

LOAN AGREEMENT

Dated as of May 1, 2014

between

LOUISVILLE MEDICAL CENTER, INC.

and

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY

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Louisville/Jefferson County Metro Government, Kentucky,  
Taxable Revenue Bonds, Series 2014  
(Louisville Medical Center Laundry Facility Project)

The rights of Louisville/Jefferson County Metro Government, Kentucky hereunder have been assigned to U.S. Bank National Association, Louisville, Kentucky, as Bond Trustee under a Bond Trust Indenture dated as of May 1, 2014, from Louisville/Jefferson County Metro Government, Kentucky securing the 2014 Bonds as defined herein.

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## LOAN AGREEMENT

This LOAN AGREEMENT (this "Loan Agreement") dated as of May 1, 2014, between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, a political subdivision of the Commonwealth of Kentucky ("Metro Government"), and LOUISVILLE MEDICAL CENTER, INC., a Kentucky nonstock, nonprofit corporation (the "Corporation"),

### WITNESSETH

WHEREAS, all capitalized terms not otherwise defined in this preamble shall have the meanings set forth in Article I of the Bond Trust Indenture dated May 1, 2014, between Metro Government and U.S. Bank National Association, as trustee (the "Bond Indenture"), unless the context or use clearly indicates another meaning or intent; and

WHEREAS, pursuant to the provisions of Chapter 67C of the Kentucky Revised Statutes and the Act, Metro Government has the power to enter into the transactions contemplated by the Bond Indenture and this Loan Agreement and to carry out its obligations hereunder; and

WHEREAS, the Commission owns and operates a central medical laundry facility located at 1400 Story Avenue, Louisville, Kentucky 40202 (the "Laundry"); and

WHEREAS, Louisville Medical Center, Inc., a Kentucky nonprofit corporation (the "Corporation"), provides advice and assistance to the Commission regarding the operation of the Laundry; and

WHEREAS, the Corporation and the Commission are parties to the User Contract whereby the Corporation and the Commission have agreed to provide medical laundry services to the User Institutions in exchange for the agreement of the User Institutions to pay the operating costs of the Laundry and the debt service of any revenue bonds issued by Metro Government to finance or refinance improvements to the Laundry; and

WHEREAS, Metro Government previously issued the 2003 Bonds pursuant to the 2003 Bond Indenture for the purposes of (i) financing an expansion of the Laundry and permanently financing interim debt incurred in connection with the expansion; and (ii) paying costs of issuance for the 2003 Bonds; and

WHEREAS, Metro Government previously issued the 2012 Bonds pursuant to the 2012 Bond Indenture for the purposes of (i) advance refunding the 2003 Bonds and (ii) paying costs of issuance for the 2012 Bonds; and

WHEREAS, Metro Government, the Corporation and the Commission have determined to provide for the issuance of the 2014 Bonds in the aggregate principal amount of \$[\_\_\_\_\_] pursuant to this Bond Indenture for the purposes of (i) financing the acquisition, construction and installation of new air conditioning equipment, washing equipment, linen carts and related equipment and property for the Laundry (the "Project"), (ii) paying interim bank financing incurred by the Commission for the initial costs of the Project; and (iii) paying costs of issuance of the 2014 Bonds; and

WHEREAS, authorized representatives of each User Institution have approved the issuance of the 2014 Bonds by Metro Government for the benefit of the Commission and the Corporation in accordance with the User Contract; and

WHEREAS, pursuant to the request of the Corporation and the Commission, the 2014 Bonds are to be issued under the Bond Indenture on a parity as to security and source of payment as the 2012 Bonds; and

WHEREAS, the execution and delivery of the Bond Indenture and the issuance of the 2014 Bonds by Metro Government and the execution and delivery of this Loan Agreement by Metro Government and the Corporation, all pursuant to the Act, have been duly and validly authorized and approved by an ordinance duly adopted by Metro Government and by resolutions duly adopted by the Governing Body of the Corporation and the Commission; and

WHEREAS, it is the intent of the parties, and it is provided in the 2012 Bond Indenture, that the 2014 Bond be issued as Additional Bonds in accordance with the requirements of the 2012 Bond Indenture on a parity as to security and source of payment with the 2012 Bonds;

NOW, THEREFORE, the Corporation and Metro Government hereby covenant and agree as follows:

#### ARTICLE I DEFINITIONS

The terms used in this Loan Agreement, unless the context requires otherwise, shall have the same meanings as set forth in the Bond Indenture or the preamble hereof. Additionally, the following terms as used in this Loan Agreement shall have the following meanings:

“Bond Indenture” has the meaning set forth in the recitals hereto.

“Deed of Correction” means the Deed of Correction dated April 16, 2008 by and between Metro Government and the Corporation recorded in Deed Book 9224, Page 550 in the office of the Clerk of Jefferson County, Kentucky, whereby the parties amended the Original Deed to permit the real property and improvements located thereon constituting the Laundry to be reconveyed to the Corporation upon the earlier of December 31, 2069 or the discharge and defeasance of the 2003 Bonds.

“ERISA” has the meaning provided in Section 2.02(g) hereof.

“Fiscal Year” means, with reference to the Corporation, a twelve-month period ending December 31.

“GAAP” means generally accepted accounting principles as pronounced from time to time by the Financial Accounting Standards Board.

“Indebtedness” means any indebtedness of the Corporation for borrowed money which is classified as a liability on its balance sheet, and may include without limitation the 2014 Bonds.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including reasonable attorneys’ and adjusters’ fees and expenses and any fees and expenses of the Bond Trustee or the Corporation) incurred in the collection of such gross proceeds.

“Original Deed” means the Deed dated March 31, 1970 by and between the Predecessor County and the Corporation recorded in Deed Book 4343, Page 94 in the office of the Clerk of Jefferson County, Kentucky, whereby the Corporation deeded property known as 1400 Story Avenue, Louisville, Kentucky, to the Predecessor County.

“Payments” means the amounts due and payable by the Corporation as set out in Section 6.02 hereof.

“Permitted Encumbrances” means: (a) undetermined liens and charges incident to construction or maintenance, and liens and charges incident to construction or maintenance filed of record which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided that the Corporation shall have set aside reserves with respect thereto which, in an Officer’s Certificate of the Corporation filed with the Bond Trustee, are certified to be adequate; (b) notices of *lis pendens* or other notices of or liens with respect to pending actions which are being contested in good faith and have not proceeded to final judgment (and for which all applicable periods for appeal or review have not expired), provided the Corporation shall have set aside reserves with respect thereto which, in an Officer’s Certificate of the Corporation filed with the Bond Trustee, are adequate; (c) the lien for taxes and assessments, either not yet due or being diligently contested in good faith, provided (i) that the Corporation shall have set aside reserves with respect thereto which, in an Officer’s Certificate of the Corporation filed with the Bond Trustee, are certified to be adequate, and (ii) that non-payment of such taxes and assessments do not involve any material danger of the sale, forfeiture or loss of the Project or any collateral for the 2014 Bonds hereunder or any material part or portion thereof or any interest therein; (d) minor defects and irregularities in title which in the aggregate do not materially adversely affect the value or operation of the property to which such encumbrance relates for the purposes for which it is or may reasonably be expected to be used; (e) any easements, servitudes or land charges or similar rights of a kind customarily given by owners of property of the type in the ordinary course of business which, individually or in the aggregate do not have a material adverse effect on the value, utility, residual value or useful life of the Project or any material portion thereof immediately before such lien and which do not involve a material danger of the sale, forfeiture, loss or restriction on use of any material portion of the Project; (f) zoning laws and ordinances; (g) the rights of Metro Government and the Bond Trustee under this Loan Agreement and the Bond Indenture; (h) liens securing the indebtedness for the payment, redemption or satisfaction of which money (or evidences of indebtedness) in the necessary amount shall have been irrevocably deposited in trust with a trustee or other holder of such indebtedness; (i) security interests granted pursuant to equipment leases or installment purchases in the ordinary course of business, provided that the aggregate amount secured by such security interest shall not at any time exceed \$250,000.00; (j) statutory liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than sixty (60) days or are being diligently contested in good faith by appropriate proceedings so long as such proceedings do not involve

any material danger of the sale, forfeiture, loss or restriction on use of the Project or any material portion thereof or any collateral for the 2014 Bonds hereunder or any material part or portion thereof or any interest therein; and (k) any license or granting of other temporary right in the Project in its business or commercial activities, function or development; provided that any such license or temporary right will not interfere with the ownership and/or operation of the Project.

