

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under “TAX MATTERS,” interest on the Series 2024 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption “TAX MATTERS,” and (b) not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2024 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. See “TAX MATTERS” herein for a general discussion of Bond Counsel’s opinion and other tax considerations.



**Palm Beach
Atlantic
UNIVERSITY**

\$45,000,000

**PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS (PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

Palm Beach County Educational Facilities Authority (the “Issuer”), is issuing its Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the “Series 2024 Bonds” or the “Bonds”), pursuant to a Bond Trust Indenture dated as of March 1, 2024 (the “Bond Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as bond trustee (the “Bond Trustee”). The Issuer will loan the proceeds of the Series 2024 Bonds to Palm Beach Atlantic University, Inc. (the “University”) pursuant to a Loan Agreement dated as of March 1, 2024 (the “Loan Agreement”), between the Issuer and the University, for the purposes of financing, including through reimbursement, (i) a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the University’s main campus to be used primarily for the existing Rinker School of Business located at 901 South Flagler Drive, West Palm Beach, Florida, and any other capital improvements to its educational facilities located on such campus (collectively, the “Project”); and (ii) certain costs of issuance of the Series 2024 Bonds. See “PLAN OF FINANCE” herein.

The Loan Agreement will require payments by the University sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds. As security for the Series 2024 Bonds, the Issuer will assign to the Bond Trustee substantially all right, title and interest in and to the Loan Agreement and any of the Pledged Revenues (as defined herein), as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

The payments under the Loan Agreement are a general obligation of the University, and will be secured by a promissory note (the “Series 2024 Note”) issued by the University under a Master Trust Indenture dated October 13, 2021 (the “Master Trust Indenture”), between the University, as the sole member of an obligated group (the “Obligated Group”), and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as master trustee (the “Master Trustee”), as supplemented by the Supplemental Master Indenture No. 2, dated as of March 1, 2024 (the “Second Supplement”) and together with the Master Trust Indenture, as previously supplemented and as may be further supplemented and amended from time to time, the “Master Indenture”). The Series 2024 Note will be issued to the Bond Trustee in an amount equal to the aggregate principal amount of the Series 2024 Bonds. The Series 2024 Note, together with all other Notes issued or to be issued under the Master Indenture, are or will be secured by (i) certain rights under the Master Indenture, and (ii) a security interest in certain property of the Obligated Group, including the Pledged Revenues, as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

The Series 2024 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”), which will act as securities depository for the Series 2024 Bonds. Purchases of the Series 2024 Bonds will be made only in book-entry form, in Authorized Denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Series 2024 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 Series 2024 Bonds. See “THE SERIES 2024 BONDS — Book-Entry Only System” herein. The payment at maturity of principal of and semiannual interest on the Series 2024 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 each April 1 and October 1, commencing October 1, 2024, 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 Series 2024 Bonds are subject to optional, extraordinary optional and mandatory redemption as described in this Official Statement. See “THE SERIES 2024 BONDS — Redemption Provisions” herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,
PRICES AND CUSIPs SET FORTH ON THE INSIDE COVER

THE SERIES 2024 BONDS AND THE OBLIGATION TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON AND ANY REDEMPTION OR PURCHASE PREMIUMS WITH RESPECT THERETO DO NOT NOW AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE ISSUER, PALM BEACH COUNTY, FLORIDA (THE “COUNTY”), THE STATE OF FLORIDA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL LIMITATION OR STATUTORY PROVISION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE UNIVERSITY, WHICH REVENUES AND INCOME HAVE BEEN PLEDGED AND ASSIGNED TO THE SERIES 2024 BOND TRUSTEE UNDER THE LOAN AGREEMENT TO SECURE PAYMENT THEREOF. NO OWNER OF THE SERIES 2024 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER, IF ANY, OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, INTEREST ON, REDEMPTION OR PURCHASE PREMIUM, IF ANY, OR PURCHASE PRICE ON THE SERIES 2024 BONDS. THE ISSUER HAS NO TAXING POWER.

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. See “Bondholders’ Risks” herein.

The Series 2024 Bonds are offered when, as and if issued by the Issuer and received by B.C. Ziegler and Company (the “Underwriter”), subject to the approval of their validity by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, and to certain other matters. Certain legal matters will be passed upon for the University by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida; and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio. It is expected that the Series 2024 Bonds will be available for delivery to DTC in New York, New York on or about March 13, 2024.



\$45,000,000
Palm Beach County Educational Facilities Authority
Revenue Bonds (Palm Beach Atlantic University, Inc.),
Series 2024

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIPs

\$45,000,000 Term Bonds

\$6,455,000 5.000% Term Bond due October 1, 2034, Yield 3.350% Price 113.979 ^C CUSIP®* 696506AU8
\$12,290,000 5.000% Term Bond due October 1, 2043, Yield 4.100% Price 107.350 ^C CUSIP®* 696506AV6
\$9,600,000 5.250% Term Bond due October 1, 2048, Yield 4.400% Price 106.841 ^C CUSIP®* 696506AW4
\$16,655,000 5.250% Term Bond due October 1, 2053, Yield 4.500% Price 106.007 ^C CUSIP®* 696506AX2

C = priced to the April 1, 2034 call date.

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REGARDING THE OFFICIAL STATEMENT

IN CONNECTION WITH THIS PUBLIC OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 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 University 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 inside 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 University, 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 University 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. Estimates and opinions included herein should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. 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.

The links to external sites contained in this Official Statement are being provided as a convenience and for informational purposes only. The Issuer, the University, the Underwriter, Bond Counsel and Underwriter’s Counsel are not responsible for the functionality of the links or the accuracy, legality or content of the external sites. Information from external websites is for reference purposes only and the information on external sites is not incorporated by reference into this Official Statement unless otherwise indicated herein.

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 Bank of New York Mellon Trust Company, N.A., as Bond Trustee and as Master Trustee, has not provided, or undertaken to determine, the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information or (ii) the validity of the Series 2024 Bonds. Neither the Bond Trustee nor the Master Trustee has reviewed or participated in the preparation of this Official Statement.

FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. All forward looking statements included in this Official Statement are based on information available as of the date hereof, and neither the Issuer, the University, the Underwriter nor any other party to the transactions described herein assumes any obligation to update any such forward looking statements. 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. Therefore, there can be no assurance that the forward looking statements included in this Official Statement will prove to be accurate. Neither the Issuer nor the University plan to issue any updates or revisions to those forward-looking statements if or when the University’s expectations, or events, conditions or circumstances on which such statements are based, occur.

THE SERIES 2024 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 UNIVERSITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2024 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.

NOTICE TO INVESTORS

The Series 2024 Bonds will be issued in minimum denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof and in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

This Official Statement has been deemed final by the University for purposes of Securities Exchange Act Rule 15c2-12(b)(3).

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OFFICIAL STATEMENT

\$45,000,000

**Palm Beach County Educational Facilities Authority
Revenue Bonds (Palm Beach Atlantic University, Inc.),
Series 2024**

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 — FORMS OF BASIC DOCUMENTS.”

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 Series 2024 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 Palm Beach County Educational Facilities Authority (the “Issuer”), Palm Beach Atlantic University, Inc. (the “University”), and the Issuer’s \$45,000,000 Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the “Series 2024 Bonds” or the “Bonds”).

The Issuer

The Issuer is a public body corporate and politic, organized and existing as an educational facilities authority under the laws of the State of Florida. Pursuant to the provisions of Part I, Chapter 243, Florida Statutes (the “Act”) and by a Resolution of the Issuer adopted on November 14, 2023, the Issuer is authorized and empowered to issue the Series 2024 Bonds, to loan the proceeds thereof to the University and to secure the Series 2024 Bonds by a pledge of the amounts payable by the University to the Bond Trustee pursuant to the Loan Agreement.

The Series 2024 Bonds are limited obligations of the Issuer and are payable solely from the revenues and security interests pledged for their payment. The Series 2024 Bonds are not an obligation of the State of Florida, or any political subdivision thereof other than the Issuer. For more information about the Issuer, see “THE ISSUER” herein.

The University

The University is a Florida nonprofit corporation, exempt from federal income taxation as a charitable organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The University operates a private coeducational institution of higher learning, located in downtown West Palm Beach, Florida with a business address of 901 South Flagler Drive (the “Campus”). See “THE UNIVERSITY” herein and “APPENDIX A — PALM BEACH ATLANTIC UNIVERSITY, INC.” for information about the University.

The Series 2024 Bonds

The Series 2024 Bonds will be issued pursuant to a Bond Trust Indenture dated as of March 1, 2024 (the “Bond Indenture”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”). The Series 2024 Bonds are to be issued in accordance with the provisions of the Bond Indenture and the Act. See “THE SERIES 2024 BONDS” herein.

The Issuer will be obligated to pay the principal or redemption price of, premium, if any, and interest on the Series 2024 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 University under the Loan Agreement dated as of March 1, 2024 (the “Loan Agreement”), between the University and the Issuer. The Loan Agreement requires the University to make payments sufficient to pay the principal or redemption price of, premium, if any, and interest on the Series 2024 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein.

All references to the Series 2024 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, the forms of which are attached hereto in APPENDIX C.

As more specifically described under “PLAN OF FINANCE” herein, the proceeds of the Series 2024 Bonds will be loaned by the Issuer to the University to provide funds for the purposes of financing, including through reimbursement, (i) a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the University’s main campus to be used primarily for the existing Rinker School of Business located at 901 South Flagler Drive, West Palm Beach, Florida, and any other capital improvements to its educational facilities located on such campus; and (ii) certain costs of issuance of the Series 2024 Bonds. A detailed description of the application of the proceeds of the Series 2024 Bonds is contained in “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Security for the Series 2024 Bonds

The Series 2024 Bonds are special 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 (as hereinafter defined). Pursuant to the Loan Agreement, the University is obligated to repay the loan of the proceeds of the Series 2024 Bonds by making semiannual payments to the Bond Trustee for the benefit of the Bondholders until the principal of and interest on the Series 2024 Bonds has been fully paid or provision has been made therefor. The obligations of the University under the Loan Agreement are a general revenue obligation of the University, payable from all legally available revenues of the University.

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

Series 2024 Bonds under the Loan Agreement. See “APPENDIX C — FORMS OF BASIC DOCUMENTS – Bond Trust Indenture” and “– Loan Agreement.”

As security for the University’s obligations under the Loan Agreement, the University will issue a promissory note to the Bond Trustee (the “Series 2024 Note”) pursuant to a Master Trust Indenture dated October 13, 2021 (the “Master Trust Indenture”), between the University, as the sole member of an obligated group (the “Obligated Group”), and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as master trustee (the “Master Trustee”), as supplemented by Supplemental Master Indenture No. 2 dated as of March 1, 2024 (the “Second Supplement” and together with the Master Trust Indenture, as previously supplemented and as may be further supplemented and amended from time to time, the “Master Indenture”). Stated aggregate payments on the Series 2024 Note will be sufficient to pay the principal or redemption price, premium, if any, and interest on the Series 2024 Bonds as they become due and payable. The Series 2024 Note will be a joint and several obligation of each member of the Obligated Group, and will be issued on a parity basis with all other Notes and Guaranties of the Obligated Group issued pursuant to the Master Indenture. The University is the sole member of the Obligated Group.

Under the Master Indenture, each member of the Obligated Group will grant to the Master Trustee a security interest in its Pledged Revenues (as defined in the Master Indenture), subject to Permitted Encumbrances. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” herein and “APPENDIX C — FORMS OF BASIC DOCUMENTS – Master Trust Indenture.”

Financial Statements

The audited financial statements of the University for the Fiscal Years ended June 30, 2023 and June 30, 2022 are included in “APPENDIX B — INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS” attached hereto.

Bondholders’ Risks

AN INVESTMENT IN THE SERIES 2024 BONDS INVOLVES A HIGH 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 SERIES 2024 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS” AND “BONDHOLDERS’ RISKS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2024 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 Series 2024 Bonds are payable solely from the revenues and assets of the University, careful evaluation should be made of the assumptions and the rationale of the management of the University described herein and certain factors (including, but not limited to, the ability of the University to attract and retain students) that may adversely and materially affect the ability of the University to generate sufficient revenues to pay its expenses of operation, including the principal or redemption price of and interest on the Series 2024 Bonds.

Continuing Disclosure

The University has agreed to provide Bondholders with annual audited financial statements and certain other information, in accordance with the current requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 (the “Rule”). The University is currently the sole “obligated person” under the Rule with respect to the Series 2024 Bonds. See “CONTINUING DISCLOSURE” herein and “APPENDIX F — FORM OF CONTINUING DISCLOSURE AGREEMENT” for a description of the University’s agreement to provide secondary market disclosure.

Offering and Delivery of the Series 2024 Bonds

The Series 2024 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 Series 2024 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 March 13, 2024. See “THE SERIES 2024 BONDS — Book-Entry Only System” herein and “APPENDIX E — BOOK-ENTRY-ONLY SYSTEM.”

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 University are included in this Official Statement. Definitions of certain words and terms and the forms of the Master Trust Indenture, the Second Supplement, the Bond Indenture, and the Loan Agreement are included in “APPENDIX C — FORMS OF BASIC DOCUMENTS.”

All references herein to the Series 2024 Bonds, Master Indenture, the Bond Indenture, the Loan Agreement, and other documents are qualified in their entirety by reference to such documents. Copies of such documents are available upon request and upon payment to the Bond Trustee of a charge for copying, mailing and handling, from the Bond Trustee at 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256 Attention: Corporate Trust Department, Telephone: 904-645-1945. During the period of offering of the Series 2024 Bonds, copies of such documents are also available, upon request and upon payment to the Underwriter of a charge for copying, mailing and handling, from B.C. Ziegler and Company, One North Wacker Drive, Suite 2000, Chicago, Illinois 60606.

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THE ISSUER

The Issuer is a public body corporate and politic, organized and existing as an educational facilities authority under the laws of the State of Florida.

