the Master Indenture shall restrict the acquisition, disposition or encumbrance of Excluded Property.

Release from Master Indenture Mortgage; Transfers of Mortgaged Property. Mortgaged Property or any portion thereof may be released from the lien or security interest of all Master Indenture Mortgages or may be transferred or otherwise disposed of if:

(a) the Obligated Issuer shall deposit into an account an amount not less than the Fair Market Value thereof, or, if such Mortgaged Property has been or is to be sold, the greater of the Fair Market Value thereof or the consideration received or to be received therefor; or

(b) the Obligated Issuer Representative subjects to the lien of a Master Indenture Mortgage other Real Property not then subject to a lien of a Master Indenture Mortgage, which

Real Property shall have a Fair Market Value not less than the Fair Market Value of the Mortgaged Property to be released; or

(c) such Mortgaged Property will be used by the Obligated Issuer:

(i) if not less than fifty percent (50%) of the Value of the facility to be acquired or improved should be financed by a grant, loan or loan guaranty from a Federal, state or local government or agency thereof; or

(ii) a site for a program, if the amount of the grant, loan or loan guaranty from a Federal, state or local government or agency thereof shall be not less than fifty percent (50%) of the greater of (A) the start-up costs or operating costs during the period of the grant, or both, or (B) the Value of the site and any improvements thereon; or

(iii) both as a facility described in clause (i) and as a site described in clause (ii) above;

and in any such case an Officer's Certificate so stating, is filed with the Master Trustee; provided that such Officer's Certificate shall have attached to it written evidence of the approval of or the commitment for such loan, grant or guaranty by the Federal, state or local government or agency thereof, such Officer's Certificates shall include a certification stating that such release is necessary to obtain such grant, loan or guarantee, that such grant, loan or guarantee will be beneficial to the operations of the Obligated Issuer and that the Real Property to be released constitutes the minimum amount of Real Property necessary to qualify for such grant, loan or guarantee; provided further that the Mortgaged Property released under the Master Indenture shall be deemed to be acquired by the Obligated Issuer as of the date the Obligated Issuer shall cease to participate in the Federal, state or local governmental program on the earliest date on which the granting of a Master Indenture Mortgage no longer shall be precluded by such program.

Restrictions on Transfers of Other Property. The Obligated Issuer may not sell or otherwise dispose of any Property or any portion thereof (other than Mortgaged Property which may be transferred as described above), of the Obligated Issuer except for the following:

(a) Sales and other dispositions of Current Assets (other than accounts receivable and contract rights) in the ordinary course of business;

(b) Sales and other dispositions of accounts receivable and contract rights in the ordinary course of business and on terms not less favorable to the transferor than arms-length;

(c) The investment and reinvestment of cash, cash equivalents and other investments in other cash equivalents and other investments deemed to be reasonably prudent by the Obligated Issuer making such investment or re- investment;

(d) Cash and cash equivalents if:

(i) the aggregate amount of cash and cash equivalents transferred pursuant to this subsection (e)(i) within the immediately preceding twelve months by the Obligated Issuer does not exceed 10% of the net income available for debt service of the Obligated Issuer for the preceding Fiscal Year or any other twelve month period ending within 180 days of the date of such transfer; or

(ii) each of the following are satisfied:

- (A) the expected Debt Service Coverage Ratio for each of the two Fiscal Years following the proposed disposition is not less than 80% of the actual Debt Service Coverage Ratio for the immediately preceding Fiscal Year, as shown by a Projection and a Consultant's Report thereon (or if the Debt Service Coverage Ratio for the most recent Fiscal Year for which financial statements have been delivered to the Master Trustee pursuant to Section 5.07 of the Master Indenture shall equal or exceed 2.50, then an Officer's Certificate) filed with the Master Trustee; and
 - (B) the disposition will not reduce the ratio of Current Assets of the Obligated Issuer to current liabilities of the Obligated Issuer as of the proposed date of transfer by more than 20% or to less than 1.5, and an Officer's Certificate so stating is delivered to the Master Trustee; or
 - (iii) if the transferor receives as consideration Property, the fair market value of which is at least equal to the amount so transferred, as evidenced by an Officer's Certificate filed with the Master Trustee; or
 - (iv) as a loan, whether secured or unsecured, if such loan is evidenced in writing, bears interest at a reasonable rate and is reasonably expected to be repaid, all as determined in good faith by the Obligated Issuer, as evidenced by an Officer's Certificate of the Obligated Issuer Representative filed with the Master Trustee.
- (e) Sales and other dispositions of Property (other than Mortgaged Property and Current Assets) certified in an Officer's Certificate delivered to the Master Trustee to be, or within the immediately succeeding twenty-four (24) months to become, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary. No Officer's Certificate reporting such disposition need be delivered in any Fiscal Year unless and until the aggregate dispositions pursuant to this subsection (f) in such Fiscal Year exceed five percent (5%) of the Book Value of all Property financed with the proceeds of Project Indebtedness and after subtracting the Book Value of other Property of equal value and usefulness acquired in substitution therefor. If the aggregate Book Value of all Property sold or disposed of in uncertified sales and dispositions exceeds each additional one percent (1%) of the Book Value of all Property (other than Mortgaged Property, Current Assets and Property financed with the proceeds of Project Indebtedness) of the Obligated Issuer as determined above, then such Officer's Certificate reporting such disposition needs to be delivered as provided in the Master Indenture;
- (f) Other sales and dispositions of Property (other than Mortgaged Property and Current Assets) of the Obligated Issuer so long as after giving effect to such sale or other disposition either (i) the aggregate amount of the Book Value of all such Property sold or disposed of in any Fiscal Year pursuant to this subsection (g)(i) does not exceed five percent (5%) of the Book Value of all Property of the Obligated Issuer, other than Mortgaged Property, Current Assets and Property financed with the proceeds of Project Indebtedness, for the most recent Fiscal Year for which financial statements have been delivered to the Master Trustee pursuant to Section 5.07(a) of the Master Indenture or (ii) the proceeds from such sale or disposition are used to acquire Property (including, without limitation, Property received in exchange therefor), which Property has a Value not less than that of the Property sold or disposed of and is expected (as certified in an Officer's Certificate delivered to the Master Trustee) to generate net income available for debt service (computed as though it were Net Income Available for Debt Service) not less than that generated by the Property sold or disposed of;
- (g) Sales and other dispositions of Excluded Property; and

(h) Tangible personal Property located in or on any Mortgaged Property released pursuant to Section 4.02 of the Master Indenture.