“Plans” has the meaning provided in Section 2.02(g) hereof.

“Unrelated Trade or Business” means an activity which constitutes an “unrelated trade or business” within the meaning of Section 513(a) of the Code without regard to whether such activity results in unrelated trade or business income subject to taxation under Section 512(a) of the Code.

All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

## ARTICLE II REPRESENTATIONS

Section 2.01. Representations by Metro Government. Metro Government represents and warrants that:

(a) Metro Government is a political subdivision of the State validly created and existing under Chapter 67C of the Kentucky Revised Statutes, has full power and authority to execute, deliver and issue the 2014 Bonds, is authorized to enter into the transactions contemplated by this Loan Agreement, the Bond Indenture, the Bond Purchase Agreement and the User Contract and to carry out its obligations hereunder and thereunder, has been duly authorized to execute and deliver, and has executed and delivered, this Loan Agreement, the Bond Indenture, the 2014 Bonds, the Bond Purchase Agreement and the User Contract and agrees that to the extent permitted by law it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The issuance and sale of the 2014 Bonds, the loan of a portion of the proceeds of the 2014 Bonds to the Corporation to provide moneys for the acquisition, construction and installation of the Project, the execution and delivery of this Loan Agreement, the Bond Indenture, the Bond Purchase Agreement and the User Contract and the performance of all covenants and agreements of Metro Government contained therein and the performance of all other acts and things required under the Constitution and laws of the State to make this Loan Agreement, the Bond Indenture, the Bond Purchase Agreement and the User Contract valid and binding obligations enforceable against Metro Government, and to make the 2014 Bonds the valid and binding special and limited obligations of Metro Government, enforceable in accordance with their terms are authorized by the Act and have been duly authorized by an ordinance of Metro Government adopted at meetings thereof duly called and held; and

(c) To provide funds to loan to the Corporation for the purposes described above and in the Bond Indenture, Metro Government has authorized its 2014 Bonds in the aggregate principal amount of \$[\_\_\_\_\_] to be issued upon the terms set forth in the Bond Indenture, under the provisions of which Metro Government's interest in this Loan Agreement and the payments and other revenues hereunder (other than Unassigned Rights) are pledged and assigned to the Bond Trustee as partial security for the payment of the principal of and interest on the 2014 Bonds.

(d) Metro Government has good and marketable title to the site of the Project, in all cases free and clear of all liens whatsoever except Permitted Encumbrances; the easements, rights-of-way, liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments on adjoining real estate, if any, now existing with respect to the site of the Project do not and will not materially adversely affect the value of the Project, materially impair the same, or materially impair or materially interfere with the operation and usefulness thereof for the purposes for which it was acquired or is held by (d) Metro Government; the Project is located on real estate which Metro Government owns and does not violate any applicable zoning or land use law or similar restriction; and the recitals of fact and statements contained in this Loan Agreement with respect to Metro Government are true.

Section 2.02. Representations and Warranties by Corporation. The Corporation makes the following representations and warranties as the basis for its covenants herein:

(a) The Corporation is a nonstock, nonprofit corporation duly incorporated under the laws of the State, is in good standing and duly authorized to conduct its business in the State, is duly authorized and has full power under the laws of the State and all other applicable provisions of law and its articles of incorporation and by-laws to enter into, execute and deliver the Bond Purchase Agreement, the User Contract and this Loan Agreement; and all action on its part necessary for the valid execution and delivery of this Loan Agreement, the Bond Purchase Agreement and the User Contract have been duly and effectively taken.

(b) The execution and delivery of this Loan Agreement, the Bond Purchase Agreement and the User Contract, the consummation of the transactions contemplated herein and therein, and the fulfillment of the terms and conditions hereof and thereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate restriction or of any agreement or instrument to which the Corporation is now a party, and do not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any lien upon any of the property of the Corporation, including property which the Corporation subsequently acquires, except for Permitted Encumbrances. The Corporation has good and marketable title to the portions of the Project owned by it and will acquire good and marketable title to its other property, in all cases free and clear of all liens whatsoever except Permitted Encumbrances. The liens, encumbrances, covenants, conditions, restrictions, exceptions, minor defects, irregularities of title and encroachments, if any, now existing with respect to the portions of the Project owned by the Corporation do not and will not materially adversely affect the value of the Project, materially impair the same, or materially impair or materially interfere with the operation and usefulness thereof for the purposes for which it was acquired or is held by the Corporation; and the recitals of fact and statements contained in this Loan Agreement with respect to the Corporation are accurate.



(c) The Corporation has or will obtain on a timely basis all necessary licenses and permits to undertake the acquisition, construction and installation of the Project.

(d) No litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation, except litigation, proceedings or investigations involving claims for which the probable ultimate recoveries and the estimated costs and expenses of defense in the opinion of counsel for the Corporation, (i) will be entirely within applicable insurance policy limits (subject to applicable deductibles) or not in excess of the total available reserves held under applicable self-insurance programs, or (ii) will not have a materially adverse effect on the operations or condition, financial or otherwise, of the Corporation. In addition, no litigation, proceedings or investigations are pending or, to the knowledge of the Corporation, threatened against the Corporation seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of the Bond Indenture or the 2014 Bonds by Metro Government, the Bond Purchase Agreement, the User Contract or this Loan Agreement by the Corporation or which would in any manner challenge or adversely affect the corporate existence or powers of the Corporation to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Corporation of the terms and provisions of the Bond Purchase Agreement, the User Contract or this Loan Agreement.

(e) [Reserved].

(f) The Loan Agreement, the User Contract and any written statement furnished by the Corporation to Metro Government do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which the Corporation has not disclosed to Metro Government in writing which materially adversely affects or, so far as the Corporation can now foresee, will materially adversely affect the financial condition of the Corporation, the Corporation's ability to own and operate its property or its ability to make the payments under this Loan Agreement when and as the same become due and payable.

(g) The Corporation has not heretofore engaged in, and the consummation of the transactions herein provided for and compliance by the Corporation with the provisions of this Loan Agreement and the User Contract will not involve, any prohibited transaction within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code. No "employee pension benefit plans," as defined in ERISA ("Plans"), maintained by the Corporation, nor any trusts created thereunder, have incurred any "accumulated funding deficiency" as defined in Section 302 of ERISA nor does the present value of all benefits vested under all Plans exceed, as of the last annual valuation date, the value of the assets of the Plans allocable to such vested benefits.

(h) [Reserved].

(i) The issuance of the 2014 Bonds will further the public purposes of the Act.

(j) The execution and delivery of this Loan Agreement, the Bond Purchase Agreement and the User Contract, the compliance with the terms, conditions and provisions thereof and the consummation of the transactions therein contemplated do not in any material way violate any existing law or any existing regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the Corporation.