Pursuant to the provisions of the Act and by a Resolution of the Issuer adopted on November 14, 2023, the Issuer is authorized and empowered to issue the Series 2024 Bonds, to loan the proceeds thereof to the University and to secure the Series 2024 Bonds by a pledge of the amounts payable by the University to the Trustee pursuant to the Loan Agreement.

The Series 2024 Bonds and the obligation to pay the principal thereof and interest thereon and any redemption premiums with respect thereto do not now and shall never constitute an indebtedness or an obligation of the Issuer, Palm Beach County, Florida (the “County”), the State of Florida (the “State”) or any political subdivision thereof, within the purview of any constitutional limitation or statutory provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived by the University, which revenues and income have been pledged and assigned to the Bond Trustee under the Loan Agreement to secure payment thereof.

NO OWNER OF THE SERIES 2024 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER, IF ANY, OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, INTEREST ON, OR REDEMPTION PREMIUM, IF ANY, ON THE SERIES 2024 BONDS. THE ISSUER HAS NO TAXING POWER.

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.” The Issuer is not responsible for providing any purchaser of the Series 2024 Bonds with any information relating to the Series 2024 Bonds or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser.

The Issuer has previously issued bonds for the purpose of financing other projects for other borrowers that are payable from revenues received from such other borrowers. Revenue bonds issued by the Issuer for other borrowers may be in default as to principal or interest. The sources of payment for such other bonds previously issued by the Issuer for borrowers other than the University are separate and distinct from the source of payment for the Series 2024 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 Series 2024 Bonds.

THE UNIVERSITY

The University is a Florida nonprofit corporation, exempt from federal income taxation as a charitable organization under Section 501(c)(3) of the Code. The University operates a four-year private liberal arts coeducational institution of higher learning and offers graduate and professional programs. The University was incorporated in 1968 and its Campus is located in downtown West Palm Beach, Florida. See “APPENDIX A — PALM BEACH ATLANTIC UNIVERSITY, INC.” for a detailed description of the University.

THE SERIES 2024 BONDS

General

The Series 2024 Bonds will be issued as registered bonds without coupons in denominations of \$5,000, or any integral multiple of \$5,000 in excess thereof (each, an “Authorized Denomination”). The Series 2024 Bonds will be dated their date of initial issuance and delivery and will bear interest from the dated date thereof, payable semiannually commencing on October 1, 2024, and on each April 1 and October 1 thereafter, at the rates, and will mature, subject to prior redemption as described herein, on the dates and in the amounts as set forth on the inside cover of this Official Statement. Interest will be calculated on the basis of a 30-day month and a 360-day year.

Interest on Series 2024 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 as of the 15th day of the month preceding the interest payment date; provided, however, that at the request of the registered owner of the Series 2024 Bonds, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Bond Trustee from such registered owner.

If any principal of or premium, if any, or interest on any Series 2024 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 highest rate of interest borne by any Series 2024 Bond.

Special Limited Obligations

The Series 2024 Bonds will be special limited obligations of the Issuer as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS — Special Limited Obligations.”

Book-Entry Only System

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be initially issued and issuable only as one fully registered bond for each maturity (and interest rate within a maturity) registered in the name of Cede & Co., as partnership nominee of DTC, or such other name as may be requested by an authorized representative of DTC. Those fully registered bonds will be deposited with and retained in the custody of DTC or its agent.

For ease of reference in this and other discussions, reference to “DTC” includes, when applicable, any successor securities depository and the nominee of the depository.

For all purposes under the bond proceedings, DTC will be and will be considered by the University, the Issuer and the Bond Trustee to be the owner or holder of the Series 2024 Bonds.

Owners of book entry interests in the Series 2024 Bonds will not receive or have the right to receive physical delivery of Series 2024 Bonds, and will not be or be considered by the University, the Issuer, and the Bond Trustee to be, and will not have any rights as, owners or holders of Series 2024 Bonds under the bond proceedings.

For a discussion of the book entry system and DTC and the replacement of Series 2024 Bonds in the event that the book entry system is discontinued, see “APPENDIX E - BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

The Series 2024 Bonds are subject to redemption prior to maturity only as follows.

Optional Redemption. The Series 2024 Bonds maturing on or after October 1, 2034 (including all mandatory sinking fund redemption amounts), are subject to redemption at the direction of the University prior to maturity, in whole or in part, at any time on and after April 1, 2034, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds or portions thereof to be redeemed plus accrued interest thereon to, but not including, the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2024 Bonds maturing on October 1, 2034 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2028	\$795,000
2029	830,000
2030	875,000
2031	915,000
2032	960,000
2033	1,015,000
2034*	1,065,000

*final maturity

The Series 2024 Bonds maturing on October 1, 2043 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2035	\$1,115,000
2036	1,170,000
2037	1,230,000
2038	1,290,000
2039	1,355,000
2040	1,425,000
2041	1,495,000
2042	1,565,000
2043*	1,645,000

*final maturity

The Series 2024 Bonds maturing on October 1, 2048 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2044	\$1,730,000
2045	1,820,000
2046	1,915,000
2047	2,015,000
2048*	2,120,000

*final maturity

The Series 2024 Bonds maturing on October 1, 2053 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2049	\$2,235,000
2050	2,350,000
2051	2,475,000
2052	4,675,000
2053*	4,920,000

*final maturity

The Issuer shall receive a credit against payments required to be made on any mandatory sinking fund redemption date specified by an Authorized Representative of the University for the Series 2024 Bonds maturing on a particular October 1 in an amount equal to the principal amount of such Series 2024 Bonds that have been cancelled, whether by redemption or otherwise, at least 60 days before the mandatory sinking fund redemption date, provided the principal amount of such Series 2024 Bonds have not previously been applied as a credit against any other mandatory sinking fund redemption payment.

Extraordinary Optional Redemption. The Series 2024 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 at the direction of the University, to the extent the University makes a prepayment of the Loan under the circumstances permitted by the Loan Agreement. In the event of a partial extraordinary optional redemption, an Authorized Representative of the University may direct the Bond Trustee to redeem the Series 2024 Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Series 2024 Bonds of such maturity bears to the total principal amount of all Series 2024 Bonds issued under the Bond Indenture and then outstanding or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions.

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 Series 2024 Bonds called for redemption or (ii) conditional notice of redemption has been so given and the applicable condition has been satisfied or waived and the redemption moneys have been duly deposited with the Bond Trustee, then in either case the Series 2024 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 Series 2024 Bonds called for redemption upon surrender of such Series 2024 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 University for that purpose, as and to the extent provided in the Bond Indenture.

Selection of Series 2024 Bonds for Redemption. If less than all the Series 2024 Bonds are to be called for optional redemption or extraordinary optional redemption, the particular maturities (or portions thereof) to be redeemed shall be determined by the University. If less than all of the Series 2024 Bonds of any maturity are called for redemption, the particular Series 2024 Bonds to be redeemed shall be selected 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 Series 2024 Bond for such purposes. If a portion of a Series 2024 Bond having a principal amount of more than the minimum Authorized Denomination shall be called for redemption, a new registered Series 2024 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof. Upon surrender of any Series 2024 Bond redeemed in part only, the Bond Trustee shall authenticate and deliver to the holder a new Series 2024 Bond of the same maturity and interest rate and of an Authorized Denomination equal in principal amount to the unredeemed portion of the Series 2024 Bond surrendered. Notwithstanding the foregoing, so long as any Series 2024 Bonds are registered in the name of a securities depository or its nominee, the redemption of such Series 2024 Bonds (or portions thereof) shall be made in a manner consistent with the practice of such securities depository. See “APPENDIX C — FORMS OF BASIC DOCUMENTS—the Bond Indenture.”

Notice of Redemption. Series 2024 Bonds shall be called for optional or extraordinary optional redemption by the Bond Trustee as provided in the Bond Indenture upon receipt by the Bond Trustee at least 45 days (or such lesser period to which the Bond Trustee may agree) prior to the proposed redemption date of a written request of the University specifying the maturities (or principal portions thereof) of Series 2024 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Bond Indenture pursuant to which such Series 2024 Bonds are to be called for redemption; provided, however that this requirement shall not apply to the mandatory sinking fund redemption of Term Bonds, which Series 2024 Bonds shall be called for redemption by the Bond Trustee without the necessity of any action by the University or the Issuer. The Bond Trustee, upon being satisfactorily indemnified with respect to expenses, shall cause notice of the call for any redemption identifying the Series 2024 Bonds to be redeemed to be sent by Electronic Means, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days prior to the redemption date to the owner of each Series 2024 Bond to be redeemed at his address as it appears on the registration books. Failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2024 Bond with respect to which no such failure or defect has occurred.

Any such notice of redemption sent described in the preceding paragraph shall be deemed to have been duly given when sent by the Bond Trustee. Any such notice shall be given in the Issuer's name, identify the Series 2024 Bonds to be redeemed by name, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Series 2024 Bonds. All such notices shall also state that on the redemption date the Series 2024 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 any condition specified by the University, including but not limited to 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. In the event any such condition is not satisfied as to any Series 2024 Bond prior to the redemption date, the call for redemption of such Series 2024 Bond shall be null and void, and the Bond Trustee shall thereafter give notice of such fact, in the same manner as the original notice of redemption, to the Holder of such Series 2024 Bond.

If on or before the date fixed for redemption, funds shall be deposited with the Bond Trustee to pay the principal of, premium, if any, and interest accrued thereon to the redemption date on the Series 2024 Bonds called for redemption, and upon the satisfaction of any condition precedent to the redemption, then the Series 2024 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 Defeasance. If the University makes available funds 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 Series 2024 Bonds at maturity or on a date irrevocably fixed for their redemption, then interest on such Series 2024 Bonds shall cease to accrue on such maturity or redemption date, and from the date of such deposit the holders of such Series 2024 Bonds shall be restricted to the funds so deposited as provided in the Bond Indenture. See "APPENDIX C — FORMS OF BASIC DOCUMENTS—the Bond Indenture."

PLAN OF FINANCE

General

The proceeds of the Series 2024 Bonds will be loaned by the Issuer to the University to provide funds for the purposes of financing, including through reimbursement, (i) a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the University's main campus to be used primarily for the existing Rinker School of Business located at 901 South Flagler Drive, West Palm Beach, Florida, and any other capital improvements to its educational facilities located on such campus (collectively, the "Project"); and (ii) certain costs of issuance of the Series 2024 Bonds. A more detailed description of the application of the proceeds of the Series 2024 Bonds is contained in "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Project

A portion of the proceeds of the Series 2024 Bonds will be used to finance or to reimburse costs of a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the University's main campus to be used primarily for the existing Rinker School of Business located at 901 South Flagler Drive, West Palm Beach, Florida. This portion of the Project is expected to comprise multi-purpose classroom and office spaces, a 300+ seat tiered auditorium, a trading room, and executive style conference spaces. The total cost of the Project is estimated at \$90 million, and the University will use other available funds to fund the remaining balance.

Additionally, certain proceeds of the Series 2024 Bonds will be used to finance or to reimburse costs of capital improvements to the University's educational facilities located on such campus, including, but not limited to, renovation of existing buildings and student residence halls.

See “APPENDIX A – PALM BEACH ATLANTIC UNIVERSITY, INC. – UNIVERSITY FINANCES – Capital Expenditures and Future Indebtedness.”

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS

Par Amount of Bonds	\$45,000,000.00
Original Issue Premium	3,462,861.30
University Equity Contribution	<u>42,095,000.00</u>
TOTAL	<u>\$90,557,861.30</u>

USES OF FUNDS

Deposit to Project Fund	\$47,905,000.00
Additional Project Costs*	42,095,000.00
Underwriter’s Discount	194,918.01
Costs of Issuance†	<u>362,943.29</u>
TOTAL	<u>\$90,557,861.30</u>

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* Such amount will not be held in the Project Fund nor any other Funds created under the Bond Indenture.

† 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 Series 2024 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

General

The principal of, premium, if any, and interest on the Series 2024 Bonds will be payable solely from moneys paid by the University pursuant to the Loan Agreement and by the Obligated Group pursuant to the Series 2024 Note. The Series 2024 Note is a joint and several obligation of each current member of the Obligated Group and any future member. The University is currently the only member of the Obligated Group.

The Bond Trustee will have all right, title and interest in and to the Series 2024 Note, including all its rights under the Master Indenture as owner of the Series 2024 Note. Pursuant to the Bond Indenture, the Issuer will assign to the Bond Trustee 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 Series 2024 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.

Pledged Revenues

Under the Master Indenture, each member of the Obligated Group has granted (subject to Permitted Encumbrances) to the Master Trustee a security interest in the Pledged Revenues (excluding Restricted Moneys), which includes:

(1) all Accounts, Bank Accounts, General Intangibles, Contract Rights, and Related Rights of each member of the Obligated Group;

(2) except as specifically applied in the Master Indenture, all moneys and securities held from time to time by the Master Trustee under the Master Indenture, including without limitation moneys and securities held in the funds and accounts established under the Master Indenture (excluding money or securities held in escrow pursuant to the Master Indenture);

(3) any and all real or personal property of every name and nature from time to time hereafter by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Master Indenture by any member of the Obligated Group to the Master Trustee;

(4) all proceeds, cash proceeds, cash equivalents, products, replacements, additions and improvements to, substitutions for and accessions of any and all property described above; and

(5) to the extent not included in (1)-(4) above, all (i) revenues, receipts, accounts receivable and money from tuition, fees, room and board and auxiliary services and programs, (ii) all gifts, grants, bequests and contributions that are unrestricted as to their use for the payment of Notes and Guaranties, (iii) rent received from the leasing of real or tangible personal property, (iv) all unrestricted investment income (including endowment draws but excluding unrestricted unrealized investment gains and losses) which investment income is unrestricted as to its use for the payment of Notes and Guaranties, and (v) proceeds derived from (x) insurance or condemnation awards relating to Property, except to the extent applied towards restoration of Property in accordance with the provisions hereof and (y) any of the items described in clauses (1) - (4).

Any receipts of the University and an Obligated Issuer which may at any time be lawfully pledged to the security of the Notes may be included, or confirmed to be included, in Pledged Revenues by instrument approved by the Governing Body of the University or such Obligated Issuer, as applicable.