Certain Covenants of the Obligated Issuer. The Obligated Issuer covenants that for so long as any Note is outstanding:

Payment of Principal, Premium and Interest. It shall duly and punctually pay the principal of, the premium, if any, and the interest on each Note at the times and at the place and in the manner provided in such Note, the Related Supplemental Indenture and the Master Indenture.

Tax Exempt Status. It shall not take any action or omit to take any action which is lawful and within its power to take, and which, if taken or omitted, would cause previously tax-exempt interest on any series of Related Bonds to become subject to Federal income taxation.

Insurance. It shall maintain insurance covering such risks and in such amounts as, in its reasonable judgment, is adequate to protect it and its properties and operations. An Obligated Issuer may, upon the recommendations of an Independent Insurance Consultant, adopt alternative risk management programs which shall be in compliance with applicable governmental rules and regulations including, without limitation, the right to self-insure in whole or in part; to organize captive insurance companies; to participate in programs of captive insurance companies organized by others; to establish self-insurance trust funds; to participate in mutual or other cooperative insurance or other risk management programs with others; to participate in or enter into agreements with local, state or federal governments in order to achieve such insurance; to take advantage of state or federal statutes or laws limiting medical and malpractice liability; or to participate in other alternative risk management programs as shall be recommended by such Independent Insurance Consultant.

Restrictions as to Incurrence of Indebtedness. Other than the initial series of Notes under the Master Indenture, it will incur Indebtedness only as follows; provided that (1) at the time of incurrence thereof no Event of Default or event which with notice or lapse of time, or both, would constitute an Event of Default shall have occurred and shall be continuing unless such event will be cured upon incurrence of such Indebtedness and application of the proceeds thereof and the placing in service of any facilities financed thereby; and (2) prior to the issuance thereof (except as to Indebtedness set forth in (j) and (k) below) the Obligated Issuer Representative's certificate to the effect that the Obligated Issuer has given its consent to the incurrence of such Indebtedness in accordance with the Loan Agreements and rules of the Obligated Issuer with respect to matters arising under this Indenture shall be delivered to the Master Trustee:

(a) Long-Term Indebtedness may be incurred provided that:

(i) the Obligated Issuer proposing to incur such Indebtedness shall certify in an Officer's Certificate the uses intended for the proceeds of such Long-Term Indebtedness; and

(ii) one of the following tests is satisfied:

1. the Debt Service Coverage Ratio for the most recent period of 12 full consecutive calendar months for which the financial statements of the Obligated Issuer have been reported upon by an Independent Certified Public Accountant, taking into account all outstanding Long-Term Indebtedness (except Indebtedness proposed to be refunded with the proceeds of the Indebtedness proposed to be incurred) and that then proposed to be incurred, is not less than

1.20, and an Officer's Certificate to that effect is delivered to the Master Trustee; or

2. (A) the Debt Service Coverage Ratio for the most recent period of 12 full consecutive calendar months for which the financial statements of the Obligated Issuer have been reported upon by an Independent Certified Public Accountant, taking into account all outstanding Long-Term Indebtedness but not taking into account the Long-Term Indebtedness then proposed to be incurred, is not less than 1.20, and an Officer's Certificate to that effect is delivered to the Master Trustee; and (B) either (i) taking the proposed Long-Term Indebtedness into account, the Debt Service Coverage Ratio for the first full fiscal year of the Obligated Issuer following the completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such proposed Long-Term Indebtedness, or following the incurrence of Long-Term Indebtedness for refunding purposes is expected to be not less than 1.20 or (ii) taking the proposed Long-Term Indebtedness into account, the net income available for debt service of the Obligated Issuer incurring such proposed Long-Term Indebtedness (determined in the same manner as if a calculation of the Net Income Available for Debt Service was being made and computed) for the first fiscal year following the completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such proposed Long-Term Indebtedness, or following the incurrence of Long-Term Indebtedness for refunding purposes, produces an expected Debt Service Coverage Ratio no less than 1.20; and in the case of 2. A (i) or 2 (A) (ii) a Projection and a Consultant's Report so demonstrating are filed with the Master Trustee; provided, however, that in the event that an Independent Consultant shall deliver a report to the Master Trustee to the effect that state or Federal laws or regulations or administrative interpretations of such law or regulations then in existence do not permit or by their application make it impracticable for the Obligated Issuer to produce the required ratios set forth above, then such ratios shall be reduced to the highest practicable ratios then permitted by such laws or regulations but in no event less than 1.00.

(b) Completion Indebtedness may be incurred without satisfying any of the tests described in this caption.

(c) Refunding Indebtedness may be incurred provided that the report or opinions set forth in paragraph (a)(ii) above shall be delivered unless at the time of issuance of such Refunding Indebtedness and after giving effect thereto and to the application of the proceeds thereof Maximum Annual Debt Service would not be increased by more than 5%.