### ARTICLE III ISSUANCE OF BONDS

#### Section 3.01. Issuance of 2014 Bonds and Application of Proceeds.

(a) To provide funds to loan to the Corporation to finance the acquisition, construction and installation of the Project and to pay the costs of issuing the 2014 Bonds and related expenses, Metro Government agrees to issue the 2014 Bonds in accordance with the Bond Indenture and to cause the proceeds thereof to be paid to the Bond Trustee for application as provided in Article III of the Bond Indenture.

(b) The parties acknowledge and agree that Additional Bonds may be issued in accordance with the terms of Section 2.14 of the Bond Indenture for the respective purposes set out therein; and this Loan Agreement may be amended or supplemented from time to time or additional loan agreements authorized and executed to effectuate the issuance of any such Additional Bonds.

Section 3.02. Security for 2014 Bonds. The Corporation agrees that the principal and redemption price of and the interest on the 2014 Bonds shall be payable in accordance with the Bond Indenture, and the right, title and interest of Metro Government hereunder and in and to the payments and other amounts paid or payable by the General Manager of the Laundry on behalf of the Corporation and the Commission hereunder and pursuant to the User Contract, other than amounts reimbursable to Metro Government, are and shall be assigned and pledged by Metro Government to the Bond Trustee to secure the payment of the 2014 Bonds. The Corporation agrees that all of the rights accruing to or vested in Metro Government (except Unassigned Rights) hereunder may be exercised, protected and enforced by the Bond Trustee for or on behalf of the holders of the 2014 Bonds in accordance with the provisions hereof and of the Bond Indenture.

#### Section 3.03. [Reserved].

Section 3.04. Payment of 2014 Bonds. The Corporation agrees that the principal of and the interest on the 2014 Bonds shall be made payable in accordance with the provisions of the Bond Indenture and that this Loan Agreement and payments to be made hereunder (excluding Unassigned Rights) shall be assigned and pledged to the Bond Trustee to secure the payment of the 2014 Bonds. The foregoing notwithstanding, the Corporation agrees that the moneys and securities, if any, on deposit in any rebate fund established in connection with the issuance of any series of Parity Bonds are not part of the Trust Estate under the Bond Indenture and are not available to make payments of principal of and interest on the 2014 Bonds.

#### Section 3.05. [Reserved].

Section 3.06. Right of Bond Trustee to Enforce this Loan Agreement. The Corporation agrees that this Loan Agreement and all of the rights, interests, powers, privileges and benefits accruing to or vested in Metro Government under this Loan Agreement may be protected and enforced in conformity with the Bond Indenture and may be thereby assigned by Metro Government to the Bond Trustee (except for Unassigned Rights) as security for the 2014 Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of this Loan Agreement and the Bond Indenture.

#### ARTICLE IV CONSTRUCTION AND OPERATION OF PROJECT

Section 4.01. Payment of Project Costs. The Corporation agrees to pay all the costs of development, acquisition, construction and installation of the Project and to pay any recording expenses, trustee's acceptance fees, legal fees, printing expenses and other fees and expenses incurred or to be incurred by or on behalf of the Authority in connection with or as an incident to the issuance and sale of the 2014 Bonds. Neither Metro Government nor the Bond Trustee makes any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Loan Agreement and the Bond Indenture, will be available for payment of the costs described in the preceding sentence, will be sufficient to pay all the costs which will be incurred in that connection. The Corporation agrees that if after exhaustion of the moneys in the Construction Fund the Corporation shall pay any portion of said costs, it shall not be entitled to any reimbursement therefor from Metro Government, the Bond Trustee, or the Bondholders, nor shall it be entitled to any abatement, postponement or diminution of the amounts payable on the 2014 Bonds or otherwise under this Loan Agreement. The Corporation shall pay the costs of development, acquisition, construction and installation from the net proceeds of the 2014 Bonds.

Section 4.02. Acquisition and Construction of Project. The Corporation represents and warrants that it has acquired or has binding contracts to acquire good and marketable fee simple title to the site of the Project, subject to Permitted Encumbrances, and agrees that it will, with all reasonable dispatch, cause all of such site to be acquired and the Project to be acquired, constructed and installed thereon substantially in compliance with the plans therefor, as may be necessarily modified from time to time by the Corporation, and that it will complete such acquisition, construction and installation in accordance with such plans. The Corporation shall make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things required with respect to the construction, acquisition and installation of the Project. The Corporation will ask, demand, sue for, levy and use its best efforts to recover and receive such sums of money, debts or other demands whatsoever in connection with the Project to which it may be entitled under any contract, order, receipt, guarantee, warranty, writing or instruction in connection with any of the foregoing, and it will enforce the material provisions of any contract, agreement, obligation, bond or other security in connection with the Project. The scope of the Project may be amended, or component parts of the Project may be changed or abandoned from time to time, if deemed necessary or desirable by the Corporation by delivery to the Bond Trustee of an Officer's Certificate (i) designating such amendment or change; (ii) describing any new or substituted property to be included in the Project together with any part of the Project that is eliminated,

certifying that any such new or substituted property does or shall constitute related property owned or to be owned by the Corporation.

The Corporation will not approve any change orders concerning the Project unless prior to such approval the Corporation has filed with the Bond Trustee a Certificate of the Corporation stating the cost of the change order and the source of funds from which such costs will be paid and confirming that the Corporation has sufficient funds to complete the Project, as modified by such change order. Any change orders (i) over \$50,000 in cost (ii) that shall result in a delay in the construction of the essential parts of the Project of more than three (3) months, or (iii) that are funded from sources other than the 2014 Bonds shall be subject to the written approval of the change order by the Bondholder.

The completion of the Project shall be evidenced to the Bond Trustee and the Bond Insurer by an Officer's Certificate of the Corporation (the "Completion Certificate") stating that, except for amounts retained by the Bond Trustee at the Corporation's direction to pay any cost of the Project not then due and payable, or due and payable but subject to dispute, (i) acquisition and construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment constituting part of the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed and installed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, the Completion Certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction and installation of the Project as described above, the Corporation agrees to cause such certificate to be furnished to the Bond Trustee and the Bondholder. Upon receipt of the Completion Certificate, the Bond Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of the costs of the Project not then due and payable according to such certificate, together with a sum equal to any amounts necessary for payment of costs of new improvements or equipment for the Corporation as may be directed in writing by a Written Request of the Corporation in accordance with Section 3.02 of the Bond Indenture. If any such amounts so retained are not subsequently used, prior to any transfer of said amounts as provided below, the Bond Trustee shall give notice to the Corporation of the failure to apply said funds for payment of the costs of the Project and any such new improvements or equipment. Any amount not to be retained in the Construction Fund for such payments and all amounts so retained but not subsequently used shall be applied in accordance with Written Instructions of the Corporation as set out in, and in accordance with, Section 3.02 of the Bond Indenture.

Section 4.03. Use of Project. The Corporation will use and operate the Project only in furtherance of its lawful corporate purposes. The Corporation will use any property and facilities financed, directly or indirectly, in whole or in part, with 2014 Bond proceeds as "industrial buildings" within the meaning of the Act.

Under the Deed of Correction, Metro Government currently owns the real property and improvements constituting the Laundry and leases such property to the Corporation for an annual

rental of one dollar per year. Metro Government hereby recognizes, for so long as Metro Government shall continue to own such property, the Corporation's right and license to use such property for purposes of jointly operating the Laundry with the Commission and agrees that such right and license shall continue, as provided in the Deed of Correction until the earlier of December 31, 2069 or any date selected by the Corporation upon the redemption and defeasance of the 2014 Bonds.