Cash held by the University or in any deposit or investment account owned by the University may not be subject to any perfected security interest under the UCC. The lien on certain other Pledged Revenues may not be enforceable against third parties unless such other Pledged Revenues are transferred and delivered to the Master Trustee, and may be lost if the proceeds are commingled or expended by the Obligated Group. 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 Group pursuant to the U.S. Bankruptcy Code, any receivables in favor of such bankrupt member coming into existence and any Pledged Revenues 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 bankruptcy court with respect to such bankrupt member may no longer be subject to the lien granted to secure Notes issued under the Master Indenture and, with respect to the Pledged Revenues, 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 Revenues to meet expenses of the bankrupt entity before paying debt service on the Notes. With respect to Pledged Revenues not subject to the lien, and with respect to assets of the Obligated Group not included in Pledged Revenues, the Holders of Notes under the Master Indenture would occupy the position of an unsecured creditor.

The Master Indenture and the Obligated Group

The Series 2024 Note and any other Notes issued or to be issued by the members of the Obligated Group are joint and several obligations of each and every member of the Obligated Group. All Notes, including the Series 2024 Note, 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. Following issuance of the Series 2024 Note to secure the Series 2024 Bonds, \$79,465,000 will be outstanding under the Master Indenture, which amount is comprised of the Series 2024 Note (\$45,000,000), and the Palm Beach Atlantic University, Inc. Series 2021 Note (\$34,465,000) which secures the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2021, dated October 13, 2021 (the "Series 2021 Bonds").

Currently, the University is the only member of the Obligated Group. The Master Indenture provides that any Person may be admitted to the Obligated Group upon the satisfaction of certain conditions and with the consent of the Obligated Group Representative. 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 Group under certain circumstances. The University, however, may not withdraw from the Obligated Group under any circumstances. See "FORMS OF BASIC DOCUMENTS — Master Trust Indenture" in APPENDIX C hereto. The enforceability of the obligations of members of the Obligated Group may be limited in certain circumstances. See "BONDHOLDERS' RISKS – Potential Effects of Bankruptcy" and "— Enforceability of Remedies" herein.

The members of the Obligated Group agree in the Master Indenture that they will not create or suffer to be created or exist any Lien upon Property (as defined in the Master Indenture) now owned or hereafter acquired by it, other than Permitted Encumbrances, without effective provision being made, in each instance by the instrument creating such Lien, whereby each series of Notes and each Guaranty issued

and Outstanding under the Master Indenture are directly secured thereby equally and ratably with the Indebtedness to be issued and secured by such Lien. In addition, the members of the Obligated Group 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 Group. In the Master Indenture, the members of the Obligated Group make certain covenants with respect to the maintenance of their property. The members of the Obligated Group also covenant that, upon the occurrence of an Event of Default, they will pay over to the Master Trustee, if so directed, the whole amount that then shall have become due and payable on all Notes or Guaranties for principal or interest, or both, as the case may be, with interest on the overdue principal and installments of interest (to the extent permitted by law) at the rate of interest provided in the Supplemental Master Indenture under which such Notes were issued. The covenants of the members of the Obligated Group under the Master Indenture are contained in “FORMS OF BASIC DOCUMENTS — Master Trust Indenture” in APPENDIX C hereto.

Covenants; Additional Indebtedness

The members of the Obligated Group are subject to covenants under the Master Indenture relating to maintenance of a Historical 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 Group and withdrawal of members from the Obligated Group. See “FORMS OF BASIC DOCUMENTS — Master Trust Indenture” in APPENDIX C hereto.

THE MASTER INDENTURE PERMITS EACH MEMBER OF THE OBLIGATED GROUP TO INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY NOTES ISSUED UNDER THE MASTER INDENTURE THAT WILL SHARE THE SECURITY FOR THE SERIES 2024 NOTE ON A PARITY BASIS WITH THE SERIES 2024 NOTE. 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 SERIES 2024 BONDS.

Historical Debt Service Coverage Ratio. As provided in the Master Indenture, the University and all other Obligated Issuers shall endeavor to maintain a Historical Debt Service Coverage Ratio, calculated as of the end of each Fiscal Year for the twelve months then ending, of not be less than 1.10:1.00.

As provided in the Master Indenture, in the event the Historical Debt Service Coverage Ratio, calculated as of the end of any Fiscal Year, is less than 1.10:1.00, the Obligated Issuers shall retain an Independent Consultant to make recommendations to increase the Historical Debt Service Coverage Ratio for subsequent Fiscal Years to at least 1.10:1.00, or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Obligated Issuers agree that they will follow the recommendations of the Independent Consultant, to the extent feasible, and that promptly upon receipt of such recommendations, subject to existing law and applicable agreements, shall take such action as shall be in conformity with such recommendations; provided, however, that if the Obligated Group is not lawfully able to follow the recommendations of the Independent Consultant, the Obligated Group Representative shall provide to the Master Trustee an Opinion of Counsel stating the legal reasons therefor. Provided that the Obligated Issuers comply with the provisions of this paragraph, failure to maintain a Historical Debt Service Coverage Ratio of less than 1.10:1.00 for a Fiscal Year shall not constitute an Event of Default, but if the Historical Debt Service Coverage Ratio calculated at the end of both of any two consecutive Fiscal Years is below 1.10:1.00, the same shall constitute an Event of Default under the Master Indenture.

Funds Held Under the Bond Indenture

Bond Fund. The Bond Indenture establishes the Bond Fund relating to the Series 2024 Bonds. Pursuant to the Bond Indenture, the Bond Trustee will deposit all amounts derived from the Series 2024 Note, the Loan Agreement or the security therefor in the Bond Fund.

Project Fund. The Bond Indenture establishes a Project Fund into which the Bond Trustee will deposit a portion of the proceeds of the Series 2024 Bonds in an amount expected to be sufficient to pay a portion of the Costs of the Project.

Costs of Issuance Fund. The Bond Indenture establishes a Costs of Issuance Fund into which the Bond Trustee will deposit a portion of the proceeds of the Series 2024 Bonds in an amount sufficient to pay costs associated with issuing the Series 2024 Bonds.

Other Covenants of the Obligated Group

In the Loan Agreement and the Master Indenture, the University or the Obligated Group, as the case may be, makes certain additional covenants with respect to maintenance of the Property, use of bond proceeds and maintenance of its existence as tax-exempt, nonprofit corporations, as described more fully in “FORMS OF BASIC DOCUMENTS — Loan Agreement” and “—Master Trust Indenture” in APPENDIX C hereto.

No Mortgage Lien or Security Interest in Real or Tangible Personal Property

As of the date of issuance of the Series 2024 Bonds, no real or tangible personal property of the Obligated Group will be subject to a security interest or mortgage as security for the obligations of the Obligated Group under the Master Indenture. See “BONDHOLDERS’ RISKS – No Mortgage or Lien” herein.

No Credit Enhancement

There is no credit enhancement facility securing the obligations of the members of the Obligated Group under the Series 2024 Note or the Series 2024 Bonds as initially issued, nor is there any requirement that a credit enhancement facility for the Series 2024 Bonds ever be provided.

Defeasance

When the interest on, and the principal and redemption premium (if any) of all Series 2024 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 principal of which, when due and payable, shall provide sufficient amounts to pay the principal of, premium, if any, and the interest that may become due on the Series 2024 Bonds on or prior to the redemption date or maturity date thereof, and certain other fees and expenses relating to the Series 2024 Bonds, such Series 2024 Bonds shall 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 Series 2024 Bonds. See “FORMS OF BASIC DOCUMENTS — Bond Trust 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 may be amended with the consent of the holders of not less than a majority 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 “FORMS OF BASIC DOCUMENTS — Master Trust Indenture” in APPENDIX C hereto.

Special Limited Obligations

THE SERIES 2024 BONDS AND THE OBLIGATION TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON AND ANY REDEMPTION PREMIUMS WITH RESPECT THERETO DO NOT NOW AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL LIMITATION OR STATUTORY PROVISION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS, IF ANY, OF ANY OF THEM, BUT SHALL BE SECURED AS AFORESAID, AND SHALL BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED BY THE UNIVERSITY, WHICH REVENUES AND INCOME HAVE BEEN PLEDGED AND ASSIGNED TO THE BOND TRUSTEE UNDER THE LOAN AGREEMENT TO SECURE PAYMENT THEREOF. NO OWNER OF THE SERIES 2024 BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER, IF ANY, OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, INTEREST ON, OR REDEMPTION PREMIUM, IF ANY, ON THE SERIES 2024 BONDS. THE ISSUER HAS NO TAXING POWER.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the principal (including principal payable at maturity and by mandatory sinking fund redemption) and interest payment requirements with respect to the Series 2024 Bonds and other long-term indebtedness of the University for the listed Fiscal Years. See “UNIVERSITY FINANCES – Current Outstanding Indebtedness” in APPENDIX A hereto.

Fiscal Year End (June 30)	Series 2024 Bonds		Other Long-Term	TOTAL
	Principal	Interest	Indebtedness*	
2024	--	--	\$2,271,800.00	\$2,271,800.00
2025	--	\$2,431,419.38	2,269,900.00	4,701,319.38
2026	--	2,315,637.50	3,707,900.00	6,023,537.50
2027	--	2,315,637.50	2,202,700.00	4,518,337.50
2028	--	2,315,637.50	3,162,300.00	5,477,937.50
2029	\$795,000.00	2,295,762.50	3,110,700.00	6,201,462.50
2030	830,000.00	2,255,137.50	2,964,800.00	6,049,937.50
2031	875,000.00	2,212,512.50	2,048,600.00	5,136,112.50
2032	915,000.00	2,167,762.50	2,053,000.00	5,135,762.50
2033	960,000.00	2,120,887.50	2,050,900.00	5,131,787.50
2034	1,015,000.00	2,071,512.50	2,047,400.00	5,133,912.50
2035	1,065,000.00	2,019,512.50	2,047,400.00	5,131,912.50
2036	1,115,000.00	1,965,012.50	2,045,800.00	5,125,812.50
2037	1,170,000.00	1,907,887.50	2,047,500.00	5,125,387.50
2038	1,230,000.00	1,847,887.50	2,047,400.00	5,125,287.50
2039	1,290,000.00	1,784,887.50	2,045,500.00	5,120,387.50
2040	1,355,000.00	1,718,762.50	2,046,700.00	5,120,462.50
2041	1,425,000.00	1,649,262.50	2,041,000.00	5,115,262.50
2042	1,495,000.00	1,576,262.50	2,043,300.00	5,114,562.50
2043	1,565,000.00	1,499,762.50	2,043,400.00	5,108,162.50
2044	1,645,000.00	1,419,512.50	2,041,300.00	5,105,812.50
2045	1,730,000.00	1,332,975.00	2,037,000.00	5,099,975.00
2046	1,820,000.00	1,239,787.50	2,035,400.00	5,095,187.50
2047	1,915,000.00	1,141,743.75	2,036,300.00	5,093,043.75
2048	2,015,000.00	1,038,581.25	2,034,600.00	5,088,181.25
2049	2,120,000.00	930,037.50	2,035,200.00	5,085,237.50
2050	2,235,000.00	815,718.75	2,033,000.00	5,083,718.75
2051	2,350,000.00	695,362.50	2,032,900.00	5,078,262.50
2052	2,475,000.00	568,706.25	2,029,800.00	5,073,506.25
2053	4,675,000.00	381,018.75	0.00	5,056,018.75
2054	4,920,000.00	129,150.00	0.00	5,049,150.00
TOTAL	\$45,000,000.00	\$48,163,738.13	\$64,613,500.00	\$157,777,238.13

* Includes the Series 2021 Bonds, the 2018 Promissory Note, and the 2022 Promissory Note.

BONDHOLDERS' RISKS

An investment in the Series 2024 Bonds involves various risks, including, but not limited to, those 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 Series 2024 Bonds are an appropriate investment. Payment of the Series 2024 Bonds will depend on the University's ability to generate revenues sufficient to make payments pursuant to the Loan Agreement, which is the primary source to pay debt service on the Series 2024 Bonds and the corresponding Series 2024 Note, while paying operating expenses of the University. The following are some of the factors that may affect the University's 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.

Forward Looking Statements in this Official Statement. When used in this Official Statement and in any continuing disclosure by the University, in the University's press releases and in oral statements made with the approval of an authorized executive officer of the University, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements include, among others, information under this caption "BONDHOLDERS' RISKS", statements and information in APPENDIX A to this Official Statement.

Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The University cautions readers not to place undue reliance on any such forward looking statements. The University advises readers that certain factors could affect the financial performance of the University and could cause the actual results of the University for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

General

The Series 2024 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 Series 2024 Bonds are secured by and payable solely from payments made by the University pursuant to the Loan Agreement and are secured by the Series 2024 Note issued by the University under the terms of the Master Indenture.** The Series 2024 Bonds are not payable from any funds other than the revenues pledged to their payment. The University's profitable operation depends in large part on achieving and maintaining certain operating surplus throughout the term of the Series 2024 Bonds. However, no assurance can be made that the revenues derived from the operation of the University will be realized in the amounts necessary, after payment of general operating expenses of the University, to pay principal of, premium, if any, and interest on the Series 2024 Bonds and the Series 2024 Note.

There are a number of factors generally affecting nonprofit institutions of higher education, including the University, which could have an adverse effect on the University's enrollment and its ability to generate sufficient revenues to make the payments required under the Loan Agreement and the Series 2024 Note. 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 University 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 University 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 University or other changes in demand for higher education in general or for programs offered by the University 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 University's enrollment;
- (8) Changes or vacancies in management, personnel or the administration of the University or changes in the University'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 University's facilities. For example, if property of the University is determined to be contaminated by hazardous materials, the University 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 University to attract prospective students or otherwise adversely affecting the ability of the University 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 University.

No representation or assurance can be given that the University will generate sufficient revenues to meet the University's payment obligations under the Loan Agreement and the Series 2024 Note.