(d) Indebtedness may be incurred provided that (1) the outstanding principal amount of Indebtedness incurred pursuant to this paragraph (d) does not exceed 15% of the Adjusted Annual Revenue as shown on or calculable from the audited financial statements of the Obligated Issuer for the most recent fiscal year which have been delivered to the Master Trustee, (2) if the combined Outstanding principal amount of indebtedness incurred pursuant to this subsection shall at any time thereafter exceed the 15% limitation, then the combined Outstanding principal amount of Indebtedness incurred pursuant to this subsection shall be reduced to an amount not exceeding such 15% limitation not later than 90 days after the date such limitation shall have been exceeded, and (3) for a period of 20 consecutive days during each fiscal year any Short-Term Indebtedness shall be reduced to an aggregate outstanding principal amount not exceeding 5% of the Adjusted Annual Revenue as shown on or calculable from the audited financial

statements of the Obligated Issuer for the most recent fiscal year which have been delivered to the Master Trustee, provided that Indebtedness initially incurred pursuant to this paragraph shall be deemed incurred pursuant to paragraph (a) above (and shall no longer be deemed incurred pursuant to this paragraph) on the day following that on which an Officer's Certificate (or report of an Independent Consultant or independent certified public accountant) shall be delivered to the Master Trustee, which Officer's Certificate or report shall include such Indebtedness.

(e) Project Indebtedness may be incurred without meeting any of the tests set forth herein.

(f) Interim Indebtedness may be incurred provided that, at the time such Interim Indebtedness is incurred or assumed, there shall be delivered to the Master Trustee:

(i) an Officer's Certificate setting forth the information required by subsection (a)(i) above and stating that the anticipated financing thereof by the issuance of Long-Term Indebtedness is reasonably expected to be completed within the next 60 months;

(ii) reports or opinions of the type required by either paragraph (a)(ii)(1) or (a)(ii)(2) above demonstrating that all requirements of either paragraph (a)(ii)(1) or (a)(ii)(2) above would be met if such Interim Indebtedness were then being issued as Long-Term Indebtedness maturing over a term equal to the Assumed Amortization Period with level annual combined payments of principal and interest and having an interest rate equal to the Assumed Interest Rate; and

(iii) either (x) evidence that such interim Indebtedness is secured by an irrevocable extension of credit of or an agreement to purchase such Interim Indebtedness from the holder thereof by, a person not a member of the Obligated Issuer or (y) a written statement of an Independent Person which is an investment banker experienced in the underwriting of Long-Term Indebtedness of the type in anticipation of which such Interim Indebtedness is proposed to be incurred or assumed, setting forth the opinion of such investment banker to the effect that Long-Term Indebtedness maturing over the term and bearing interest at the rate referred to in the foregoing paragraph (ii) would, if then being offered, be marketable on reasonable and customary terms.

(g) Subordinated Indebtedness may be incurred without satisfying any of the tests described herein.

(h) Any continuing obligation of any member of the Obligated Issuer to pay principal of and interest on Indebtedness or Related Bonds which are deemed to be discharged or defeased in accordance with the terms of the instrument or instrument securing or evidencing such Indebtedness or Related Bonds, maybe incurred provided, however, that there is delivered to the Master Trustee a letter from a nationally recognized firm of Independent Certified Public Accountants verifying the adequacy of any escrow established in connection with the discharge or defeasance of such Indebtedness or Related Bonds.

(i) Indebtedness may be incurred in the ordinary course of business (or if not so incurred, for which money for the payment of which is on deposit in a construction fund or another restricted fund). Except to the extent expressly required by paragraphs (c) or (f) above, the reports or opinions set forth in paragraph (a)(ii) need not be delivered in connection with the issuance or assumption of Indebtedness pursuant to the provisions of paragraphs (b), (c), (d), (e), (f), (g), (h), or (i) herein.

Debt Service Coverage Ratio. If the Debt Service Coverage Ratio as calculated at the end of any fiscal year is below 1.10, the Obligated Issuer covenants to retain an Independent Consultant to make recommendations (which may include, without limitation, increasing rates and charges, reducing operating costs, adjusting the student mix, altering the intensity or scope of services or any combination of the foregoing) to increase the Debt Service Coverage Ratio to at least 1.10 or if, in the opinion of the Independent Consultant, achieving such coverage is impracticable due to law or regulation then in effect, to the highest practicable level. The Obligated Issuer agrees that it will, to the extent feasible, follow the recommendations of the Independent Consultant and, so long as the Obligated Issuer shall retain an Independent Consultant and the Obligated Issuer shall follow such Independent Consultant's recommendations with respect to such member to the extent feasible, this requirement shall be deemed to have been complied with even if the Debt Service Coverage Ratio for any subsequent fiscal year is below 1.10, which event will not constitute an Event of Default under the Master Indenture unless and until such Debt Service Coverage Ratio falls below 1.00.

Consolidation, Merger, Sale or Conveyance. The Obligated Issuer agrees that it will not (a) merge into or consolidate with any other person or (b) sell, lease or convey all or substantially all of its Property to any person not a member of the Obligated Issuer and thereafter dissolve, unless after giving effect to the transaction (i) either (x) in the case of a merger or a consolidation, a member of the Obligated Issuer shall be the continuing or successor person or (y) in either case, the continuing or successor person (which, for purposes of this paragraph, shall include the person acquiring such Property by ownership or lease) shall be a person organized and existing under the laws of the United States of America or a state thereof shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on all Notes issued by the Obligated Issuer hereunder according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of the Master Indenture to be performed and observed by the Obligated Issuer by supplemental indenture satisfactory to the Master Trustee, executed and delivered to the Master Trustee by such continuing or successor person and shall have assumed all obligations of the Obligated Issuer under any loan, lease, sale or guaranty agreement entered into in connection with the issuance of Related Bonds, and (ii) there shall have been delivered an Officer's Certificate to the Master Trustee to the effect that the Obligated Issuer or such continuing or successor person, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance or observance of any such covenant or condition, and (iii) the Obligated Issuer, or such continuing or successor person, as the case may be, demonstrates, in a report of an Independent Consultant delivered to the Master Trustee, that after giving effect to the transaction the Obligated Issuer would be permitted to incur at least one dollar of additional Long-Term Indebtedness under the conditions described in subsection (a) under the caption "Summary of the Master Indenture- Covenants of the Obligated Issuer-Restrictions as to Incurrence of Indebtedness", or the Obligated Issuer would have a Debt Service Coverage Ratio of at least 1.20 and which Debt Service Coverage Ratio would be equal to or greater than the Debt Service Coverage Ratio in the absence of such merger, consolidation, sale or conveyance, and (iv) if Related Bonds then shall be outstanding, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel to the effect that under the existing law the consummation of the transaction would not adversely affect the exemption from Federal income taxation of interest payable on any issue of Related Bonds then outstanding under a Related Bond Indenture which, prior to such transaction, was exempt from Federal income taxation.