The Corporation will permit Metro Government to make inspections of any of the Project and any of its property upon reasonable notice during normal business hours to determine compliance with the preceding paragraph. The provisions of this paragraph and the immediately preceding paragraph shall remain in full force and effect notwithstanding the payment of the 2014 Bonds and the termination of the Bond Indenture and this Loan Agreement.

The covenants in this Section 4.03 need not be observed or may be changed if there shall be delivered to the Bond Trustee and Metro Government an Opinion of Bond Counsel to the effect that such nonobservance or change will not adversely affect the validity of the 2014 Bonds.

Section 4.04. Rates and Charges. The Corporation covenants and agrees to operate the Project as a revenue-producing central medical laundry facility in accordance with the User Contract, and to charge such fees and rates for the use and services of the Project as are required by the User Contract, to cause the receipt by the Corporation of funds thereby, together with other available funds, sufficient to pay promptly all expenses of operation, maintenance and repair of the Project and all amounts owing and payments required to be made by the Corporation under this Loan Agreement and the 2014 Loan Agreement.

Section 4.05. Insurance. The Corporation shall insure the Laundry against loss from fire, windstorm, earthquake, vandalism and boiler operation, with extended coverage for perils normally insured against in the State, at 100% of full replacement costs, plus business interruption insurance (covering the same perils as hereinbefore stated) to cover all of the continuing costs of the Laundry for a period of rebuilding (to the extent they are not reduced or eliminated by such business interruption). The Laundry insurance shall be purchased from reputable insurance companies, with losses, if any, to be made payable to the Bond Trustee. From and after the issuance of any 2014 Bonds, the Corporation will, before July 1 of each year, cause to have furnished to the Bond Trustee a statement in writing setting forth the full replacement cost of the Laundry and describing all insurance then in force. Proof of such coverage shall be furnished in writing to the Bond Trustee.

The Corporation agrees that so long as any 2014 Bonds are outstanding, the Corporation will, if such insurance is not already in force, procure and maintain public liability insurance with limits of not less than \$1,000,000.00 for the death of or personal injury to one person, and \$1,000,000.00 minimum liability for personal injury or death in connection with each occurrence with reference to the Laundry, to protect Metro Government, the Corporation and the Commission from claims for bodily injury and/or death which may arise from the operations of the Laundry, and a minimum of \$300,000.00 for property damage for any occurrence in connection with the Laundry. Written proof of such coverage shall be furnished to the Bond

Trustee. The expense of the premiums for such insurance shall be an operating expense of the Laundry.

Section 4.06. Maintenance and Repair. The Corporation agrees that it will operate and maintain, or cause to be operated and maintained, the Project in accordance with the terms and provisions of the User Contract and will assure that the Project is maintained in good repair, working order and operating condition, making from time to time, and within a reasonable time, all needful and proper repairs thereto, renewals and replacements thereof, so that at all times the efficiency thereof shall be fully preserved and maintained.

Section 4.07. Compliance with Laws; Environmental Laws. During the term of this Loan Agreement, the Corporation hereby covenants and agrees to promptly comply or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to the Americans with Disabilities Act, all federal, state and local environmental and health and safety laws, rules, regulations and orders applicable to or pertaining to the Project and the Federal Worker Adjustment and Retraining Notification Act.

Section 4.08. Effecting Changes in Project. The Corporation at its own cost and expense may make such additions, renewals, replacements or improvements to or alterations of the Project or may construct or place on the Project such additional or renewal or replacement facilities, furnishings or equipment as the Corporation may deem desirable to effectuate the purposes herein contemplated; provided that such additions, renewals, replacements, improvements, alterations, facilities, furnishings or equipment will not materially impair the structural soundness or the usefulness of the Project nor adversely affect the purposes of this Loan Agreement.

## ARTICLE V COLLECTION AND APPLICATION OF REVENUES

Section 5.01. Revenues; Revenue Fund. There shall be continued under the Bond Indenture the account created by the 2003 Bond Indenture known as the “Medical Services Center Revenue Fund” (the “Revenue Fund”), into which the Revenues shall be deposited by the General Manager of the Laundry on behalf of the Corporation and the Commission from time to time pursuant to the Section 4.03 of the Bond Indenture and the requirements of the User Contract. Such Revenues shall be applied by the General Manager of the Laundry, on behalf of the Corporation and the Commission, as provided in Article IV of the Bond Indenture. In the event Metro Government shall dissolve the Commission, the Corporation shall continue as the sole operator of the Laundry pursuant to the terms of the User Contract and shall make the Payments due hereunder and under the User Contract directly to the Bond Trustee when and as the same become due and payable and shall automatically succeed to all of the Commission’s obligations and benefits thereunder.

ARTICLE VI  
PAYMENTS UNDER LOAN AGREEMENT

Section 6.01. General Covenant. The Corporation will duly and punctually pay the amounts due under this ARTICLE VI on the dates, at the places and in the manner set out herein according to the true intent and meaning hereof. Notwithstanding any schedule of payments set forth herein, the Corporation agrees to make payments hereunder and be liable therefor in the amounts equal to the principal of and interest on the 2014 Bonds outstanding, as and when due, whether as regularly scheduled interest or principal payments, at maturity, by mandatory redemption, acceleration or otherwise.

Section 6.02. Payments. The Corporation covenants and agrees to make, or to cause to be made, the following payments, from the Revenues as set out in Article V hereof and in Article IV of the Bond Indenture, to provide for payments, prepayments and other amounts under this Loan Agreement directly to the Bond Trustee for deposit into the appropriate funds and accounts established by the Bond Indenture, on the following dates and in the following order of priorities (collectively, the “Payments”):

(a) Interest: On or before the fifth (5th) Business Day next preceding each Interest Payment Date for the 2014 Bonds, beginning November 1, 2014, the Corporation shall deposit to the Interest Account an amount not less than the interest to become due on the 2014 Bonds on the next succeeding Interest Payment Date; provided, however, that the Corporation may be entitled to certain credits on such payments as permitted under Section 6.03 hereof.

(b) Principal: On or before the fifth (5th) Business Day next preceding each May 1 in the years stipulated in Sections 2.02 and 5.03 of the Bond Indenture, the Corporation shall deposit to the Sinking Account an amount equal to the amount of principal to become due on the 2014 Bonds on such date by maturity; provided further, that the Corporation may be entitled to certain credits on such payments as permitted under Section 6.03 hereof. If the amount available shall not be sufficient to pay any particular requirement due as set out above, the payments for such amount shall be made ratably, according to the amounts due on such date.

Section 6.03. Credits on Payments. Notwithstanding any provision contained in this Loan Agreement or in the Bond Indenture to the contrary:

(a) Any moneys deposited by the Bond Trustee from funds provided by the Corporation pursuant to this Loan Agreement or otherwise in the Interest Account with respect to 2014 Bonds then outstanding shall be credited (to the extent not previously used as a credit) against the obligations of the Corporation under Section 6.02(a) hereof to pay the amounts set out therein.

(b) Any moneys on deposit from funds provided by the Corporation pursuant to this Loan Agreement or otherwise in the Sinking Account shall be credited (to the extent not previously used as a credit) against the obligation of the Corporation under Section 6.02(b) hereof to pay an amount equal to the principal of such 2014 Bonds as the same becomes due.

Section 6.04. Prepayments.