Construction Risks

Although the University believes that the funds available for the construction of the Project will be sufficient to cover the estimated costs thereof, the uncertainties inherent in construction may result in escalations of the cost of such improvements or delays in its completion. The cost may be increased if there are change orders with respect to its construction. In addition, there can be cost overruns and delays due to a variety of factors including, among others, delays in obtaining the necessary permits and other governmental approvals necessary for the construction of the improvements, site difficulties, labor disputes, delays in delivery and shortages of materials, weather conditions, fire and casualty. Although the University believes that the improvements as designed (or as they will be designed) will receive all necessary governmental approvals, there can be no assurance that such approvals will be obtained in a timely fashion or that changes to the design will not be required.

The University will execute one or more Guaranteed Maximum Price Construction Contracts (collectively, the “GMPs”) in an aggregate amount of \$73,457,365 for construction of the Project. Management of the University expects that the GMPs will be executed prior to the issuance of the Series 2024 Bonds or shortly thereafter. The GMPs will provide for daily liquidated damages if the improvements are not completed by the date specified, subject to extension under conditions set forth in such construction contract. The general contractor is expected to construct the improvements pursuant to a lump sum price in the construction contract. Each subcontractor is expected to have a performance bond under their subcontract with the general contractor or be explicitly waived by the University on a case by case basis. If savings within the contract are realized, 100% of the savings will be sent back to the University. However, if cost overruns resulting from delays, change orders, or other causes are experienced, the fixed price may increase. If such cost overruns occur, management of the University expects that it will have sufficient funding with which to complete construction. Other contracts, such as architectural fees, pre-construction work, and furniture, fixtures and equipment will be or have already been executed by the University. Management of the University expects that it will have sufficient funding to cover these additional contracts.

COVID-19 Pandemic or Other Infectious Disease Outbreak

The outbreak of SARS-CoV-2 (“COVID-19”), a respiratory disease caused by a strain of coronavirus, was declared a pandemic by the World Health Organization. The outbreak of the disease affected travel, commerce and financial markets globally, in the United States and in the State of Florida, and the continued spread of COVID-19 and its impact on social interaction, travel, economies and financial markets could potentially impact the University’s operations and financial condition.

The COVID-19 pandemic, or any other highly infectious disease outbreak, may affect the University’s operations and revenues in various ways, including but not limited to:

(1) The University’s business depends on significant numbers of students, and the inability to recruit and retain a material number of students may have a material adverse impact on the University’s results of operations and financial condition.

(2) The relative geographic concentration of the University’s applicant pool could expose the University to risks associated with regional demographics, local and regional economies, and other local and regional adverse conditions.

(3) The ability of admitted international students to (i) travel to the University’s campus or (ii) obtain necessary student visas may continue to be limited by governmental limitations on travel from other countries or to the United States.

(4) The University's operations could face operating hazards and potential interruptions from the COVID-19 pandemic and other health emergencies, including related governmental-imposed limitations on operations, which could limit the matriculation of students and result in unplanned losses of revenue and/or higher than anticipated operating expenses. The University could face materially adverse effects on its net operating income to the extent COVID-19 or any other health emergency and governmental responses thereto cause a material decline in its results of operations.

(5) Governmental and nongovernmental and philanthropic grants and gifts could be reduced.

(6) The University's ability to comply with governmental mandates may limit its ability to operate its business as currently anticipated.

(7) Costs of maintaining the current in-person, online and hybrid curriculum in the future, compliance with new governmental mandates, laws and regulations, and capital expenditures required to fulfill its mission may each materially adversely affect future financial performance and results of operations.

(8) The University's ability to forecast future financial conditions or results of operations and future revenues and expenses may be limited due to current facts and circumstances and historical performance, which may or may not be applicable to future performance and results of operations.

(9) Adverse effects on financial markets and consequently the returns on and value of the University's investments and endowment performance and market values.

Management of the University cannot predict the impact on revenues or any costs associated with the COVID-19 pandemic or other highly infectious disease outbreak, but the impact of any costs or lost revenues could be material and adverse. The extent to which business interruption insurance would be available in connection with any events resulting from the COVID-19 pandemic or other health emergency is dependent upon the specific facts of the events, and there can be no assurance that adequate business interruption insurance would be available to cover such losses. Management of the University cannot predict the likelihood or severity of any of the aforementioned events upon the University's business or financial condition, though such effect could be material and adverse.

For a discussion of the federal Higher Education Emergency Relief Funds and employee retention credit received by the University in response to the COVID-19 pandemic, see "APPENDIX A – PALM BEACH ATLANTIC UNIVERSITY, INC. – UNIVERSITY FINANCES – Higher Education emergency Relief Funds (HEERF)."

Enrollment and Competition

The University's ability to make loan payments and payments on other indebtedness will depend in significant part upon the University's ability to continue as a going concern and maintain enrollment levels sufficient to ensure that corresponding tuition revenues are adequate to operate the University. The University's enrollment levels may be adversely impacted by any tuition increases the University may be required to implement to maintain revenues in the future. Enrollment may also be impacted by adverse events affecting the University, including but not limited to adverse publicity regarding the University or its programs, the administration, faculty or students, receptivity to specific programs, requirements or educational methodologies adopted by the University, receptivity to the philosophy and educational tenets of the University and its approach to education, reduction in the number of college age youth, increased competition, the reduction in the availability of financial aid sources or general economic downturns. The

University has a strong religious heritage and engages in religious teachings and therefore may have limited appeal to the general public.

In addition, the University competes for enrollment with other public and private colleges in the State for students seeking degrees. Competition for students among colleges and universities remains intense, and the tuition charged by public colleges and universities is significantly less than tuition charged by the University. There can be no assurance that the University can continue to enroll a sufficient number of students to generate revenues sufficient to pay debt service on the Series 2024 Bonds. See APPENDIX A – “PALM BEACH ATLANTIC UNIVERSITY, INC. – ENROLLMENT” for a discussion of enrollment at the University.

Cybersecurity

The University, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the University is subject to multiple cyber threats including, but not limited to, hacking, phishing attempts, viruses, malware and other attacks on computer and other sensitive digital networks and systems. From time to time, entities or individuals may attempt to gain unauthorized access to the University’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage.

Like many institutions of higher education, the University is subject to these attempted attacks on a regular basis. Over the past 10 years, to the knowledge of the University, the University was victimized by such attacks one time, in June 2020. In such instance, an end-of-life VPN appliance was compromised by malicious actors, and 80 sets of credentials containing username/password, private keys and session tokens were obtained. Due to multi-factor authentication, no further breach or account access occurred. All impacted users were contacted in accordance with current legal obligations, advised under the guidance of University legal counsel, and there were no lawsuits or settlements related to the incident.

The University continues to maintain numerous cybersecurity systems, controls, policies, and training in an effort to avoid such attacks and protect its information. However, with the volume, type, and sophistication of attacks targeting the University, no assurances can be given that the University’s efforts to manage cyber threats and attacks will be completely successful against all attacks. Additionally, there is no guarantee that a future attack will not materially impact the operations or finances of the University.

Tuition

Approximately 48% of the University’s unrestricted revenues for the fiscal year ended June 30, 2023, was provided through net tuition and related fees. Although the University in the past has been able to raise tuition and related fees in sufficient amounts without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so in the future. In addition, a significant portion of student tuition is provided to students through government sponsored financial assistance/loan programs; there can be no assurance that these programs will continue or will not change in one or more aspects that are unfavorable to students. See “Reliance on Financial Aid” below.

Reliance on Financial Aid

A significant portion of the University’s students rely upon governmentally funded or insured financial aid which in some cases dramatically reduces the cost of attending the University. There can be no assurance that the governmental entities providing such financial aid will maintain funding levels in the future, which may make attending the University unattainable for some of the University’s students and

prospective applicants. Financial assistance is a significant factor in the decision of many students to attend a particular college or university. Nearly all of the students enrolled at the University receive some form of financial assistance through a combination of grants, scholarships, loans, tuition discounts and other financial aid. The tuition discounts/scholarships are important in maintaining enrollment, but must be limited so as not to adversely affect revenues. While the University intends to maintain a discount rate of approximately 50% in future years, there can be no assurance that it can maintain that level of discount. Significant changes in the availability of federal and state loan programs and other forms of student aid could also adversely affect the ability of students to attend the University with a resultant adverse impact on the financial condition of the University and its ability to make loan payments sufficient to pay debt service on the Series 2024 Bonds. See APPENDIX A – “PALM BEACH ATLANTIC UNIVERSITY, INC. – ENROLLMENT” for a discussion of tuition, tuition discounts and scholarships at the University.

Factors Associated with Higher Education

There are a number of factors affecting colleges and universities in general that could have an adverse effect on the University’s financial position and the University’s ability to make required payments under the Loan Agreement and, in turn, on the Series 2024 Bonds. These factors include, but are not limited to, the ability to attract a sufficient number of students; increasing costs of compliance with federal or State laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the University’s work force with consequent impact on wage scales and operating costs of the University; changes in existing statutes pertaining to the powers of the University and legislation or regulations which may affect program funding. The University cannot assess or predict the ultimate effect of these factors on its operations or financial results.

No Mortgage or Lien

As of the date of issuance of the Series 2024 Bonds, no mortgage or other lien will be created on the real or tangible personal property of the Obligated Group as security for the payment of the Series 2024 Note. Furthermore, the security interest in certain components of the Pledged Revenues will not be perfected pursuant to the UCC. Although the Master Indenture contains restrictions on liens and encumbrances that the Obligated Group may create with respect to their property, the Master Indenture also permits the Obligated Group to create certain liens and encumbrances (referred to in the Master Indenture as “Permitted Encumbrances”) for the benefit of persons or entities, including creditors, other than the holders of Notes under the Master Indenture. If the Obligated Group encounters financial difficulty, a creditor secured by a Permitted Encumbrance may be entitled to a prior claim against the proceeds of the property of the Obligated Group subject to such Permitted Encumbrance. See “FORMS OF BASIC DOCUMENTS — Master Trust Indenture” in APPENDIX C hereto for a description of Permitted Encumbrances. If the Obligated Group creates or permits a lien that is not a Permitted Encumbrance, such lien may be enforceable against the Obligated Group even though a default may exist under the Master Indenture for violation of the restrictions on such lien.

General Risks Related to Private Universities

There are many diverse factors, not within the University’s control, that have a substantial bearing on the risks generally incident to the operation of the University’s facilities. These factors include generally imposed fiscal policies, adverse use of adjacent neighboring real estate, the ability to maintain the facilities, the University’s ability to attract and retain professors (whether because of compensation or otherwise), changes in demand for private universities like the University, changes in the number of competing facilities, changes in the costs of operation of the University, changes in the recognition or accreditation of the University, or withdrawal of accreditation, general economic conditions, and the availability of working

capital. There can be no assurance that the University will not experience one or more of the adverse factors that have caused other schools to experience financial hardship or to cease operations completely.

University Operations

Demand for Services. The earnings and revenues of the University are subject to, among other things, demand for the services offered by the University, the ability of the University 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 of the University and the payment of principal and interest on the Series 2024 Bonds. There is no representation or assurance that the University will generate sufficient revenues to meet its obligations under the Loan Agreement or the Series 2024 Note.

Operating Costs. The University 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 University 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 University.

Faculty. The ability of the University to attract and retain quality faculty members is an important factor in the University's academic reputation and its ability to attract students. The University employs its faculty members under single- or multi-year contracts. The University has established the ranks, in order from lowest to highest, of Instructor, Assistant Professor, Associate Professor, and Professor. While there is no assurance that the University will be able to attract and retain quality faculty members, it has a long-standing history of so doing, and management of the University has no reason to expect the trend to discontinue.

Need to Maintain Accreditation. The University has received accreditation, certification, and licensure from various entities and is authorized by the Southern Association of Colleges and Schools Commission on Colleges to grant degrees. See APPENDIX A – "PALM BEACH ATLANTIC UNIVERSITY, INC. – PROFILE OF THE UNIVERSITY – Accreditation and Membership." In order to attract students and to qualify under federal, state, and private student financial aid programs, the University must maintain its accreditations.

Need to Achieve and Maintain Certain Enrollment Levels. The University's ability to meet its obligations under the Loan Agreement and the Series 2024 Note depends, in large part, upon the enrollment of the University being at sufficient levels at sufficient tuition rates to enable the University 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.

Annual Giving. The University 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 of key administration personnel, or prolonged vacancies of key administrative positions, of the University could affect the capability of the administration to effectively manage the University.

Labor Risks. Labor costs constitute a significant portion of the operating expenses of the University. 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 University. While the University's employees are not currently unionized and the University believes labor relations are good, there can be no assurance that such employees will not seek to establish collective bargaining agreements with the University in the future.

Earnings on Investments. A portion of the University's revenues available to pay debt service on the Series 2024 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 University's investments is subject to decline in value and principal loss. See "APPENDIX B – INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" and the notes therein for a discussion of the University's investments.

Financial Information

Certain historical financial information of the University is set forth in APPENDICES A and B hereto. There can be no assurance that the financial results achieved by the University in the future will be similar to historical results and there can be no assurance that the University will generate sufficient revenues to make the required payments under the Loan Agreement and the Series 2024 Note. Such future results will vary from historical results and actual variations may be material.

Special Limited Obligations of the Issuer

The Series 2024 Bonds are special limited obligations of the Issuer and have the sources of payment, as follows:

Loan payments received by the Bond Trustee from the University pursuant to the terms of the Loan Agreement and the Series 2024 Note. The Issuer has no obligation to pay the Series 2024 Bonds except from payments derived from the Loan Agreement. The Series 2024 Bonds, together with interest and premium, if any, thereon, are special 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 County, the State, or any other political subdivision or a charge against the general credit or the taxing power of any of the foregoing. Under the Loan Agreement, which the Issuer has assigned to the Bond Trustee, and the Series 2024 Note, the University will be required to make 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 Series 2024 Bonds. Such payments are, however, anticipated to be derived principally from operation of the University and investment earnings. The University's profitable operation depends in large part on achieving and maintaining certain operating surplus throughout the term of the Series 2024 Bonds. However, no assurance can be made that the revenues derived from the operation of the University will be realized by the University in the amounts necessary, after payment of operating expenses, to pay principal of, premium, if any, and interest on the Series 2024 Note and the Series 2024 Bonds.