Events of Default and Remedies.

Events of Default. The following are events of default under the Master Indenture:

- (a) failure of the Obligated Issuer to make any payment of the principal of, the premium, if any, or interest on any indebtedness evidenced by Notes issued and outstanding as the same shall become due and payable; or

(b) failure of the Obligated Issuer to observe or perform any other covenant or agreement contained in the Master Indenture for a period of 30 days after the date on which written notice of such failure has been given to the Obligated Issuer and to the Obligated Issuer Representative by the Master Trustee, or to the Obligated Issuer and the Master Trustee by the holders of at least 25% in aggregate principal amount of Notes then outstanding; provided that if any such default can be cured by any Obligated Issuer but cannot be cured within the 30-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by any Obligated Issuer within such 30-day period and diligently pursued until the default is corrected, provided further, that if the performance, observation or compliance with any of the terms, covenants, conditions or provisions referred to in paragraph (b) and this paragraph shall be prevented by the application of Federal or State wage and price controls, economic stabilization, or restrictions on rates and charges of an Obligated Issuer and such Obligated Issuer shall have complied in full with its obligation contained in Section 5.05 of the Master Indenture, the inability to perform, observe or comply with any such term, covenant, condition or provisions shall not constitute an event of default under this Indenture; provided further that an imposition of the lien described in clause (g) in the definition of Permitted Encumbrances shall not, with respect to the property not in compliance, be deemed an Event of Default if the Obligated Issuer is contesting in good faith the validity of the application of such law, ordinance or regulation; provided further that if changes in law, regulation or administrative interpretation of any such law or regulation, cause (i) the difference between the Net Income Available for Debt Service of the Obligated Issuer in any fiscal year and the aggregate principal and interest payments of the Obligated Issuer on outstanding Indebtedness due during such fiscal year to be less than (ii) the aggregate deposits required to be made to an account with respect to such fiscal year, then no Event of Default shall be deemed to have occurred hereunder if both of the following conditions shall have been satisfied:

- A. Within 7 months of the end of such fiscal year, the Obligated Issuer shall deposit or cause to be deposited to the credit of the account, an amount to be not less than that described in (i) above; and
- B. Promptly after discovering that the amount described in (i) above shall be less than that described in (ii) above, the Obligated Issuer shall (1) retain an Independent Consultant to make recommendations to increase the amount described in (i) above to the highest practicable level permitted by such laws, regulations and interpretations without jeopardizing, in the opinion of such Independent Consultant, the ability of the Obligated Issuer to offer any one or more of its services, programs and products at a price which is competitive and (2) implement to the extent feasible such Independent Consultant's recommendations; or
- C. the Obligated Issuer shall default in the payment of any Indebtedness (other than Project Indebtedness and other than Indebtedness the principal amount of which is less than one quarter of one percent of its total assets as of the date of such default), and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, such Indebtedness, shall occur, which default in payment or event of default shall result in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; or
- D. certain events of bankruptcy or insolvency involving the Obligated Issuer; or

- E. any representation or warranty with respect to the due authorization, execution and delivery of the Master Indenture, any related Supplemental Indenture and a Master Indenture Mortgage proves untrue in any material respect as of the date of issuance or making thereof and shall not be made good within 30 days after written notice thereof to the Obligated Issuer Representative by the Master Trustee; or
- F. (i) any judgment, writ or warrant of attachment or of any similar process in an amount in excess of one quarter of one percent of its total assets shall be entered or filed against any Obligated Issuer or against any of its property and remains unvacated, unpaid, unbonded, uninsured or unstayed for a period of 60 days and (ii) the Obligated Issuer shall have failed to deposit with the Master Trustee within 15 calendar days of the Obligated Issuer Representative's receipt of written notice from the Master Trustee that such an event has occurred, an amount sufficient to pay in full such judgment, writ or warrant of attachment or similar process.

Remedies. Upon the occurrence of an Event of Default, the Master Trustee may, and, upon receipt of a written request therefor from the holders of (or one or more Related Bond Trustees acting on behalf of the holders of) not less than 25% in aggregate principal amount of all Notes then in default, shall declare the principal of all such Notes to be due and payable immediately, and if the Obligated Issuer shall fail to pay such Notes within fifteen days of the date of such declaration, then the Master Trustee shall declare the principal of all Notes to be due and payable immediately. However, if, at any time after the principal of all Notes shall have been declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained, the members of the Obligated Issuer pay or deposit with the Master Trustee a sum sufficient to pay all matured installments of interest upon all such Notes and the principal and premium, if any, of all such Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of interest and on such principal and premium, if any, at the rate specified in the Related Supplemental Indenture) and the expenses of the Master Trustee, and any and all Events of Default under the Master Indenture, other than by reason of acceleration, have been remedied, the Master Trustee may, and upon the written request of the holders of a majority in aggregate principal amount of all Notes then outstanding, shall waive all Events of Default and rescind and annul such declaration and its consequences but no such waiver or rescission and annulment shall extend to or affect any subsequent event of default, or shall impair any right consequent thereon. In case the Obligated Issuer fails to pay the amounts due on any Notes, after such nonpayment has become an Event of Default, and after required notice has been given, within five business days of demand therefor, the Master Trustee shall be entitled to institute any actions for the collection of the sums due and unpaid, including, without limitation, actions or proceedings to foreclose the liens of any or all Master Indenture Mortgages, and security interests granted pursuant to security agreements in favor of the Master Trustee.