(a) No prepayment of Payments may be made except to the extent and in the manner expressly permitted by the Bond Indenture and this Loan Agreement. Metro Government agrees to accept any such prepayment to the extent required to provide for a permitted prepayment or redemption of the 2014 Bonds. Such prepayments shall be made by paying to the Bond Trustee an amount sufficient to redeem (when redeemable) all or a part of the 2014 Bonds, as the case may be, at the redemption prices specified therefor in the Bond Indenture. Any prepayment pursuant to this Section 6.04 shall include accrued interest required for redemption of such 2014 Bonds as will be redeemed by such prepayment. Notwithstanding the prepayment of a portion of Payments pursuant to this Section 6.04, the Corporation is obligated to make Payments to the extent any portion of the 2014 Bonds or other obligations secured hereby remain outstanding.

(b) The Corporation shall have the right to prepay amounts due under Section 6.02 hereof in whole or in part from the Net Proceeds of insurance or condemnation awards pursuant to, and subject to the terms of, ARTICLE VII hereof or from any excess proceeds of the 2014 Bonds in the Construction Fund pursuant to Section 4.02 hereof. In the event the Corporation makes any prepayment as aforesaid, the Bond Trustee shall apply such Net Proceeds or excess proceeds, and any other moneys of the Corporation, promptly to the prepayment of Payments, in part in such manner as may be provided in the Bond Indenture or otherwise designated by the Corporation in writing, with the written approval of the Bond Insurer.

Section 6.05. Notice of Prepayment. The Corporation shall give the Bond Trustee not less than fifteen (15) days prior written notice of any prepayment of Payments, which notice shall designate the date of prepayment and the amount thereof and direct the redemption of 2014 Bonds in amounts corresponding to the prepayment.

Section 6.06. Effect of Partial Prepayment. Upon any partial prepayment of Payments, each interest component which shall thereafter be payable thereunder shall be reduced, taking into account the interest rate on the corresponding 2014 Bonds remaining outstanding after the redemption of 2014 Bonds from the proceeds of such partial prepayment so that the interest component remaining payable under Section 6.02 hereof shall be sufficient to pay the interest on the outstanding 2014 Bonds when due.

Section 6.07. Principal Schedules. On the date of any partial prepayment of Payments, the Corporation, upon consultation with the Bond Trustee, shall deliver to Metro Government two copies of an amortization schedule with respect to the 2014 Bonds then outstanding setting forth the amount of the principal installments to be paid on the 2014 Bonds after the date of such partial prepayment and the unpaid principal balance of the 2014 Bonds after payment of each such installment.

Section 6.08. Additional Payments. The Corporation agrees to pay or cause to be paid the following items to the following persons as additional payments under this Loan Agreement:

(a) to the Bond Trustee when due, an amount equal to all fees of the Bond Trustee for services rendered under the Bond Indenture and all fees and charges of any Paying Agent, counsel, accountant, consultant, engineer or other persons incurred in the performance of



services under the Bond Indenture on request of the Bond Trustee for which the Bond Trustee and such other persons are entitled to payment or reimbursement;

(b) to Metro Government, upon demand, its one-time issuance fee of \$1,500 and all reasonable fees and expenses, including its reasonable attorney's fees and expenses, incurred by Metro Government in relation to the 2014 Bonds (including enforcement of any of its rights in relation to the 2014 Bonds) which are not otherwise required to be paid by the Corporation under the terms of this Loan Agreement; and

(c) to Metro Government or the Bond Trustee, as the case may be, the amount of all advances of funds made by either of them under the provisions of this Loan Agreement or an amount equal to all advances made by either of them under the Bond Indenture, with interest thereon at the Bond Trustee's announced prime rate per annum from the date of each such advance.

Section 6.09. Corporation's Obligations Unconditional. Metro Government and the Corporation agree that the Corporation shall bear all risk of damage to or destruction in whole or in part of its property or any part thereof, including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of its property, or any manner or thing which for any reason interferes with, prevents or renders burdensome, the use or occupancy of its property or the compliance by the Corporation with any of the terms of this Loan Agreement. In furtherance of the foregoing, but without limiting any of the other provisions of this Loan Agreement, the Corporation agrees that its obligations to pay the sums herein provided for and to perform and observe its other agreements contained herein shall be absolute and unconditional and that the Corporation shall not be entitled to any abatement or diminution thereof or to any termination of this Loan Agreement for any reason whatsoever.

Section 6.10. Pledge of Revenues. To secure the prompt payment of the Payments and the performance by the Corporation of its other obligations hereunder, the Corporation hereby pledges, grants a continuing security interest in, and assigns to Metro Government and agrees, subject to the provisions of ARTICLE V hereof and except as otherwise provided below, to pay to the Bond Trustee for the benefit of Metro Government all Revenues necessary to make the deposits required by Article IV of the Bond Indenture to the Interest Account and the Sinking Account.

## ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage or Destruction. The Corporation agrees to notify in writing the Bond Trustee immediately in the case of substantial damage to or destruction of the Project. In the event any such damage does not exceed \$250,000.00, the Corporation may use the Net Proceeds of any insurance relating to such damage received by the Corporation (a) to repair, rebuild or replace the damaged property or, (b) for any lawful corporate purpose.

In the event any such substantial damage or destruction shall exceed \$250,000.00 in amount, the Corporation shall, within ninety (90) days after the amount of the Net Proceeds of insurance to be received by it in respect of such damage or destruction is determined, either (i)

repair, reconstruct and restore the Project with the Net Proceeds of such insurance, (ii) prepay all or a portion of the Payments with the Net Proceeds of such insurance, or (iii) apply such Net Proceeds to a combination of the foregoing.

In the event that the Corporation prepays all or a portion of the Payments, the Corporation shall deposit the Net Proceeds to be used to prepay all or a portion of the Payments with the Bond Trustee and shall direct the Bond Trustee to apply such Net Proceeds to the prepayment of the Payments in the manner specified in Section 6.02 hereof.

Section 7.02. Condemnation. The Corporation, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking of the Project or any portion thereof for public or quasi-public use, shall notify the Bond Trustee in writing of the pendency of such proceedings. The Bond Trustee may participate in any such proceedings, and the Corporation from time to time will deliver or cause to be delivered to the Bond Trustee all instruments requested by it to permit such participation. In the event the Net Proceeds of the condemnation award received as a result of any such condemnation or taking does not exceed \$250,000.00, the Corporation may use the Net Proceeds (a) to replace any property taken in the condemnation proceedings or to make alterations and improvements to the Project not so condemned or taken, or (b) for any lawful corporate purpose.

In the event the Net Proceeds of the condemnation award received as a result of any such condemnation or taking shall exceed \$250,000.00, the Corporation shall, within ninety (90) days after receipt by the Corporation of the Net Proceeds of the condemnation award either (i) use the Net Proceeds of the condemnation award for alterations and improvements to the Project not so condemned or taken, (ii) use such Net Proceeds to prepay all or a portion of the Payments, or (iii) apply such Net Proceeds to a combination of the foregoing.

In the event that the Corporation prepays all or a portion of the Payments, the Corporation shall deposit the Net Proceeds to be used to prepay all or a portion of the Payments with the Bond Trustee and shall direct the Bond Trustee to apply such Net Proceeds to the prepayment of the Payments in the manner specified in Section 6.02 hereof.

Section 7.03. Certificate of Architect, Engineer or Consultant Delivered to Bond Trustee. As a condition to the application of Net Proceeds of insurance or a condemnation award to a partial prepayment of the Payments, the Corporation shall deliver to the Bond Trustee the certificate of an independent engineer or independent consultant or other expert approved by the Bond Trustee stating (i) that the property that was damaged or condemned is not essential to the Corporation's use or occupancy of the Project and the damage or condemnation will not operate to materially reduce the net revenues of the Corporation or (ii) that the damaged or condemned facility has been restored to a condition substantially equivalent to its condition before the damage or condemnation.