Revenues received from operation of the University 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 Series 2024 Bonds in accordance with their terms is largely dependent upon the success of the University in operating the University in a profitable manner and avoiding any default under the Loan Agreement, Master Indenture or Bond Indenture.

Matters Relating to Security for the Series 2024 Bonds

Pursuant to the Loan Agreement, the University agrees to make payments to the Issuer, which payments are assigned 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 Series 2024 Bonds. The University's obligation under the Loan Agreement is secured by the Series 2024 Note, which constitutes a general revenue obligation of the Obligated Group, of which the University is currently the only member, payable from any legally available funds of the Obligated Group and is secured by the Pledged Revenues of the University under the Master Indenture.

Withdrawal From and Entry into the Obligated Group

Under certain conditions described in "FORMS OF BASIC DOCUMENTS – The Master Indenture" in APPENDIX C hereto, other Persons may become Members of the Obligated Group in accordance with the procedures set forth in the Master Indenture from time to time after the issuance of the Series 2024 Bonds and made jointly and severally liable with respect to the Series 2024 Note and every Note issued under the Master Indenture. Additionally, under certain conditions described in "APPENDIX C – FORMS OF BASIC DOCUMENTS – The Master Indenture" attached hereto, Members of the Obligated Group may withdraw from the Obligated Group from time to time and be released from all liability with respect to the Series 2024 Note. Under the terms of the Master Indenture, the University may not withdraw from the Obligated Group.

Potential Effects of Bankruptcy

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

In a bankruptcy proceeding, the University 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 University, 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 Series 2024 Note, and the Bond Indenture that make bankruptcy and related proceedings by the University an event of default thereunder.

Enforceability of Remedies

The remedies available to Bondholders upon an Event of Default under the Loan Agreement, the Master Indenture, the Bond Indenture or the Series 2024 Note are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the U.S. Bankruptcy Code, the remedies specified in the Loan Agreement, the Master Indenture, the Bond Indenture or the Series 2024 Note 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 Series 2024 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 University is not aware of any releases of pollutants or contaminants at the University'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 University on or in the vicinity of the campus of the University as of the date of this Official Statement. The University 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 applicable state or federal environmental statutes at a future date. In the event such enforcement actions are initiated, the University could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the campus.

Natural Disasters

The University's Campus is located in West Palm Beach, Florida, on the Atlantic Ocean. The State of Florida is naturally susceptible to the effects of extreme weather events and natural disasters including, but not limited to, hurricanes, floods, droughts and hurricanes. These extreme weather conditions could result in negative economic impacts on the University should they occur. Such effects can be exacerbated by a longer-term shift in the climate over time (climate change), including increasing global temperatures and rising sea levels. The occurrence of extreme weather events, or other similar disasters, could damage the University's facilities or the local infrastructure that provides essential transportation and utilities services to the University, interrupt the University's services, or otherwise impair operations and the ability of the University to produce revenues and could cause escalated recovery costs and increased deductibles associated with its insurance. While the University's operations have not been materially impacted by natural disasters and the University believes that it maintains adequate insurance to cover foreseeable losses arising from certain of such natural disasters and extreme weather conditions, there can be no assurances that in severe circumstances such insurance will be adequate to rebuild all or a portion of the University's facilities, and not all potential risks are insurable. Additionally, the University's ability to repay or to timely repay the Series 2024 Bonds could be affected if such extreme weather events were to occur and no assurances can be given as to whether any such events will occur that could materially impair the University's receipt of revenues.

Additional Indebtedness

The Master Indenture permits, upon compliance with the provisions thereof, the Obligated Group to incur Additional Indebtedness that may be equally and ratably secured with the Series 2024 Note and all other outstanding Notes. See “FORMS OF BASIC DOCUMENTS — Master Trust Indenture” in APPENDIX C hereto for the provisions that would allow the University to incur Additional Indebtedness. The incurrence of such Additional Indebtedness could increase the economic burden on the Obligated Group and thereby adversely affect the ability of the Obligated Group to make required payments on the Series 2024 Note, and, in turn, for the University to make loan payments sufficient to pay debt service on the Series 2024 Bonds. Any moneys realized from the exercise of remedies in the event of a default by the University could impair the ability of the University to maintain its compliance with certain covenants described in “FORMS OF BASIC DOCUMENTS — Master Trust 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 University to make the necessary payments to repay the Series 2024 Note would not be materially adversely affected by the incurrence of Additional Indebtedness.

Additional Indebtedness of University Outside of Master Indenture

The University may, in the future, incur indebtedness outside of that created under the Master Indenture if the incurrence of such indebtedness is not limited by the restrictions on Additional Indebtedness set forth in the Master Indenture. See “SECURITY FOR THE SERIES 2024 BONDS — Additional Indebtedness” herein. The incurrence of such indebtedness could increase the economic burden on the University and thereby adversely affect the ability of the University to make loan payments sufficient to pay debt service on the Series 2024 Bonds.

Non-Recourse Debt

The obligations of the Obligated Group under the Master Indenture and the University under the Loan Agreement are non-recourse in nature to officers and members of the board of trustees of the members of the Obligated Group. Should the University be unable to meet its obligations under the Loan Agreement, the remedies of the Bond Trustee and the Master Trustee will be limited to recovery against the revenues and the funds and accounts held by the Bond Trustee (other than the Rebate Fund) pursuant to the Bond Indenture, and recovery against the trust estate which secure the Series 2024 Note under the Master Indenture.

Ad Valorem Property Taxes

While certain land and buildings of the University comprising approximately 1,944 square feet and six parking spaces have been determined to be subject to ad valorem taxes, the balance of the University’s property is presently exempt from ad valorem property taxation. Although the University 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 University to pay ad valorem property taxes, which would reduce the University’s revenues available to make payments under the Loan Agreement and the Series 2024 Note.

Insurance Coverage; Liabilities in Excess of Insurance

While the University is required by the Master Indenture to have in effect at all times comprehensive general liability insurance, if a claim or judgment against the University 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 University to make debt service payments on the Series 2024 Bonds or the University’s ability

to make payments on the Series 2024 Note. Failure of an insurer to pay a claim could result in a default under the Loan Agreement and redemption of the Series 2024 Bonds at par. There are certain types of losses which are not insured or insurable, such as “force majeure.” Should such a catastrophic casualty occur, the University would suffer a loss for which insurance benefits would not be available.

Furthermore, the insurance requirements imposed by the Master Indenture are limited, and insurance proceeds may not be available to cover all claims or risks relating to the University or its existing facilities. Litigation could arise from the business activities of the University, including from its status as an employer. Many of these risks are covered by insurance, but some may not be covered completely or at all. See APPENDIX A – “PALM BEACH ATLANTIC UNIVERSITY, INC. – UNIVERSITY FINANCES – Insurance” for a description of the University’s insurance policies.

Future increases in insurance premiums and future limitations on the availability of certain types of insurance coverage could have an adverse impact on the University’s financial condition and operations and, ultimately, could adversely impact the ability of the University to pay debt service on the Series 2024 Bonds.

Normal Risks Attending Any Ownership of or Investment in Real Estate

There are many diverse risks attending any ownership of or investment in real estate that are not within the University’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.

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 University.

Facility Improvement Risks

Although the University believes that the funds available for the Project will be sufficient to cover the estimated costs thereof, the uncertainties inherent in facility improvements may result in escalations of the cost of such improvements or delays in completion. In general, costs may be increased if there are change orders with respect to improvements. In addition, there can be cost overruns and delays due to a variety of factors including, among others, delays in obtaining the necessary permits and other governmental approvals necessary, site difficulties, labor disputes, delays in delivery and shortages of materials, weather conditions, fire and casualty. Although the University believes that the improvements constituting the Project, as designed (or as they will be designed), will receive all necessary governmental approvals, there can be no assurance that such approvals will be obtained in a timely fashion or that changes to the design will not be required.

Tax-Exempt Status of the University

The University 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 University 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 University as an Exempt Organization would have a significant adverse effect on its operations and would result in the inclusion of interest on the Series 2024 Bonds in gross income for federal income tax purposes for holders of the Series 2024 Bonds, with the possibility that interest on the Series 2024 Bonds would be so included retroactively to their date of issue. See “TAX MATTERS” herein. Although the University has covenanted to take all appropriate measures to maintain its Exempt Organization status and management of the University 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 University, 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 Series 2024 Bonds. The University 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 2024 Bonds

The tax-exempt status of the Series 2024 Bonds is based on the continued compliance by the University with certain covenants contained in the Tax Agreement and Certificate dated the date of issuance of the Series 2024 Bonds (“Tax Regulatory Agreement”) among the Issuer and the University and in other documents and certificates delivered in connection with the Series 2024 Bonds. These covenants relate generally to restrictions on the use of the facilities financed and refinanced with proceeds of the Series 2024 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 2024 Bonds. Failure by the University to comply with such covenants could cause interest on the Series 2024 Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2024 Bonds. The interest rate borne by the Series 2024 Bonds is not subject to increase in the event the interest becomes subject to inclusion in gross income for federal income tax purposes.

Bond Audit Risk

The Series 2024 Bonds may be, from time to time, subject to audits by the IRS. The University believes that the Series 2024 Bonds comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2024 Bonds, as described under the caption “TAX MATTERS” herein. No ruling with respect to the tax-exempt status of the Series 2024 Bonds has been or will be sought from the IRS prior to the issuance thereof, 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 2024 Bonds will not adversely affect the tax-exempt status or the market price of the Series 2024 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 intends to make a secondary market in the Series 2024 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Series 2024 Bonds or, if a secondary market exists, that the Series 2024 Bonds can be sold for any particular price should holders need or wish to do so. Any prospective purchaser of beneficial ownership interests in the Series 2024 Bonds should therefore undertake an independent investigation regarding the desirability and practicality of the investment in the Series 2024 Bonds. Any prospective purchaser should be fully aware of the long-term nature of an investment in the Series 2024 Bonds and should assume that it will have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the Series 2024 Bonds that does not intend or that is not able to hold the Series 2024 Bonds for a substantial period of time is advised against investing in the Series 2024 Bonds.

Failure to Provide Ongoing Disclosure

The University will covenant to enter into the Continuing Disclosure Agreement pursuant to the Rule. See “CONTINUING DISCLOSURE” below. Failure to comply with the Continuing Disclosure Agreement and the Rule may adversely affect the liquidity of the Series 2024 Bonds and their market price in the secondary market. Failure of the University to comply with the Continuing Disclosure Agreement is not an Event of Default.

Other Risk Factors

There are many diverse risks attending any investment in or ownership of real estate, not within the University’s control, which may have a substantial effect on the ability of the University to generate revenues sufficient to pay debt service on the Series 2024 Bonds. Such risks include possible adverse use of adjoining land, 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 University

There is no litigation pending or, to the University’s knowledge, threatened, against the University that, if resolved adversely to the University, would, in the opinion of the University, be reasonably expected to have a material and adverse effect on the University’s financial position or operations or on the validity of the University’s obligations under the Loan Agreement or the Series 2024 Note.

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 Series 2024 Bonds, or in any way contesting or affecting the validity of the Series 2024 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 Series 2024 Bonds or the existence or powers of the Issuer.

TAX MATTERS

Series 2024 Bonds

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the Issuer and the University must continue to meet after the issuance of the Series 2024 Bonds in order that interest on the Series 2024 Bonds not be included in gross income for federal income tax purposes. The Issuer or the University’s failure to meet these requirements may cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Issuer and the University have covenanted in the Bond Indenture and the Loan Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds.

In the opinion of Bond Counsel, assuming continuing compliance by the Issuer and the University with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2024 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations.

Bond Counsel is further of the opinion that the Series 2024 Bonds and the interest thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes. Bond Counsel is further of the opinion that the Series 2024 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Issuer and the University in the Bond Indenture and the Loan Agreement, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2024 Bonds and of the property refinanced thereby), without undertaking to verify the same by independent investigation.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2024 Bonds. Prospective purchasers of Series 2024 Bonds should be aware that the ownership of Series 2024 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2024 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry Series 2024 Bonds, (2) the branch profits tax and (3) the inclusion of interest on the Series 2024 Bonds in passive income for certain S corporations. In addition, the interest on the Series 2024 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2024 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2024 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2024 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2024 Bonds in their particular state or local jurisdictions.

The Inflation Reduction Act, H.R. 5376 (the “IRA”), was passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15 percent alternative minimum tax to be imposed on the “adjusted financial statement income”, as defined in the IRA, of certain corporations. Interest on the Series 2024 Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2024 Bonds.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2024 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2024 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2024 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2024 Bonds.

Original Issue Premium

The Series 2024 Bonds (the “Premium Bonds”) were offered and sold to the public at a price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

FINANCIAL STATEMENTS

The financial statements of the University for the Fiscal Years ended June 30, 2023 and June 30, 2022 included in “APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS” have been audited by Templeton & Company, LLP (the “Auditor”), independent auditors, as stated in their report included in APPENDIX B hereto.

The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this offering document.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2024 Bonds will be subject to the approving opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, which will be furnished at the expense of the University upon delivery of the Series 2024 Bonds, in substantially the form set forth as APPENDIX D (the “Bond Opinion”). The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2024 Bonds and to the tax status of interest on the Series 2024 Bonds as described in the sections “TAX MATTERS.” Bond Counsel has not been engaged to investigate the financial resources of the University or its ability to provide for payment of the Series 2024 Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Series 2024 Bonds.

Certain legal matters will be passed upon for the University by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and for the Underwriter by its counsel, Dinsmore & Shohl LLP, Columbus, Ohio.

RATING

The Series 2024 Bonds have been assigned a bond rating of “BBB+” (stable outlook) from Fitch Rating Services, Inc. (“Fitch”), as indicated on the cover of this Official Statement, based on the credit strength of the University. Such rating reflects only the views of such rating agency at the time the rating is given, and the Issuer makes no representation as to the appropriateness of the rating. An explanation of the significance of the rating may be obtained only from the rating agency.