Application of Moneys Collected. Upon the occurrence of an Event of Default, any amounts collected by the Master Trustee pursuant to Sections 6.02, 6.03, and 6.04 of the Master Indenture, together with moneys in any reserve fund created to secure an issue of Notes, shall be applied for the equal and ratable benefit of the holders of the Notes of all series in the following order, at the date or dates fixed by the Master Trustee for the distribution of such moneys, upon presentation of such Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

(a) to the payment of costs and expenses of collection permitted under the Master Indenture and of all amounts payable to the Master Trustee under the Master Indenture, including reasonable attorneys' fees;

(b) in case the principal of none of such Notes shall have become due and be unpaid, to the payment of interest on Notes of all series in the order of the maturity of the installments of such interest on Notes of all series, with interest upon the overdue installments of interest (so far as permitted by law and to the extent that such interest has been collected by the Master Trustee) at the respective rates of interest specified in the Related Supplemental Indenture, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

(c) in case the principal of all Notes or of all Notes of a series shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon such Notes of which the principal shall have become due for principal and interest, with interest on the overdue principal and installments of interest (so far as permitted by law and to the extent that such interest has been collected by the Master Trustee) at the respective rates of interest specified in the Related Supplemental Indenture; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon such Notes, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and accrued and unpaid interest; and

(d) to the payment of the remainder, if any, to the Obligated Issuer, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Suit by Noteholders. No holder of a Note shall have any right to institute any suit, action or proceeding, unless such holder previously shall have given to the Master Trustee written notice of default and of the continuance thereof and unless also the holder offered to the Master Trustee reasonable indemnity and the Master Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Master Trustee by Noteholders.

Supplements and Amendments to the Master Indenture

The Master Indenture may be supplemented or amended, without the consent of any Noteholder, to add additional Excluded Property to Exhibit C (in accordance with the terms of the Master Indenture), to evidence the succession of another corporation to the Obligated Issuer, to add to the covenants and restrictions imposed on the Obligated Issuer, to cure ambiguities or defects in the Master Indenture, to qualify the Master Indenture under the Trust Indenture Act of 1939, to substitute another trustee for the Master Trustee or to add co-trustees as provided in the Master Indenture and to make any other change which, in the judgment of an Independent Consultant is in the best interest of the Obligated Issuer and is not to the prejudice of the Noteholders.

With the consent of the holders of not less than a majority in aggregate principal amount of Notes outstanding, the Master Indenture may be changed in any manner; provided, however, that no supplemental indenture shall (a) change the times, amounts or currency or payment of the principal of, premium, if any, or interest on any Note or reduce the principal amount or redemption price of any Note or the rate of interest thereon, without the consent of the holder of such Note, or (b)(i) reduce the percentage of Notes, the holders of which are required to consent to any such supplemental indenture or (ii) except for any Notes issued with respect to Subordinated Indebtedness, permit the preference or priority of any Note or Notes over any other Note or Notes, without the consent of the holders of all Notes

then outstanding, or (c) modify the rights of the holders of not less than 25% in aggregate principal amount of any series of Notes, if any Note in that Series is in default as to payment of principal, premium or interest to compel the Master Trustee to declare the principal of all Notes then outstanding to be due and payable, without the consent of the holders of a majority in aggregate principal amount of the Notes of such series then outstanding.

Satisfaction and Discharge

If, when the Notes shall become due and payable and the whole amount of the principal of premium, if any, and interest due and payable upon all of the Notes shall be paid or provided for, then the right, title and interest of the Master Trustee to the property securing performance of the obligations of the Obligated Issuer and by the Master Indenture Mortgages and all covenants, agreements and other obligations of the Obligated Issuer to the Noteholders shall thereupon cease, terminate and become void and become discharged and satisfied. All outstanding Notes of any one or more series shall, prior to the maturity or redemption date thereof, be deemed to have been paid if there shall have been deposited with the Master Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof will provide moneys which shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Notes on and prior to the redemption date or maturity date thereof, as the case may be, and the Obligated Issuer shall have given the Master Trustee irrevocable instructions to give a notice to the holders of such Notes that the deposit described above has been made with the Master Trustee and that said Notes are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Notes.

APPENDIX D
FORM OF OPINIONS OF BOND COUNSEL
SERIES 2014A BONDS

(Date of Delivery)

City of Springfield, Kentucky
Springfield, Kentucky

- RE: \$5,965,000 City of Springfield, Kentucky Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project)

Ladies and Gentlemen:

We are acting as bond counsel in connection with the issuance of the above captioned bonds (the "Bonds"). In such capacity, we have examined such law, certified proceedings, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Sections 103.200 to 103.285, as amended, of the Kentucky Revised Statutes and an ordinance (the "Bond Ordinance") duly adopted by the City of Springfield, Kentucky (the "Issuer"). The Bonds are being issued under a Trust Indenture, dated as of December 1, 2014 (the "Indenture") between the Issuer and The Huntington National Bank, as bond trustee (the "Trustee"). The Issuer and Saint Catharine College, Inc. (the "Borrower") have entered into a Loan Agreement, dated as of December 1, 2014 (the "Loan Agreement"), pursuant to which the Borrower has agreed to pay to the Issuer such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due. Under the Indenture, the rights of the Issuer under the Loan Agreement (except for Unassigned Rights as defined therein) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the payments to be made by the Borrower under the Loan Agreement (the "Revenues").

Reference is hereby made to an opinion of Mary Angela Shaughnessy, Esquire, dated the date hereof, relating, among other matters, to the status of the Borrower as an exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

As to questions of fact material to our opinion, we have relied upon (a) representations of the Issuer and the Borrower, (b) certified proceedings and other certifications of public officials furnished to us, and (c) certifications furnished to us by or on behalf of the Borrower (including certifications made in the Tax Regulatory Agreement, dated the date of issuance of the Bonds, among the Issuer, the Borrower and the Trustee, which are material to Paragraph 4 below), without undertaking to verify the same by independent investigation.