## ARTICLE VIII COVENANTS OF CORPORATION

Section 8.01. Maintenance of Corporate Existence and Status. The Corporation agrees that it will at all times maintain its existence as a State non-stock, nonprofit corporation and that

it will neither take any action nor suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation. The Corporation further covenants that none of its money, property or other assets will be distributed to any of its directors or officers; provided, however, that the Corporation may pay compensation or provide payment in kind in a reasonable amount for services rendered or expenses incurred.

Section 8.02. Consent to Assignment of Loan Agreement Rights to Bond Trustee. The Corporation agrees that this Loan Agreement and the payments to be made hereunder and thereon (excluding Unassigned Rights) shall be assigned and pledged to the Bond Trustee pursuant to the Bond Indenture to secure payment of the 2014 Bonds, and all of the rights, interests, powers, privileges and benefits accruing to or vested in Metro Government thereunder may be protected and enforced in conformity with the Bond Indenture and may be assigned by Metro Government to the Bond Trustee as additional security for the 2014 Bonds other than Unassigned Rights.

The Corporation agrees and covenants to give timely direction and assistance to the Bond Trustee in all cases where the provisions of the Bond Indenture require the Bond Trustee to act at the direction or with the assistance of the Corporation.

Section 8.03. Maintenance; Recording. The Corporation will, at its expense, take all necessary action to maintain and preserve this Loan Agreement so long as the 2014 Bonds are outstanding. The Corporation will, forthwith after the execution and delivery of this Loan Agreement and thereafter from time to time, cause this Loan Agreement and all documents securing this Loan Agreement and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to give notice hereof and thereof and fully to perfect and protect the lien of the Bond Indenture upon the Trust Estate referred to therein or any part thereof and, from time to time, will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be requested by Metro Government for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Corporation will pay or cause to be paid all filing and registration and recording fees incident to such filing and registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Loan Agreement and such instruments of further assurance.

Section 8.04. Financial Statements, etc.

(a) The Corporation covenants that it will keep proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of, or in relation to, the business and affairs of the Corporation in accordance with the requirements of sound business practices.

Section 8.05. Government Grants. The Corporation covenants to comply with all of the terms and provisions of any government grants it receives, including those made by the State and the federal government, and the laws and regulations under which they are made.

Section 8.06. Transfer of Assets. The Corporation covenants and agrees it will not sell, lease or otherwise dispose, directly or indirectly, in whole or in part, of in excess of 2% in the aggregate of Bond Financed Property unless (a) before such sale, lease or other disposition the Corporation delivers to the Bond Trustee and Metro Government an Opinion of Bond Counsel to the effect that any such disposition will not adversely affect the validity of the 2014 Bonds, (b) before such sale, lease or other disposition there is delivered to the Bond Trustee an Opinion of Bond Counsel as described in clause (a) above and an Officer's Certificate of the Corporation stating that, in the judgment of such officer (i) such property has become inadequate, obsolete or worn out, (ii) such property has been owned and used by the Corporation for a period not less than the property's reasonably expected economic life of the property and (iii) that any amounts received by the Corporation upon such disposition will be applied by the Corporation to acquire additional property constituting a part of the Project, or (c) the Corporation provides the Bond Trustee and Metro Government with an Opinion of Bond Counsel as described in clause (a) above and an Officer's Certificate of the Corporation stating that all sales, leases or other dispositions in excess of the amount set forth above which were made during the preceding 12-month period were of property that, in the judgment of such officer, (i) had become inadequate, obsolete or worn out, (ii) such property has been owned and used by the Corporation for a period not less than the reasonably expected economic life of the property and (iii) that any amounts received by the Corporation upon such disposition shall be applied by the Corporation to acquire additional property constituting a part of the Project. The Corporation hereby agrees to apply the proceeds of any disposition referred to in a certificate of the type described in subsection (b) or (c) above as provided in such subsection and agrees that any property acquired with such proceeds shall be deemed to be a part of the Project for the purposes of applying the provisions of this Loan Agreement. The Bond Trustee may request that, in connection with the delivery of the certificate described in subsection (b) and (c) above, the Corporation deliver to the Bond Trustee, Metro Government an Opinion of Bond Counsel to the effect that such disposition will not have an adverse effect on the validity of the 2014 Bonds.

Section 8.07. Indemnity. The Corporation will pay, protect, indemnify and save Metro Government and the Bond Trustee harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys' fees and expenses of Metro Government and the Bond Trustee), causes of action, suits, claims, demands and judgments of whatsoever kind and nature (including those arising or resulting from any injury to or death of any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

(a) the use, non-use, condition or occupancy of any of the Corporation's property, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any of the Corporation's property including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on such property or used in connection therewith but which are not the result of the negligence or willful misconduct of the Bond Trustee;

(b) violation of any agreement, warranty, covenant or condition of this Loan Agreement, except by Metro Government;

(c) violation of any contract, agreement or restriction by the Corporation relating to its property;

(d) violation of any law, ordinance, regulation or court order affecting any of the Corporation's property or the ownership, occupancy or use thereof including, but not limited to, any present or future federal, state or local law, statute, ordinance, rule or regulation relating to hazardous substances or the protection of the environment;

(e) any statement or information concerning the Corporation, any of its officers and directors or its property, contained in any official statement furnished to Metro Government or the purchaser of any 2014 Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Corporation, any of its officers and directors and its property not misleading in any material respect, provided that such official statement has been approved by the Corporation and the indemnified person did not have actual knowledge of the omission or misstatement and did not use such official statement with reckless disregard of or gross negligence in regard to the accuracy or completeness of such official statement; and

(f) the circumstances described in Section 6.09 of the Bond Indenture.

Such indemnity shall extend to the officers, directors, members, employees and agents of Metro Government and the Bond Trustee and to each person, if any, who "controls" Metro Government or the Bond Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended.

In the event of the settlement of any litigation commenced or threatened, such indemnity shall be limited to the aggregate amount paid under a settlement effected with the written consent of the Corporation.

Metro Government or the Bond Trustee shall promptly notify the Corporation in writing of any claim or action brought against Metro Government or the Bond Trustee or any controlling person, as the case may be, in respect of which indemnity may be sought against the Corporation, setting forth the particulars of such claim or action, and the Corporation will assume the defense thereof, including the employment of counsel satisfactory to Metro Government and the Bond Trustee or such controlling person, as the case may be, and the payment of all expenses. Metro Government and the Bond Trustee or any such controlling person, as the case may be, may employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall not be payable by the Corporation unless such employment has been specially authorized by the Corporation or unless Metro Government, the Bond Trustee or any such controlling person reasonably determines that a conflict of interest in the dual representation may arise, in which event the Corporation shall be responsible for the fees and expenses of such separate counsel.

All amounts payable to or with respect to Metro Government under this Section 8.07 shall be deemed to be fees and expenses of Metro Government for the purposes of the provisions

hereof and of the Bond Indenture dealing with the assignment of Metro Government's rights hereunder.

Section 8.08. Notice Regarding Bankruptcy Petitions, Event of Default or Potential Default. The Corporation agrees to notify the Bond Trustee and Metro Government in writing before any filing by it of a petition in bankruptcy and to notify the Bond Trustee and Metro Government immediately by telephone and in writing as soon as reasonably practicable when it obtains knowledge that a petition in bankruptcy has been filed against the Corporation or an event of default or potential default under this Loan Agreement or any other development, financial or otherwise, has occurred which might materially adversely affect the ability of the Corporation to perform its obligations.