The University has furnished the rating agency with certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies, and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price for or marketability of the Series 2024 Bonds.

None of the Issuer, the Underwriter, or the University have an obligation to oppose any proposed revision or withdrawal of any rating on the Series 2024 Bonds. Neither the Issuer nor the Underwriter has any responsibility to bring to the attention of the holders of the Series 2024 Bonds any proposed revision or withdrawal of any rating on the Series 2024 Bonds.

UNDERWRITING

The Series 2024 Bonds are being purchased for reoffering by B.C. Ziegler and Company (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2024 Bonds from the Issuer at a purchase price of \$48,267,943.29 (representing the \$45,000,000.00 par amount of the Series 2024 Bonds, plus \$3,462,861.30 original issue premium, and less Underwriter’s discount of \$194,918.01). The initial public offering prices of the Series 2024 Bonds set forth on the inside 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 Series 2024 Bonds to the public. The Series 2024 Bonds may be offered and sold to other dealers (including Series 2024 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 inside cover page of this Official Statement.

CONTINUING DISCLOSURE

General

The University will enter into a Continuing Disclosure Agreement dated the date of issuance of the Series 2024 Bonds (the “Disclosure Agreement”) with Digital Assurance Certification, LLC (“DAC”) for the benefit of the Bondholders to provide certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of the Rule. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Disclosure Agreement, including termination, amendment and remedies, are set forth in APPENDIX F.

Failure by the University to comply with the Disclosure Agreement will not constitute an event of default under the Master Indenture, the Bond Indenture or the Loan Agreement, and Bondholders are limited to the remedies described in the Disclosure Agreement, as set forth in APPENDIX F.

Continuing Disclosure Compliance

The University. The Rule requires continuing disclosure with respect to new offerings of municipal securities of \$1,000,000 or more. The University is obligated to provide such continuing disclosure with respect to one or more previously issued and currently outstanding bond or note issues. The University has been in material compliance with its continuing disclosure obligations for the past five years.

The Issuer. Because the Series 2024 Bonds are special limited obligations, the Issuer is not required to and does not intend to provide Bondholders or the Bond Trustee with any additional information regarding itself or the Series 2024 Bonds after the date of issuance of the Series 2024 Bonds.

FINANCIAL ADVISOR

Stephens Inc. serves as financial advisor (the “Financial Advisor”) to the University. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent on the issuance and delivery of the Series 2024 Bonds. Stephens Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of

the Series 2024 Bonds, or the possible impact of any present, pending or future action taken by any legislative or judicial bodies.

BOND TRUSTEE AND MASTER TRUSTEE

The Bank of New York Mellon Trust Company, N.A., as Bond Trustee and Master Trustee, has not provided, or undertaken to determine, the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2024 Bonds; or (iii) the tax exempt status of the interest on the Series 2024 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Rule 69W-400.003, Rules for Government Securities, promulgated by the Florida Department of Financial Services Division of Securities (the “Department”), under Section 517.051, Florida Statutes, provides for the exemption from registration of certain governmental securities and requires that, if an issuer or guarantor of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation issued or guaranteed by it, its securities may not be offered or sold in the State except by means of an offering circular containing full and fair disclosure, as prescribed by rules of the Department. Under the rules of the Department, the prescribed disclosure is not required if the information is not an appropriate disclosure in that the information would not be considered material by a reasonable investor.

As described above, the Issuer has the power to issue bonds for the purpose of financing other projects for other borrowers which are payable from the revenues of the particular project or borrower. Revenue bonds issued by the Issuer for other projects may be in default as to principal and interest. The source of payment, however, for any such defaulted bond is separate and distinct from the source of payment for the Series 2024 Bonds and, therefore, any default on such bonds would not, in the judgment of the Issuer, be considered material by a potential purchaser of the Series 2024 Bonds.

The Issuer has not been in default at any time after December 31, 1975, as to principal or interest with respect to any obligation issued or guaranteed by the Issuer for the benefit of the University. The University has not been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by the University.

MISCELLANEOUS

Except for the information under the captions “INTRODUCTION — The Issuer,” “THE ISSUER,” “THE SERIES 2024 BONDS — Book-Entry Only System,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS,” “LITIGATION — The Issuer,” “TAX MATTERS,” and in APPENDIX C, APPENDIX D, and APPENDIX E herein, all information in this Official Statement and in the Appendices has been furnished by the University. Such information has been reviewed and approved by representatives of the University for use in this Official Statement. The Issuer and the Underwriter assume no responsibility for the accuracy or completeness of such information. Neither the Bond Trustee nor the Master Trustee has reviewed or participated in the preparation of this Official Statement.

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This Official Statement has been authorized and approved by Palm Beach Atlantic University, Inc.

PALM BEACH ATLANTIC UNIVERSITY, INC.

By: /s/ Debra A Schwinn
Dr. Debra A. Schwinn, President

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APPENDIX A

PALM BEACH ATLANTIC UNIVERSITY, INC.

The information contained herein and included as Appendix A to this Official Statement has been provided by Palm Beach Atlantic University, Inc., in reliance where noted on certain additional resources.

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INTRODUCTION

The following information is provided by Palm Beach Atlantic University, Inc. (“PBA” or the “University”) in connection with the issuance of the Palm Beach County Educational Facilities Authority Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the “Series 2024 Bonds”).

Unless otherwise indicated by the context, all capitalized terms used herein and not otherwise defined have the respective meanings set forth in the forepart of this Official Statement. All utilization and financial data for any year refers to the fiscal year ended June 30 and the source of such data is records of the University. All referenced municipalities are located in Florida (the “State”) unless otherwise noted herein.

OVERVIEW OF THE UNIVERSITY

The University is a comprehensive, interdenominational Christian university founded in 1968. The University’s main campus (the “Main Campus”) is located in the city of West Palm Beach, Florida. The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award bachelor’s degrees, master’s degrees, a Ph.D. in Practical Theology, a doctor of pharmacy degree, and a doctor of nursing practice degree.

The University offers the opportunity to study in various academic disciplines, both on campus and online. The college/schools at the University include the School of Arts and Sciences, College of the Arts, School of Nursing, Rinker School of Business, School of Education and Behavioral Studies, the Gregory School of Pharmacy and the MacArthur School of Leadership. Fall 2023 enrollment at the University included 2,427 traditional undergraduate students, 781 graduate students and 667 non-degree seeking students. The University has approximately 56% of undergraduate students living on campus in residential housing.

HISTORY AND MISSION

The University was founded in 1968 as a coeducational Christian liberal arts university. The first classes at PBA, formerly Palm Beach Atlantic College, were held in the fall of 1968 in downtown West Palm Beach, in the former facilities of the First Baptist Church. PBA held its first graduation in the spring of 1972, and later that year received initial accreditation from the regional accrediting association.

The University’s Main Campus is located on Flagler Drive with stunning views of the Intracoastal Waterway and is steps away from Palm Beach. Over the years, the Main Campus has expanded to approximately 20 acres of land from the Intracoastal Waterway west along Okeechobee Boulevard to Dixie Highway, south to Jefferson Street, and back east to the waterway. The first building, the Lassiter Student Center, was occupied in 1983. The newest building, Watson Hall, was constructed in 2020. The 76-acre Rinker Athletic Campus, home to Sailfish outdoor athletics (the “Sailfish”), is located 1.8 miles from the Main Campus. The University also operates an extension site in Orlando for nontraditional students.

Throughout its history, the University has expanded in acreage, facilities, programming, and student enrollment. Constant throughout this history are three fundamental values: a commitment to the teachings of Christ, a drive to instill a love for American values and the free enterprise system, and a passion for community service. Those three shared values have allowed the PBA community to prosper into what it is today: a community of leaders that follow the path of Christ.

UNIVERSITY LEADERSHIP

Governance

The University is governed by the Board of Trustees (the “Board”, and each individual a “Trustee”), which can consist of 15 to 30 members. The Board currently has 29 members. Trustees serve for three-year terms and are eligible for re-election upon the expiration of each term for up to three consecutive terms. The Board is responsible for the University’s financial health and welfare and exercises general, academic, and financial policy making functions as prescribed by law. The Board exercises ultimate institutional authority as set forth in the University’s By-Laws and in other policy documents Trustees deem to be appropriate.

Officers of the University include the Chairman of the Board, Vice Chair, Secretary, Treasurer, President, Provost and one or more members of the President’s Cabinet. The Chair, Vice Chair, Secretary, and Treasurer are elected annually. The Chair ordinarily serves three consecutive years but not more than five consecutive years.

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The following table lists the voting members of the Board, the year of their initial election, and their professional affiliation.

Board Member	Initial Election	Professional Affiliation
Thomas P. McCaffrey <i>Chair, elected for 2024</i>	2015	Business Executive (retired)
Chandra Bill-Rabenecker <i>Vice Chair, elected for 2024</i>	2004	Chick-fil-A, Royal Palm Beach and The Mall at Wellington Green
Michael J. Stevens <i>Treasurer, elected for 2024</i>	2005	Rinker Enterprises Inc.
Wayne W. Cotton <i>Secretary, elected for 2024</i>	2001	Cotton Consulting Group
The Rev. Walter B. Arnold III	2001	First Presbyterian Church of North Palm Beach (retired)
Ginger Bills	2015	Community Leader
William C. Bradford	1989	Hanson Professional Services Inc.
Cathleen Burk	1998	Attorney
Dr. Terriel Byrd	2024	Living Word Christian Community, Emeritus Faculty of PBA
Mark H. Campbell	2020	Campbell CFO Services, LLC
Charles R. Dorsey Jr.	1990	Trustee Emeritus
Kim Elliot	2024	Community Leader
John P. Greene III	1982	Trustee Emeritus
Dr. John Gregory	2006	Trustee Emeritus
Scott G. Hawkins, Esq.	1994	Jones Foster
James C. Jenkins	1995	Esko, Inc.
James J. Johnston	2021	Business Executive (retired)
R. Marshall Jones	1996	Jones Lowry
Mami Kisner	2001	Tabernacle Missionary Baptist Church
Patrick C. Koenig	2016	Flagler Realty & Development, Inc.
Richard A. Krause	1986	Theodore R. and Vivian M. Johnson Scholarship Foundation Inc.
Grace Kurian	2022	NextEra Energy, Inc.
John W. Little III, Esq.	2005	Gunster Law Firm
Sara McCann	2024	Hive
Dr. Robert Pacienza	2024	Coral Ridge Presbyterian Church
Dr. Thomas R. Pledger	1980	Trustee Emeritus
Sandy Rogers	2023	Founder and leader of Franklin Covey's Loyalty Practice
Steven G. Scalici	2018	UBS Financial Services, Inc.
Dr. James H. Scroggins IV	2010	Pastor Family Church West Palm Beach
Robert W. Simpson	1999	Trustee Emeritus
Susan Sorrell	2022	NFI Consumer Products
Timothy S. Sotos	2012	Business Executive (retired)
The Hon. W. Matthew Stevenson	1995	Trustee Emeritus
Karl H. Watson, Sr.	1997	CEMEX
Karl H. Watson, Jr.	2020	Baker Construction

Administration

While the Board sets institutional policies, the President and the University's senior management team have overall responsibility for policy implementation and for the general administration of the University. The University's senior management team consists of the following senior managers: Provost and Chief Academic Officer, Executive Vice President for Advancement, Vice President for Finance & Administration and Chief Financial Officer, Chief Legal Officer and General Counsel, Vice President for Human Resources, Vice President for Student Development, Vice President for Spiritual Development, Vice President for Enrollment Management, Vice President for Information Technology Services and Chief Information Officer, and Director of Athletics.

Biographies of the members of the President's senior management team are summarized below:

Dr. Debra A. Schwinn (President), 66 – *B.A., College of Wooster; M.D., Stanford University School of Medicine.* Dr. Debra A. Schwinn became the University's ninth President on May 4, 2020. Previously she was the Associate Vice President for Medical Affairs, Dean of the Carver College of Medicine, and Professor of Anesthesiology, Pharmacology and Biochemistry at the University of Iowa. Prior to those appointments, Dr. Schwinn served in senior leadership roles at the University of Washington and Duke University. After earning a bachelor's degree in chemistry from the College of Wooster in her native Ohio, Dr. Schwinn earned a medical degree from the Stanford University School of Medicine where she has also been honored as a distinguished alumnus. A physician scientist and member of the National Academy of Medicine, Dr. Schwinn's laboratory was funded for 27 years by the National Institutes of Health.

Dr. Stephen P. Johnson (Provost and Chief Academic Officer), 48 – *B.Mus, Moody Bible Institute; M.Mus, DePaul University; D.M.A., University of Southern California.* Dr. Johnson joined the University as Provost and Chief Academic Officer in January 2024. Prior to joining PBA, Dr. Johnson most recently served as Vice Provost and as a professor at Azusa Pacific University, including serving as Interim Provost in 2022-2023. As Interim Provost, Dr. Johnson worked to stabilize enrollment, nurture relationship with faculty, build cross-disciplinary partnerships, and raise funds for student scholarships, capital projects, and the endowment. He also served as founding dean of Azusa Pacific University's College of the Arts, which under his leadership introduced innovative degrees in animation, art education, digital media and communication, games and interactive media, music industry strategic communication, and user experience design.

Laura Bishop (Executive Vice President for Advancement), 53 – *B.A., Oral Roberts University.* Laura Bishop came to the University in July 2020 from Oral Roberts University ("ORU") in Tulsa, Oklahoma, and is an ORU graduate. At ORU, she served as Vice President of Development and Alumni Relations, then in an expanded role as Vice President of Advancement. Prior to joining ORU, she served as executive director of the National Christian Foundation and Lifework Leadership in Fort Lauderdale. She was director of Development and Communications for Habitat for Humanity of Broward County and Westminster Academy.