In our capacity as Bond Counsel, we have not been engaged or undertaken to express and we do not express any opinion (other than as may be expressly set forth herein) with respect to (a) the legal existence or the due authorization, execution, or delivery by or enforcement against the Borrower of any instrument or agreement in connection with the project financed with the proceeds of the Bonds (the "Project") or the Bonds, (b) title to the Project or compliance with zoning, land use, and related laws, (c) the status of any lien or matter of record or security interest purported to be created in connection with the foregoing, or (d) the accuracy, completeness, or sufficiency of the official statement relating to the Bonds (the "Official Statement") (except to the extent stated in our supplemental opinion addressed to Ross, Sinclair & Associates, LLC dated the date hereof) or any other offering material relating to the Bonds.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing statutes, regulations, rulings, and court decisions, that:

1. The Issuer is validly existing as a political subdivision and existing under the laws of the Commonwealth of Kentucky with the power and authority to (a) adopt the Ordinance and perform the agreements on its part contained therein, (b) issue, sell, and deliver the Bonds and use the proceeds thereof upon the terms and conditions and for the purposes set forth in the Loan Agreement and in the Indenture, (c) enter into and perform its obligations under the Loan Agreement and the Indenture, and (d) create the assignment, pledge, and security interest under the Indenture in favor of the owners of the Bonds.

2. The Bond Ordinance has been duly adopted by the Issuer, and the Loan Agreement and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Loan Agreement (except for Unassigned Rights as defined therein).

3. The Bonds (a) have been duly authorized, executed, and issued by the Issuer and delivered to the Trustee for authentication, (b) have been authenticated by the Trustee and delivered to the purchasers thereof, and (c) are valid and binding special or limited obligations of the Issuer payable solely from the Revenues.

4. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants made by the Issuer and the Borrower designed to meet the requirements of Section 103 of the Code.

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Code.

6. The interest payable on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

Except as expressly stated above, we express no opinion as to any other federal or any other state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Bonds, which may include purchase at a market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

SERIES 2014B BONDS

(Date of Delivery)

City of Springfield, Kentucky
Springfield, Kentucky

RE: \$3,675,000 City of Springfield, Kentucky Taxable Industrial Building Revenue
Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project)

Ladies and Gentlemen:

We are acting as bond counsel in connection with the issuance of the above captioned bonds (the "Bonds"). In such capacity, we have examined such law, certified proceedings, and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Sections 103.200 to 103.285, as amended, of the Kentucky Revised Statutes and an ordinance (the "Bond Ordinance") duly adopted by the City of Springfield, Kentucky (the "Issuer"). The Bonds are being issued under a Trust Indenture, dated as of December 1, 2014 (the "Indenture") between the Issuer and The Huntington National Bank, as bond trustee (the "Trustee"). The Issuer and Saint Catharine College, Inc. (the "Borrower") have entered into a Loan Agreement, dated as of December 1, 2014 (the "Loan Agreement"), pursuant to which the Borrower has agreed to pay to the Issuer such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due. Under the Indenture, the rights of the Issuer under the Loan Agreement (except for Unassigned Rights as defined therein) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the payments to be made by the Borrower under the Loan Agreement (the "Revenues").

As to questions of fact material to our opinion, we have relied upon (a) representations of the Issuer and the Borrower, and (b) certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

In our capacity as Bond Counsel, we have not been engaged or undertaken to express and we do not express any opinion (other than as may be expressly set forth herein) with respect to (a) the legal existence or the due authorization, execution, or delivery by or enforcement against the Borrower of any instrument or agreement in connection with the project financed with the proceeds of the Bonds (the "Project") or the Bonds, (b) title to the Project or compliance with zoning, land use, and related laws, (c) the status of any lien or matter of record or security interest purported to be created in connection with the foregoing, or (d) the accuracy, completeness, or sufficiency of the official statement relating to the Bonds (the "Official Statement") (except to the extent stated in our supplemental opinion addressed to Ross, Sinclair & Associates, LLC dated the date hereof) or any other offering material relating to the Bonds.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing statutes, regulations, rulings, and court decisions, that:

1. The Issuer is validly existing as a political subdivision and existing under the laws of the Commonwealth of Kentucky with the power and authority to (a) adopt the Ordinance and perform the agreements on its part contained therein, (b) issue, sell, and deliver the Bonds and use the proceeds thereof upon the terms and conditions and for the purposes set forth in the Loan Agreement and in the Indenture, (c) enter into and perform its obligations under the Loan

Agreement and the Indenture, and (d) create the assignment, pledge, and security interest under the Indenture in favor of the owners of the Bonds.

2. The Bond Ordinance has been duly adopted by the Issuer, and the Loan Agreement and the Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Loan Agreement (except for Unassigned Rights as defined therein).

3. The Bonds (a) have been duly authorized, executed, and issued by the Issuer and delivered to the Trustee for authentication, (b) have been authenticated by the Trustee and delivered to the purchasers thereof, and (c) are valid and binding special or limited obligations of the Issuer payable solely from the Revenues.

4. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is not excludible from gross income for federal income tax purposes. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds.

5. The interest payable on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

Except as expressly stated above, we express no opinion as to any other federal or any other state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Bonds, which may include purchase at a market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Relating to:

\$5,965,000

City of Springfield, Kentucky
Industrial Building Revenue Refunding Bonds, Series 2014A
(Saint Catharine College, Inc. Project)

and

\$3,675,000

City of Springfield, Kentucky
Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B
(Saint Catharine College, Inc. Project)

Dated as of: December 1, 2014

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THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is made and entered into as of the 1st day of December, 2014, between **ROSS, SINCLAIRE & ASSOCIATES, LLC**, as disclosure agent (the “Disclosure Agent”) and **SAINT CATHARINE COLLEGE, INC.** (the “Borrower”) and consented to by the **CITY OF SPRINGFIELD, KENTUCKY** (the “Issuer”).