Section 8.09. Discharge of Orders, etc. The Corporation covenants to cause any order, writ or warrant of attachment, garnishment, execution, replevin or similar process filed against any part of the funds or accounts held by the Bond Trustee under the Bond Indenture to be discharged, vacated, bonded or stayed within ninety (90) days after such filing (which 90-day period shall be extended for so long as the Corporation is contesting such process in good faith), but, notwithstanding the foregoing, in any event not later than five days before any proposed execution or enforcement with respect to such filing or any transfer of moneys or investments pursuant to such filing.

Section 8.10. [Reserved].

Section 8.11. Ownership of Project Site. The Corporation covenants that fee simple title to the site of the Project has been acquired by the Corporation. Fee simple title to the site of the Project may be transferred to the Corporation without claim of any sort in accordance with the requirements of the Deed of Correction as described in Section 4.03 hereof.

Section 8.12. Maintenance of Title to Project. The Corporation will pay or cause to be paid all taxes, assessments and other charges, if any, that may be levied, assessed or charged upon the Project or any part thereof, promptly as and when the same becomes due and payable; and the Corporation will, upon the request of the Bond Trustee, from time to time keep the Bond Trustee advised of such payments. Subject to the requirements of Section 2.10 of the Bond Indenture regarding Additional Bonds, the Corporation will not suffer the Project or any part thereof (a) to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor, or (b) to be subjected to any mortgage or other security interest other than the Permitted Encumbrances; and the Corporation shall not do or permit to be done in, upon or about the Project, or any part thereof, anything that might in anyway weaken, diminish or impair the security intended to be given by the Bond Indenture.

Notwithstanding anything in this Loan Agreement or the Bond Indenture to the contrary, Metro Government, or the Corporation (if it is the subsequent owner of fee simple title to the site of the Project), shall have the right, without obtaining the further consent of any party, including the Bond Trustee, to (i) create or permit to exist any Permitted Encumbrances on the Project, and (ii) consolidate the properties constituting the Project into one or more parcels by means of a consolidation plat, deed and similar instruments and agreements. In connection with the foregoing, the Bond Trustee agrees, and shall have the authority without the consent of any other

party, to sign such amendments or partial releases of such documents as the Corporation may reasonably request. No fee will be due in connection with such request; however, the Bond Trustee's reasonable out-of-pocket expenses in reviewing and executing such requested documentation shall be reimbursed by the Corporation.

Section 8.13. Other Liens. Metro Government and the Corporation will keep the Project and all parts thereof free from judgments, mechanics' and materialmen's liens and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character, except for Permitted Encumbrances, to the end that the priority of the lien of the Bond Indenture may at all times be maintained and preserved, and free from any claim or liability which, in the judgment of the Bond Trustee (and its determination thereof will be final), might embarrass or hamper Metro Government or the Corporation in conducting its business or operating the Project, and the Bond Trustee at its option (after first giving Metro Government and the Corporation ten (10) days' written notice to comply therewith and failure of Metro Government or the Corporation, as applicable, to so comply within said ten (10) day period) may (but will not be obligated to) defend against any and all actions or proceedings in which the validity of the Bond Indenture or its priority is or might be questioned, or pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against such actions or proceedings or in paying or compromising such claims or demands, the Bond Trustee will not in any event be deemed to have waived or released the Corporation from liability for or on account of any of its covenants and warranties contained in the Bond Indenture, or from its liability under the Bond Indenture to defend the validity or priority of the Bond Indenture and the lien thereof and to perform such covenants and warranties.

So long as any 2014 Bonds are outstanding, except for Permitted Encumbrances, Metro Government and the Corporation will not create or suffer to be created any mortgage, pledge, lien or charge upon all or any part of the Trust Estate under the Bond Indenture, the Project or the Revenues.

Section 8.14. Collateral. This Loan Agreement creates a valid and binding pledge and assignment of, and security interest in, the Revenues in favor of the Bond Trustee for the benefit of Metro Government and the Bondholders, which pledge, assignment and security interest is enforceable by the Bond Trustee in accordance with the terms hereof. Under the laws of the State, such security interest is and shall be before any judicial lien hereafter imposed on such collateral to enforce a judgment against the Corporation on a simple contract. The Corporation authorizes the Bond Trustee to file all financing statements describing and transferring such possession or control over such collateral (and to continue and amend all such financing statements and transfer such possession and control) as may be necessary to establish and maintain such priority in each jurisdiction in which the Corporation is organized or such collateral may be located or that may otherwise be applicable pursuant to the Uniform Commercial Code of such jurisdiction. The Corporation has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of such collateral that ranks on parity with or before the pledge and assignment of, and security interest in, the Revenues under this Loan Agreement. The Corporation shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in such collateral that ranks before or on parity with the pledge and assignment granted hereby, or file any financing statement describing any such pledge, assignment, lien or security interest, except as permitted hereby.

Section 8.15. Management of Project. The Project will be operated by the Commission, with the assistance and advice of the Corporation, pursuant to the User Contract. The Corporation covenants to enforce at all times the terms and provisions of the User Contract. In the event the Commission is dissolved by Metro Government, the Corporation will serve as the sole operator of the Project pursuant to the User Contract.

Section 8.16. Default Notices. The Corporation shall give immediate written notice to the Bond Trustee of any material default by the Corporation or a User Institution under the User Contract which has not been rectified within five (5) Business Days from the date of such default.

Section 8.17. Completion and Operation of Project. The Corporation will diligently cause the acquisition, construction and installation of the Project to proceed to timely completion. The Corporation will operate the Project in accordance with the terms and provisions of this Loan Agreement, the Bond Indenture and the User Contract.

## ARTICLE IX EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 9.01. Events of Default. The occurrence and continuance of any of the following events shall constitute an “event of default” hereunder:

(a) failure of the Corporation to pay any Payment as described in Section 6.02 hereof and the continuance of such failure for one (1) Business Day; or failure by the Corporation to make any other payment required by Section 6.01 hereof for the payment of the 2014 Bonds when the same shall become due and payable, whether upon a scheduled Bond Payment Date, at maturity, upon any date fixed for redemption or prepayment, by acceleration or otherwise; or

(b) failure of the Corporation to comply with or perform any of the covenants, conditions or provisions hereof (other than those specifically identified in clauses (a) or (i) of this Section) and to remedy such default within thirty (30) days after written notice thereof from the Bond Trustee; provided that, (i) if such default cannot with due diligence and dispatch be wholly cured within thirty (30) days but can be wholly cured, the failure of the Corporation to remedy such default within such 30-day period shall not constitute a default hereunder if the Corporation shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; and (ii) the foregoing references to a cure period of thirty (30) days shall be five (5) Business Days for any default in the performance of the Corporation’s obligations under Section 4.05, Section 5.01, Section 8.08, Section 8.11, Section 8.15 and Section 8.16 of this Loan Agreement; or

(c) if any representation or warranty made by the Corporation herein or in any statement or certificate furnished to Metro Government or the Bond Trustee or the purchaser of any 2014 Bonds in connection with the sale of the 2014 Bonds or furnished by the Corporation pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof; or



(d) if the Corporation admits insolvency or bankruptcy or its inability to pay its debts as they mature, or is generally not paying its debts as such debts become due, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Corporation, or for the major part of its property; or

(e) if a trustee, custodian or receiver is appointed for the Corporation or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(f) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Corporation (other than bankruptcy proceedings instituted by the Corporation against third parties), and if instituted against the Corporation are allowed against the Corporation or are consented to or are not dismissed, stayed or otherwise nullified within sixty (60) days after such institution; or

(g) failure by the Corporation to comply with or perform its covenant under Section 8.09 hereof; or

(h) if payment of any installment of interest or principal on any 2014 Bond shall not be made when the same shall become due and payable under the provisions of the Bond Indenture.