Dr. Stacie A. Bowie (Vice President for Finance & Administration and Chief Financial Officer), 54 – *B.A., University of Maryland; M.B.A., Coastal Carolina University; D.B.A., Rollins College.* Dr. Bowie became Vice President for Finance & Administration and Chief Financial Officer at the University, effective February 2022. Dr. Bowie arrived at PBA with 30 years of experience in financial and operational leadership in higher education and private industry. Most recently, she served as Vice President for Finance and Administration at Lander University in South Carolina. Dr. Bowie refinanced foundation debt for significant annual savings and improved cash flow; led emergency management when the campus closed due to COVID-19 and prepared the campus for the return to campus; and maintained positive cash flow and

operational income. Dr. Bowie also served as Treasurer for Lander University's foundation and as a manager for three University LLCs.

Steve Alderman (Chief Legal Officer and General Counsel), 54 – B.S., Houghton College; M.B.A., University of Denver; J.D., University of Denver. Steve Alderman became Chief Legal Officer and General Counsel at the University, effective March 2022. Mr. Alderman came to PBA with more than 20 years of leadership experience in human resources and financial operations, as well as 13 years as General Counsel, spanning both nonprofit higher education and industry. Most recently, he worked for South Texas College of Law Houston for more than 16 years. He was promoted four times, culminating in his serving as Chief Operating Officer and General Counsel. Mr. Alderman was involved in many critical projects, including co-leading the law school's response to COVID-19; assisting with the modernization of accounting and finance, human resources, and general operations; providing significant leadership in the development of an online Juris Doctor program; and serving as the "lawyer for the lawyers."

Cara Wald (Vice President for Human Resources), 48 – B.S., M.S., Bethel University (MN). Cara Wald came to the University in July 2022 from Bethel University in Saint Paul, Minnesota, where she served in the Human Resources department since 1997, most recently as Vice President of People and Culture. Ms. Wald was a key advisor and direct report to the President, and a winner of the Bethel University's Excellence in Management Award.

Dr. Robert Lutz (Vice President for Student Development), 44 – B.A., Cedarville University; M.A., The Ohio State University; Ph.D., University of Dayton. Dr. Lutz joined the University in 2013 as Director of Student Activities, Involvement and Leadership (SAIL). Dr. Lutz served as Assistant Dean of Students and Dean of Students before his promotion to Vice President for Student Development in January 2020. Dr. Lutz came to PBA from Cedarville University in Cedarville, Ohio, where he served as the Associate Dean for Student Leadership Development for five years and as a resident director for four years.

Dr. Bernard Cueto (Vice President for Spiritual Development), 49 – B.A., Florida International University; Th.M., Ph.D., Dallas Theological Seminary. Dr. Cueto has been the University's Vice President for Spiritual Development since 2020 and has served as campus pastor since 2006 to nearly 3,000 students, faculty and staff at PBA. He is actively involved in leading and developing the spiritual culture of the PBA campus, including leading weekday campus chapel services and pastoral support and prayer.

Courtney Lovely Evans (Director for Athletics), 41 – B.F.A., Valdosta State University; M.S., Georgia State University. Ms. Evans came to PBA in August 2015 as the Senior Associate Athletic Director for Internal Operations, Senior Woman Administrator and Title IX Deputy Coordinator. Ms. Evans was appointed Director for Athletics in June 2019. Prior to arriving in West Palm Beach, Ms. Evans served at the NCAA National Office in Indianapolis as an Assistant Director in Academic and Membership Affairs. Ms. Evans previously served as the assistant to the Director of Athletics at Georgia State University in Atlanta, Georgia.

Dr. Nancy Brainard (Vice President for Enrollment Management), 53 – B.A., Oral Roberts University; M.S., Boston University; Ed. D, Oral Roberts University. Dr. Brainard leads the Enrollment Management division at PBA, which comprises the Admissions and Financial Aid teams and focuses on recruitment of new undergraduate, graduate, and online learners. Dr. Brainard came to PBA in July 2021 from Oral Roberts University in Tulsa, Oklahoma, where she served as Vice President for Enrollment Management since 2007.

Scott Barnes (Vice President for Information Technology Services/Chief Information Officer),
61 – B.S., Robert Morris University; M.S., Geneva College. Scott Barnes came to PBA in August 2021 from Geneva College, a private, Christian school in Beaver Falls, Pennsylvania, where he served as Vice President of Information Technology Services/CIO. Prior to that, Mr. Barnes served as Director of Information Services at UPMC Children’s Hospital of Pittsburgh.

Faculty and Staff

As of Fall 2023, the University’s faculty was composed of 168 full-time and 167 part-time members. Of the full-time members, 82% hold the highest degree in their field.

The following chart shows the number of full-time and part-time faculty from 2019 to 2023.

Academic Year*	Number of Full- Time Faculty	Number of Part- Time Faculty	Total
2019	180	193	373
2020	178	193	371
2021	163	162	325
2022	154	243	397
2023	168	167	335

**As of Fall semester*

For the academic year 2023-24, the average undergraduate student to faculty ratio is 13 to 1. In addition to faculty, as of June 30, 2023, the University employed 168 full-time staff, 228 part-time staff and 270 student employees.

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PROFILE OF THE UNIVERSITY

Accreditation and Membership

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award bachelor's degrees, master's degrees, a Ph.D. in Practical Theology, a doctor of pharmacy degree, and a doctor of nursing practice degree. The University's accreditation was initially granted in 1972, with its next reaffirmation scheduled for 2028.

The University has received specialized accreditation, certification or licensure from the following:

- Accreditation Council for Pharmacy Education
- Association to Advance Collegiate Schools of Business
- Association of Christian Schools International
- The Commission on Accrediting of the Association of Theological Schools
- Commission on Accreditation of Athletic Training Education
- Commission on Collegiate Nursing Education
- Florida Board of Nursing
- Florida Department of Education
- International Assembly for Collegiate Business Education
- National Association of Schools of Music
- National Strength and Conditioning Association

Rankings, Awards, and Accolades

Over the years, the University has successfully gained State and national recognition, including the following distinctions:

- Ranked #17 (top 10%) for top winning overall programs by *Broadcast Education Association Festival of Media Arts* nationwide (2023). Ranked #8 for top winning film and video programs and ranked #4 for top winning scriptwriting programs.
- Ranked as a 2023 Best for Veterans University by *Military Times* (BestForVets.com).
- Lloyd L. Gregory School of Pharmacy received #4 place in NAPLEX pass rates in Florida (2022).
- Ranked among the Top 25 MBA Programs in Florida (Top Management Degrees, 2021).
- Ranked among the 2024 Best Regional Colleges (The Princeton Review, 2023).
- Ranked among the Top 25 Best MBA Programs in Florida (University HQ, 2021).
- Ranked among the Best Bachelor's Degrees in Forensic Science (Best Accredited Colleges, 2022).
- Ranked among the Best Nursing Schools (Nursing Schools Almanac, 2022).
- PBA's Fall 2022 growth outpaces all national averages among private nonprofit 4-year universities (National Student Clearinghouse Research Center, 2022).

University Facilities

The University's primary academic campus is situated on 20 acres comprising 23 buildings, which includes eight residence halls. The University has an ongoing maintenance and renovation program and, as a result, University leadership believes that the University's facilities have no significant deferred maintenance.

The University's 76-acre Rinker Athletic Campus is located 1.8 miles south of the Main Campus. The University also operates an extension site in Orlando for nontraditional students. This leased facility is located just off I-4 near the Millenia Mall. A map of the Main Campus is shown below.



Campus Amenities

The University seeks to achieve a balance of academics and faith integration by encouraging an active and energized co-curricular life for students. There are a variety of ways for students to get involved in campus life, including a number of student clubs and organizations, on-campus events, meeting places and dining, and an active Christian community. Campus amenities include on-campus dining, campus recreational facilities, a health and wellness center, and a campus bookstore.

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STRATEGIC PLAN

Palm Beach Atlantic University is a Christ-first university directed by its guiding principles, mission, statement of purpose, and vision. The University's Strategic Plan incorporates the University's mission by developing along four themes: *Spiritual Vitality, Engaged Learning Environment, Financial Sustainability, and Strategic Growth and Innovation.*

Evaluations and updates to the plan are periodically reviewed with Trustees, faculty, staff, students, alumni and the West Palm Beach community.

Spiritual and Academic Vitality

The University's campus is a place where Christian faith and academics inform all that students do. PBA prepares students to be servant leaders in whatever role they take in society.

Engaged Learning and Teaching Environment

The University's goal is that students grow in wisdom, stature and favor with both God and society, through high academic standards and intentional faith/academic integration. Supporting faculty and staff contribute to a positive learning experience. PBA is committed to continuing attainment of the highest level of accreditation for each discipline, expanding its Ph.D. programs, and adding in-demand undergraduate majors and advanced degree programs in the future.

Financial Sustainability

The University is well positioned to meet its current financial needs as well as future expansions of both program scope and market reach. Efficiencies are constantly pursued to maximize proper Christian stewardship of resources. The new majors outlined in "ACADEMIC PROGRAMMING" below allow the University to maintain attractiveness to students and families.

The University's four main projected revenue streams for the next ten to fifteen years are as follows:

- Tuition, housing, fees (revenue is conservatively budgeted to increase only 25% over this time period, despite higher levels of projected enrollment growth).
- Endowment growth (to \$500 million in the next five to ten years with a stretch goal of \$1 billion; this is possible considering many friends of the University live on Palm Beach, just across the Intracoastal Waterway, and also because of the influx of people and companies from New York City).
- Online revenue increases (PBA is beginning to invest in its online programs that integrate faith and academics. PBA plans to offer these programs in English across the country and world, as well as bilingually (in English and Spanish) for South Florida and South America. After investing in and growing the program in the next two to three years, profits gained will be used to supplement the West Palm Beach and Orlando campuses.).
- Campus land development as a new source of sustainable income (PBA in West Palm Beach sits on highly valued real estate, and developing multiple use buildings as mentioned below under "Strategic Growth & Innovation" will provide a new, sustainable revenue source for PBA).

Strategic Growth & Innovation

The University's Main Campus is located on valuable real estate in downtown West Palm Beach, Florida along the Intracoastal Waterway. The University also owns a separate athletic campus, 1.8 miles south of the Main Campus near the Palm Beach International Airport. The University leases its Orlando branch campus, which is located in the growing southwest part of Orlando. South and Central Florida continue to outpace most parts of the United States in population growth and are already minority-majority. PBA is uniquely poised to grow and diversify, and therefore PBA's initiatives can serve as a model for other Christian (and more general liberal arts) universities as they create a path forward into the future.

At PBA, growth is deliberate and calculated to maximize effectiveness. Mechanisms are in place to create a culture that promotes both breakthrough and sustaining innovation. In coming years, the University aims to increase Main Campus enrollment to 5,000 students, in addition to growing the Orlando campus.

Recent and proposed growth at the Main Campus includes:

- Launching of its first Ph.D. program (in Practical Theology) in Fall 2021. PBA received approvals from the Association of Theological Schools Commission on Accrediting (ATS) and the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) in Summer 2021 with consistently strong enrollment. Going forward, the University will be examining other Ph.D. programs that build upon current PBA academic strengths, and which are financially sustainable, in areas such as nursing and counseling (clinic psychology).
- Launching a M.S. Physician Associate Medicine program. In 2021, PBA hired the founding director of this program, and the first entering class is expected to start in October 2024. Over 2,200 applications were received for the 42 available spots in the PA program.
- B.S. in Engineering program launched in fall 2023 with four concentration options: engineering physics, electrical engineering, computer engineering and general engineering.
- New majors are being developed (e.g. analytics, cybersecurity with enhanced computer science degrees, health science related areas, and other programs designed to equip PBA's students for a changing world). Three course certificate programs are also being emphasized to provide flexibility in learning for undergraduates/graduates as well as a way to reinvent oneself post-graduation as a working adult.
- A dynamic Flagler Cultural Park within the West Palm Beach downtown area (consisting of the University, the Norton Art Museum, Sculpture Park on the water, condo development, and art walks throughout campus). This would be an area that visitors to South Florida might identify as a key location to visit while in Florida, while also being connected to Orlando and Miami via the Brightline rapid train system. The Brightline station is six blocks from the University's Main Campus in downtown West Palm Beach.

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ACADEMIC PROGRAMMING

Undergraduate Majors

All undergraduate majors at the University are structured with a minimum of 120 credits required for graduation, a minimum of 43 credits of which must be in the Faith, Roots, and Reason (General Education) Program. The University has 69 Traditional Day Undergraduate Majors for the 2023-24 academic year and over 100 degree pathways. Each major has multiple possible coursework paths and options students may pursue. Aided by the University's Prestigious National Scholarship Program, 13 PBA students have received the Prestigious Fulbright Award since 2018.

Degree	Program Title
Bachelor of Arts	Art Education, Grades K-12; Apologetics; Biblical Studies; Business Administration; Christian Community Development; Christian Studies; Cinema Arts; Communication; Communication Studies; Dance; English; English/Secondary Education, Grades 6-12; Gaming and Interactive Design; Global Leadership in Spanish; Graphic Arts; History; Intercultural Studies; Interdisciplinary Studies; Journalism; Ministry; Ministry Leadership Studies; Music; Philosophy; Philosophy, Politics, and Economics; Popular Music Industry; Pre-law; Public Relations; Sports Broadcasting; Studio Art; Theatre Arts; Politics; Theological Studies
Bachelor of General Studies	General Studies
Bachelor of Music	Instrument Performance; Keyboard Performance; Music Education, Grades K-12; Music in Worship Leadership; Voice Performance
Bachelor of Science	Accounting; Behavioral Neuroscience; Biology; Business Administration; Chemistry; Business Data Analytics; Business Economics; Chemistry; Community Psychology; Computer Science; Elementary Education, Grades K-6 with ESOL; Engineering; Exercise Science; Finance; Forensic Science; Human Performance and Sport; International Business; Management; Marketing; Mathematical Economics; Mathematics; Mathematics/Secondary Education, Grade 6-12; Medicinal and Biological Chemistry; Organizational Leadership; Physical Education, Grades K-12; Psychology
Bachelor of Science in Nursing	Nursing; Nursing (RN-BSN)
Bachelor of Fine Arts	Cinema Arts; Dance; Theatre; Graphic Design

The most popular majors for the Fall 2023 semester among traditional undergraduate students included Nursing, B.S.N (14%), Biology, B.S. (9%), and Management, B.S. (7%). Additionally, 27% of incoming students are enrolled in one of the 12 majors from the Rinker School of Business.