RECITALS

WHEREAS, the Issuer has issued or will issue its Industrial Building Revenue Refunding Bonds, Series 2014A (Saint Catharine College, Inc. Project) in the original aggregate principal amount of \$5,965,000 (the “Series 2014A Bonds”) and its Taxable Industrial Building Revenue Refunding and Improvement Bonds, Series 2014B (Saint Catharine College, Inc. Project) in the original aggregate principal amount of \$3,675,000 (the “Series 2014B Bonds,” and together with the Series 2014A Bonds, the “Series 2014 Bonds”) pursuant to a Bond Trust Indenture dated as of December 1, 2014 (the “Indenture”) between the Issuer and The Huntington National Bank, as bond trustee and has loaned or will loan the proceeds thereof to the Borrower pursuant to a Loan Agreement dated as of December 1, 2014 (the “Loan Agreement”) between the Borrower and the Issuer for the purpose of (i) permanently financing or refinancing all or a portion of the costs of the acquisition, construction, installation, equipment, expansion or renovation of certain educational, academic and recreational facilities, equipment and infrastructure, including, but not limited to the Emily W. Hundley Library and the Parker Beam Property, real property located at 2670 Bardstown Road and 3161 Bardstown Road in Springfield, Kentucky, all located on the current campus of the College, the mailing address of which is 2735 Bardstown Road, St. Catharine, Kentucky (collectively, the “Series 2014 Project”); (ii) refunding the Issuer’s Industrial Building Revenue Bonds, Series 2010 (Saint Catharine College, Inc. Project) and the Issuer’s Industrial Building Revenue Bonds, Series 2010B (Saint Catharine College, Inc. Project) which were issued to finance or refinance, in whole or in part, the costs of the acquisition, construction, installation, renovation, expansion and/or improvement of certain facilities all located on the campus of the College, owned and operated by Saint Catharine College, Inc. and used in furtherance of its educational purposes; and (iii) paying all or a portion of the costs of issuance of the Series 2014 Bonds; and

WHEREAS, the Series 2014 Bonds have been offered and sold pursuant to a Preliminary Official Statement dated November 26, 2014, and an Official Statement dated December 3, 2014 (collectively, the “Offering Document”); and the Issuer has entered into a Bond Purchase Agreement, dated December 3, 2014 (the “Bond Purchase Agreement”), with respect to the sale of the Series 2014 Bonds, with the Borrower and the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Disclosure Agent and the Borrower, with the consent of the Issuer, wish to provide for the disclosure of certain information concerning the Series 2014 Bonds, the Series 2014 Project and other matters on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”);

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Indenture and/or the Loan Agreement, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture and the Loan Agreement, as those agreements are amended and supplemented from time to time. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual audited financial information prepared for the Borrower which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Borrower may change the accounting principles used for preparation of such financial information so long as the Borrower includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be incorporated by reference from other documents, including Offering Documents of debt issues of the Borrower, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries).

“Bondholders” shall mean any holder of the Series 2014 Bonds and any Beneficial Owner thereof.

“Event” shall mean any of the following events with respect to the Series 2014 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The SEC requires the listing of (i) through (xiv) although some of such events may not be applicable to the Series 2014 Bonds.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Offering Document” shall mean the Official Statement, dated December 3, 2014.

“Operating Data” shall mean an update of the Operating Data contained in the Offering Document.

“Release” shall mean Securities and Exchange Commission Release No. 34-34961.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the Commonwealth of Kentucky.

“Turn Around Period” shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Borrower to the Disclosure Agent; (ii) two (2) business days with respect to Event occurrences disclosed by the Borrower to the Disclosure Agent or such lesser period as necessary in order for such Event occurrence to be disclosed to the public no more than ten (10) business days after the occurrence thereof; or (iii) two (2) business days with respect to the failure, on the part of the Borrower, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Borrower of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

“Underwriter” shall mean any of the original underwriters of the Series 2014 Bonds required to comply with the Rule in connection with the offering of the Series 2014 Bonds.

(B) This Agreement applies to the Series 2014 Bonds and any additional bonds issued under the Indenture.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Series 2014 Bonds or the Series 2014 Project except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower, apart from the relationship created by this disclosure undertaking shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Borrower.

Section 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Borrower's direction to the Disclosure Agent, and the Issuer's consent thereto, with respect to information to be made public. The Borrower and the Disclosure Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. In its actions under this Agreement, the Disclosure Agent is acting as the Borrower's agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Borrower shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) *Annual Financial Information and Operating Data.* Annual Financial Information and Operating Data at least annually not later than six months after the end of the College's current fiscal year beginning with fiscal year ending June 30, 2015 and continuing with each fiscal year thereafter, for which the information is provided taking into account the Turn Around Period.

(2) *Event Notices.* Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(3) *Failure to Provide Annual Financial Information or Operating Data.* Notice of the failure of Borrower to provide the Annual Financial Information or Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Borrower directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Borrower's agent in so making public, the following:

(a) the Annual Financial Information and Operating Data;

(b) Event occurrences;

(c) the notices of failure to provide information which the Borrower has agreed to make public pursuant to subsection (B)(3) of this Section 2;

(d) such other information as the Borrower shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Borrower chooses to include any information in any Annual Financial Information or Operating Data report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, the Borrower shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Operating Data report or notice of occurrence of an Event; and

(2) The information which the Borrower has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent by the Borrower, in the form required by the Indenture or the Loan Agreement or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and, subject to the timing requirement set forth in subsection (B)(2) of this Section 2, Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Series 2014 Bonds, if required in the Indenture, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Borrower to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Borrower or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Bondholders of outstanding Series 2014 Bonds, by the method prescribed by the Indenture;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto); and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Borrower or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Borrower, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

(c) to the extent the Borrower is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific

reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Bondholders, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Borrower for response.

(E) Disclosure Agent Compensation. The Borrower shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement in the amount of \$-0-

(F) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent or the Issuer to reimbursement, indemnification and other rights pursuant to the Indenture or the Loan Agreement or under law or equity, the Borrower shall indemnify and hold harmless the Disclosure Agent and the Issuer and their respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Borrower shall not be required to indemnify the Disclosure Agent or the Issuer for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent or the Issuer in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Series 2014 Bonds.

Section 3. Amendment or Waiver.