The Corporation will give Immediate Notice to Metro Government and the Bond Trustee of any event of default in Section 9.01(b) – (h) hereof.

Upon the occurrence and during the continuance of any event of default hereunder, Metro Government shall have the following rights and remedies, in addition to any other remedies herein or by law provided:

I. Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration. Metro Government may and shall by written notice to the Corporation, request that it declare amounts payable under Section 6.02 hereof (if not then due and payable) to be due and payable immediately, anything in this Loan Agreement contained to the contrary notwithstanding.

II. Right to Bring Suit, etc. Metro Government, with or without entry, personally or by attorney, may in its discretion proceed to protect and enforce its rights by pursuing any available remedy including a suit or suits in equity or at law, whether for damages or for the specific performance of any obligation, covenant or agreement contained in this Loan Agreement or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as Metro Government shall deem most effectual to collect the payments then due and thereafter to become due under this Loan Agreement, to enforce performance and observance of any obligation, agreement or covenant of the Corporation hereunder or to protect and enforce any of Metro Government's rights or duties hereunder.

Section 9.02. Application of Proceeds of Remedies. The proceeds or avails resulting from the exercise of any such remedies, together with any other sums which then may be held by Metro Government under this Loan Agreement, whether under the provisions of this ARTICLE IX or otherwise, and which are available for such application shall be applied in accordance with the provisions of Section 7.08 of the Bond Indenture.

Section 9.03. Remedies Cumulative. No remedy herein conferred upon or reserved to Metro Government is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

Section 9.04. Delay or Omission Not a Waiver. No delay or omission of Metro Government to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein; and every power and remedy given by this Loan Agreement to Metro Government may be exercised from time to time and as often as may be deemed expedient by Metro Government.

Section 9.05. Waiver of Stay, Extension, Valuation and Appraisal Laws. To the extent permitted by law, the Corporation will not during the continuance of any event of default hereunder insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Loan Agreement; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Corporation's property, or any part thereof, before any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by any state or territory, or otherwise, to redeem the property so sold or any part thereof; and the Corporation hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Metro Government, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Section 9.06. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this ARTICLE IX may be exercised only to the extent that the exercise thereof does not violate any applicable provision of the law of the State and all the provisions of this ARTICLE IX are intended to be subject to all applicable mandatory provisions of the law of the State which may be controlling and to be limited to the extent necessary so that they will not render this Loan Agreement invalid or unenforceable under the provisions of any applicable law.

## ARTICLE X SUPPLEMENTS AND AMENDMENTS TO LOAN AGREEMENT

Section 10.01. Supplements and Amendments to Loan Agreement. The Corporation, with the consent of Metro Government and the Bond Trustee may from time to time enter into such supplements and amendments to this Loan Agreement as to them may seem necessary or

desirable to effectuate the purposes or intent hereof; provided, however, that no such amendment shall be effective if not adopted in accordance with the terms of the Bond Indenture.

## ARTICLE XI DEFEASANCE

Section 11.01. Defeasance. If the Corporation shall pay and discharge or provide, in a manner satisfactory to Metro Government or the Bond Trustee, for the payment and discharge of all sums payable hereunder and all sums payable under the Bond Indenture, or shall make arrangements satisfactory to Metro Government or the Bond Trustee for such payment and discharge, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Corporation, and the estate, right, title and interest of Metro Government and the Bond Trustee therein shall thereupon cease, terminate and become void; and this Loan Agreement, and the covenants of the Corporation contained herein, shall be discharged except as provided in Section 4.03 and Section 8.07 hereof and Metro Government in such case on demand of the Corporation and at its cost and expense, shall execute and deliver to the Corporation a proper instrument or proper instruments acknowledging the satisfaction and termination of this Loan Agreement, and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Corporation, all property, including money, then held by Metro Government and the Bond Trustee other than moneys deposited with the Bond Trustee hereunder.

## ARTICLE XII MISCELLANEOUS PROVISIONS

Section 12.01. Payment of Expenses of Issuance of 2014 Bonds. The Corporation agrees to be liable and pay for any commitment and other financing costs, issuance fees, recording expenses, trustee's acceptance fees, title insurance costs, legal fees, bond insurance and rating agency fees, printing expenses and other fees and fair and customary expenses incurred or to be incurred by or on behalf of Metro Government and the Bond Trustee in connection with or as an incident to the issuance and sale of the 2014 Bonds.

Section 12.02. Loan Agreement for Benefit of Certain Parties. To the extent this Loan Agreement is intended or shall be construed to confer upon or to give to the Bond Trustee any right, remedy or claim under or by reason of this Loan Agreement or any covenant, condition or stipulation hereof, the Bond Trustee is explicitly recognized as a third-party beneficiary hereof and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 12.03. Severability. In case any one or more of the provisions contained in this Loan Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 12.04. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, mailed by first class mail postage prepaid with proper address as indicated below, or sent and received by telecopier (facsimile). The Authority, the Corporation and the Bond Trustee may, by written notice given

by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Loan Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

If to Metro Government, at: Louisville/Jefferson County Metro Government, Kentucky  
527 West Jefferson Street  
Louisville, Kentucky 40202  
Attention: Mayor

If to the Corporation, at: Louisville Medical Center, Inc.  
235 Abraham Flexner Way  
Louisville, Kentucky 40202  
Attention: General Manager

If to the Bond Trustee, at: U.S. Bank National Association  
US Bank Corporate Trust Services  
150 Fourth Avenue North, 2<sup>nd</sup> Floor  
Nashville, Tennessee 37219  
Attention: Corporate Trust Department

Section 12.05. Successors and Assigns. Whenever in this Loan Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Loan Agreement contained by or on behalf of the Corporation, or by or on behalf of Metro Government, shall bind and inure to the benefit of the respective successors and assigns, whether so expressed or not.

Section 12.06. Counterparts. This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

Section 12.07. Governing Law. It is the intention of the parties hereto that this Loan Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the laws of the State.

Section 12.08. Immunity of Officers, Employees and Members of Authority and Corporation. No recourse shall be had for the payment of any amount due hereunder or for any claim based hereon or upon any representation, obligation, covenant or agreement in this Loan Agreement contained against any past, present or future officer, member, employee, director or agent of Metro Government, the State, any agency or political subdivision thereof, or the Corporation, or, respectively, of any successor public or private corporation thereto, as such, either directly or through Metro Government, the State, any agency or political subdivision thereof, the Corporation, or, respectively, any successor public or private corporation thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors

or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the 2014 Bonds.

Section 12.09. [Reserved].

Section 12.10. Termination. When no 2014 Bonds are outstanding under the Bond Indenture and no amounts remain outstanding and owed to any of the parties secured by the Trust Estate under the Bond Indenture and other documents securing payment of the 2014 Bonds, the Corporation and Metro Government shall not have any further obligations under this Loan Agreement; provided that the Corporation's indemnification of Metro Government and the Bond Trustee and the Corporation's agreement to pay the fees and expenses of Metro Government shall survive any assignment or termination of this Loan Agreement.

(Signature page to follow)

[Signature Page to Loan Agreement]

IN WITNESS WHEREOF, Metro Government and the Corporation have caused this Loan Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

[SEAL]

LOUISVILLE/JEFFERSON COUNTY  
METRO GOVERNMENT, KENTUCKY

Attest:

\_\_\_\_\_  
Stephen Ott, Metro Council Clerk

By: \_\_\_\_\_  
Gregory E. Fischer, Mayor

Approved as to form and legality:

Michael J. O'Connell  
Jefferson County Attorney

By: \_\_\_\_\_  
Terri A. Geraghty,  
Assistant Jefferson County Attorney

LOUISVILLE MEDICAL CENTER, INC.

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

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

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