Notwithstanding any other provision of this Agreement, the Borrower and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Borrower) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Borrower and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of

such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Series 2014 Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Series 2014 Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Series 2014 Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities law provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB. This Agreement shall terminate when all of the Series 2014 Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Series 2014 Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

The occurrence of any event of default as provided in this Agreement shall not constitute an event of default under the Indenture or the Loan Agreement.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Borrower, the Disclosure Agent, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

Section 5. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 6. Notices.

Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:

City of Springfield, Kentucky
127 West Main Street
Springfield, Kentucky 40069
Attention: Mayor

To the Borrower:

Saint Catharine College, Inc.
2735 Bardstown Road
Springfield, Kentucky 40061
Attention: President

To the Disclosure Agent:

Ross, Sinclair & Associates, LLC
700 Walnut Street, Suite 600
Cincinnati, OH 45202
Attention: Public Finance Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

[Signatures and Seals to Follow]

IN WITNESS WHEREOF, the Disclosure Agent and the Borrower have each caused their duly authorized officers to execute this Agreement, and the Issuer has caused its duly authorized officer to consent to this Agreement, as of the day and year first above written.

SAINT CATHARINE COLLEGE, INC.

By: _____
Name: William Huston
Title: President

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: _____
Name: _____
Title: _____

CONSENT

CITY OF SPRINGFIELD, KENTUCKY

By: _____
Name: John Cecconi
Title: Mayor

[SEAL]

Attest:

By: _____
Name: Laurie Smith
Title: City Clerk

[Signature Page of Continuing Disclosure Agreement]

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated

person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

APPENDIX F
DETERMINATION OF DEBT SERVICE COVERAGE
RATIO BY CONSULTANT



Longhouse Capital Advisors, LLC
628 N. Kensington Ave.
La Grange Park, IL 60526
P: (312) 869-4070 F: (312) 268-1109
www.longhousecapital.com

November 18, 2014

Mr. Gary Robinson
Vice President for Finance and Administration
St. Catharine College
Boone Administration Building
St. Catharine, KY 40061

Ms. Cheri Scott-Geraci
The Huntington National Bank
Rookwood Tower, Suite 3500
3805 Edwards Rd., CN03
Cincinnati, OH 45209

Dear Mr. Robinson and Ms. Scott-Geraci:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Saint Catharine College, Inc. (the "College").

We have performed the procedures enumerated below, which were agreed to by Saint Catharine College, Inc. solely to assist you with respect to compliance with the selected elements of the Master Trust Indenture dated November 1, 2004 (the "Master Trust Indenture") for the proposed issuance of City of Springfield, Kentucky, Industrial Building Revenue Refunding Bonds (Saint Catharine College Project) Series 2014 tax exempt and taxable refunding bonds (the "proposed Long-Term Indebtedness") as of and for the year ended June 30, 2014 and through the date of issuing our report.

The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

Our procedures and results are as follows:

Procedure 1: Calculate the Debt Service Coverage Ratio as of and for the year ending June 30, 2014, taking into account all Outstanding Senior Long-Term Indebtedness but not taking into account the Long-Term Indebtedness then proposed (the "proposed Long-term Indebtedness") to be incurred, to determine that the Debt Service Coverage Ratio is not less than 1.20, as defined in the Master Indenture.

Result 1: Using the audited June 30, 2014 audited financial statements, we determined the Debt Service Coverage Ratio as of June 30, 2014 to be 1.525. Details of the calculation are provided in the column entitled "Procedure 1" in Schedule I attached to this report.

Procedure 2: Calculate the Debt Service Coverage Ratio taking into account the proposed Long-term indebtedness for the first full Fiscal Year ending June 30, 2015, based on budgeted amounts for Net Income Available for Debt Service provided by the College, to determine that the Debt Service Coverage Ratio is not less than 1.20 as defined in the Master Indenture.

Result: Using the unaudited budget provided by the College for the year ending June 30, 2015, we determined that the Debt Service Coverage Ratio as of June 30, 2015 was projected to be 1.662. Details of this calculation are provided in the "Procedure 2" column of the attached Schedule I.

Pertaining to these procedures, we were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on Saint Catharine College, Inc.'s compliance with selected elements of the Master Trust Indenture dated November 1, 2004. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of Saint Catharine College, Inc. and the Master Trustee (as defined in the Master Trust Indenture) and is not intended to be and should not be used by anyone other than those specific parties.

A handwritten signature in dark ink, reading "Michael Boisvert". The signature is written in a cursive, flowing style.

Longhouse Capital Advisors, LLC
La Grange Park, Illinois

Attachment

SCHEDULE I – Calculation of Debt Service Coverage Ratios

Description	<u>Procedure 1 – FY 2013-14</u>	<u>Procedure 2 – FY 2014-15</u>
Unrestricted Revenues		
Net Tuition and Fees	\$7,528,150	\$8,056,067
Other Revenue	<u>\$3,934,413</u>	<u>\$4,580,362</u>
Total Operating Revenues	\$11,462,563	\$12,636,429
Plus: Net Assets Released From Restriction	<u>\$551,946</u>	<u>\$350,000</u>
Equals: Total Revenues	\$12,014,509	\$12,986,429
Less: Total Operating Expenses	(\$13,006,696)	(\$12,529,269)
Equals: Change in Unrestricted Net Assets	(\$992,187)	\$457,160
Add Back:		
Expense Assoc'd with Project Property	\$ 0	\$ 0
Depreciation	\$1,001,024	\$ 984,000
Interest Expense	\$1,294,248	\$1,246,467
Fed., State & Local taxes, if any	\$ 0	\$ 0
Operating Exp. For Fundraising	<u>\$ 564,092</u>	<u>\$ 564,092</u>
Subtotal	\$2,859,364	\$2,794,559
Equals: Net Income Avail. for Debt Service	\$1,867,177	\$3,251,719
Combined Pro Forma Debt (Post – Refinancing)		
Projected Maximum Annual Debt Service		\$1,956,499
Debt Service Coverage Ratio		1.662
Senior Debt Only – Pre Refinancing		
Maximum Annual Debt Service	\$1,224,775	
Debt Service Coverage Ratio	1.525	