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Graduate Programs

The University offers 16 master's degrees, two doctoral programs and a doctor of philosophy degree.

Degree	Program Title
Doctor of Nursing Practice	Doctor of Nursing Practice (Tracks in: Family Nurse Practitioner; Adult-Gerontology Primary Care Nurse Practitioner; Executive Leadership; Psychiatric Mental Health Nurse)
Master of Arts	Christian Studies; Intercultural Studies; Philosophy of Religion; Community Transformation and Chaplaincy
Master of Divinity	Divinity
Master of Science	Business Data Analytics; Clinical Mental Health Counseling; Community Development; Computer Science; Educational Leadership; Ethics and Organizational Behavior; International Development; Health Science; Intercultural Studies
Master of Science in Nursing	Health Systems Leadership
Master of Accountancy	Accountancy
Master of Business Administration	Business Administration; joint MBAs also offered with the Master of Divinity degree, Master of Science in International Development, and Doctor of Pharmacy
Doctor of Pharmacy	Pharmacy
Doctor of Philosophy	Practical Theology

Online Programs

The University offers online undergraduate degrees in Business Administration B.S. and B.A., Business Data Analytics, Christian Studies, Communication Studies, Community Psychology, Gaming and Interactive Design, Global Leadership (in Spanish), Organizational Leadership, Ministry, and RN to BSN. Online graduate programs include those in Business Administration, Computer Science, Education Leadership, Ethics & Organizational Behavior, and Doctor of Nursing Practice (Executive Leadership and Post-Master's tracks). The University also offers online certificates in Crisis and Trauma Counseling, Leadership, Bible, and Cultural Apologetics.

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ENROLLMENT

Student Enrollment

The following table reflects the University's headcount and full-time equivalent (FTE) enrollments for traditional undergraduate and graduate programs, for the Fall 2019 through 2023 semesters.

<i>Fall Headcount</i>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
Traditional Undergraduate	2,376	2,370	2,279	2,397	2,427
Graduate	802	782	849	801	781
Non-Traditional Undergraduate	513	552	551	631	667
TOTAL FALL HEADCOUNT	3,691	3,704	3,679	3,829	3,875
<i>Fall Full-Time Equivalent (FTE)</i>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
Undergraduate	2,471	2,465	2,361	2,535	2,575
Graduate	647	644	761	604	614
TOTAL FALL FTE	3,118	3,109	3,122	3,138	3,189
<i>New Student Enrollment - Traditional Undergraduate</i>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
New First-Time First-Year Students	520	537	505	698	680
New Transfer Students	170	181	158	135	164
<i>Fall Headcount by Enrollment Status</i>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
Full-Time	2,842	2,812	2,843	2,793	2,847
Part-Time	849	892	836	1,027	1,028

Gross tuition revenues for the University for the fiscal year ended June 30, 2023 were \$96.8 million, an increase of approximately \$8.9 million over the prior fiscal year.

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Admissions and Retention

The following tables illustrate the admissions statistics, undergraduate demographics, and retention and graduation rates for the University for the last five fiscal years. Externally reported retention and graduation rates are based on the cohort of entering first-time, full-time, undergraduate and degree-seeking students. These retention and graduation rates are comparable to the University's peers among private four-year colleges and universities.

Traditional Undergraduate ¹

	<u>Applications</u>	<u>Acceptances</u>	<u>% Accepted</u>	<u>Enrolled</u>	<u>% Enrolled to Accepted</u>	<u>Mean ACT Scores</u>
2019-20	1,616	1,549	96%	520	34%	24
2020-21	1,652	1,535	93%	537	35%	25
2021-22	1,923	1,728	90%	505	29%	24
2022-23	6,290	5,900	94%	698	12%	23
2023-24	7,266	6,759	93%	680	10%	22

¹As reported to Integrated Postsecondary Education Data System (IPEDS)

As of February 15, 2024, PBA has received 8,424 applications, admitted 7,266 students (86% accepted), and collected 512 deposits for Fall 2024.

<u>Undergraduate Demographics</u>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
Male	36.5%	35.4%	35.2%	34.0%	34.4%
Female	63.5%	64.6%	64.8%	66.0%	65.6%
White/Caucasian	59.3%	56.5%	60.2%	57.2%	50.8%
Minority	29.6%	34.7%	31.5%	36.4%	36.5%
International/Undisclosed	11.2%	8.8%	8.0%	6.5%	12.7%
In-State	70.9%	72.1%	62.3%	50.8%	49.3%

<u>Freshman to Sophomore Retention</u>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>
	73.0%	75.0%	71.0%	76.0%	67.0%

<u>Six-Year Graduation Rates</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Cohort Year	2013	2014	2015	2016	2017
Bachelor's Degree Seeking Rate	59%	57%	61%	56%	58%
Overall Graduation Rate	57%	58%	61%	56%	60%

The Fall 2023 entering undergraduate freshman class of students had representatives from 41 states (including Florida) and 34 countries (including the United States); 50% of the class was from outside of Florida. The mean entering GPA for the freshman class was 3.63 with SAT composite scores of 1095.

Degrees Conferred

The University has awarded the following number of degrees in the academic years indicated below:

Degrees Conferred	2018-19	2019-20	2020-21	2021-22	2022-23
Undergraduate	528	471	454	443	428
Graduate	280	288	196	192	268
TOTAL DEGREES CONFERRED	808	759	650	635	696

Enrollment and Retention Strategy

With the appointment of Dr. Debra Schwinn as President in 2020, PBA's Board of Trustees initiated an era of change and growth at the institution. Under Dr. Schwinn's leadership, PBA is focused on achieving the goals in its strategic plan, including increasing enrollment at the university. In Fall 2022 and Fall 2023, PBA experienced record enrollment for traditional undergraduate students. In order to achieve this, PBA pursued efforts to both reinforce its mission to attract right-fit students and streamline its application process, allowing for prospective students to seamlessly apply. Removing these barriers, such as removing the application fee and becoming test optional, significantly increased the number of applicants for Fall 2022 and 2023. PBA has also pursued efforts to further reach prospective applicants by beginning to utilize the Common Application in 2021 and entering a partnership with EAB (formerly Education Advisory Board) and becoming a Coalition school to reach First Generation students in 2022. Additionally, with travel restrictions lifting after COVID-19, recruitment-related travel by PBA staff and faculty was reinstated with a further emphasis on out-of-state and international opportunities. These efforts contributed to an increase of enrollment from out-of-state students, leading to 50% of the incoming class coming from outside of Florida. Visits to PBA's campus have also continued to increase with event days reaching 200 students on campus.

President Schwinn has emphasized the importance of increasing selectivity to further improve the academic caliber of students at PBA. As a result, the acceptance rate for PBA has been incrementally declining. Nevertheless, the increase in applications has led to an increase in admitted students, despite the enhanced selectivity. The most recent Fall 2023 enrollment included 844 new freshman and transfer students among 2,427 undergraduate students participating in traditional undergraduate programs in the Fall 2023 semester.

Growth in graduate study and online learning in Fall 2021 is indicative of the focused effort of the institution to develop new streams of enrollment through program development alongside increased efforts in student retention. Recently developed programs, such as the PhD in Practical Theology, the MA in Community Transformation and Chaplaincy, an MDiv with a concentration in Black Church Studies, and the MA in Intercultural Studies have resulted in strong enrollment. In Fall 2023, the university's pharmacy program had its strongest enrollment in four years. The newly developed M.S. Physician Associate program, launching in Fall 2024, had over 3,000 applications started and 670 applications completed for 42 spots. In addition to adding new programs, the University will continue to rethink existing programs to meet contemporary needs and reach new audiences. To meet the need of international students, the MBA program is developing new tracks to classify it as a STEM program, and the MS in Computer Science is moving some courses on-ground in Fall 2024 to meet visa requirements. The MS in Leadership has been refocused as the MS in Ethics and Organizational Behavior to differentiate itself in a crowded leadership market. The School of Ministry will be launching a Spanish language MDiv and associated concentration in Fall 2024.

Enrollment in PBA Online is at its highest level with over 200 students pursuing undergraduate, graduate, and certificate programs online. This can be attributed to an increased attention to marketing, recruitment, and retention efforts. In 2021, PBA adjusted its staffing structure to better manage online student recruitment, adding dedicated staff to online student recruitment alongside a team of success coaches, devoted to graduate and online student onboarding and retention. The admissions office worked to streamline the admissions process, removing the application fee and essay requirements.

An in-depth market analysis of PBA undergraduate students was conducted in 2019 by Carnegie Dartlett. Key market segments were identified through extensive qualitative and quantitative research efforts spanning nearly a year. The resulting analysis and recommendations have driven PBA's marketing and rebranding efforts in academic year 2020-21, and targeted messaging to key prospective undergraduate market segments has been crafted and implemented. In academic year 2021-22, a significant investment in the University's website will result in implementation of the research findings, re-branding of the University, and installation of the necessary online scaffolding upon which a search engine optimization strategy will be built.

The Vice President for Student Development is directed by the President to facilitate a University-wide Retention Committee that will assist in meeting the fall-to-fall, first time in University retention goal of 80% by 2022. The University will strive to achieve this goal through continued campus-wide interdepartmental collaboration that includes the following strategies: increased use of Waypoint, a software tool used to identify at-risk students; the Office of Financial Aid's outreach to current students ("FL20 Cohort") regarding FAFSA completion and scholarship availability including the Endowed Scholarship application; Chapel and Workshop emails to students notifying them of current hours; the Office of Student Accounts contacting students with financial holds; the Office of Student Development's calls, texts, and emails to the FL20 Cohort lists including students with mid-term deficiencies, holds, etc.; and focus on non-registered students, especially those with a financial need.

University management believes that the activities underway to raise awareness of the University across the United States and abroad, coupled with a disciplined and enhanced enrollment strategy and the addressing of critical technological infrastructure needs, position PBA in good stead to continue its trajectory in terms of enrollment growth.

Residential Life

The University currently owns nine residence halls and residential units in an off-campus apartment complex; rents apartments in a separate off-campus apartment complex; and manages one residence hall not owned by the University (see below for a description of Watson Hall), which in the aggregate accommodate approximately 1,465 students on or near the Main Campus. The residence halls are a combination of traditional underclassmen housing options (without kitchens) as well as apartment-style complexes (with kitchens in suites). The table below shows residence hall occupancy from Fall 2019 to 2023, which statistics include the residence hall not owned by the University. Occupancy data was collected from reports that are consistent with the established University census date.

Fall Semester	Beds Available	Occupied	% Occupied
2019	1,225	1,187	96.90%
2020	1,217	1,133	93.10
2021	1,228	1,201	97.80
2022	1,407	1,398	99.36
2023	1,465	1,392	95.04

The University established a committee in 2018 to review its then-current housing policies. The committee made four major adjustments to its Residence Life Handbook that are meant to increase the residential life population, increase retention as well as decrease housing cancellations and exemptions. Those changes include:

- Changed residency requirement: All full-time day undergraduate students are required to live in campus housing, unless student is age 21 or older prior to the first day of classes at the beginning of the Fall semester (prior policy was at age 20 years).
- Adjusted housing selection process to give priority to upperclassmen wanting to stay in on-campus residence.
- Limited and adjusted criteria for automatic exemption from housing to decrease requests and limit exemptions given.
- Increased housing cancellation fees and creation of a cancellation fee schedule to discourage last minute cancellations and to recover some revenue for such housing.

In December 2019, the University entered into a contract to sell property on Flagler Drive in West Palm Beach (the “Flagler Property”), comprised of two apartment-style residence halls with 322 total beds. The sale closed during the 2023 calendar year. Also in 2019, the University entered into a public-private partnership to construct a student apartment-style housing now known as Watson Hall, with 502 revenue-generating beds (510 total capacity).

The newest of the residence halls, Watson Hall, was established through a 40-year ground lease with Provident Group – PBAU Properties LLC and Provident Resources Group Inc., commencing June 1, 2019, in which the owner designed and constructed Watson Hall, a 510-bed, 163,000 square foot student housing facility and related common space for the benefit of the University. The owner and developer of the property issued revenue bonds through Palm Beach County, Florida to finance the construction of Watson Hall. In this public-private partnership, the University is not contingently liable in the event of a default on those bonds. Those bonds will be repaid from the revenues of Watson Hall. The University is not responsible for debt service payments on those bonds. The owner of Watson Hall received a certificate of occupancy from the City of West Palm Beach in August 2020. University students began occupying the facility beginning in the Fall semester of 2020.

The University and residence hall owner entered into a management agreement such that the University will be responsible for managing, operating and maintaining the residence hall in conjunction with its general business. Revenues earned and expenses associated with Watson Hall are owned by and are the responsibility of the owner. A ground lease payment is paid to the University only upon settlement of various expenses and if minimum cash requirements are met. The University is reimbursed by the owner for utilities and other operating expenses. All liens and rights are subordinate to the University. Ownership of Watson Hall will revert to the University upon termination of the ground lease and full repayment of the related bonds. The University has the option to purchase the owner’s right, title and interest in Watson Hall beginning on the tenth anniversary of the commencement date of the lease. ***The management fee received by the University constitutes Pledged Revenues under the Master Indenture, but revenues received by the owner of Watson Hall from operations are not property of the University and do not constitute Pledged Revenues.***

Tuition and Fees

Since Fall 2019, the University has experienced a cumulative traditional undergraduate tuition rate increase of 15.88%, with an average annual rate increase of 3.75%.

The University assesses its tuition strategy for each upcoming year in conjunction with its new enrollment consultant, CollegeRaptor. Prior year applicant and matriculation activity is studied, along with a survey of the competitive environment and general market conditions to determine a range of possible rates. Advanced econometric modeling through CollegeRaptor provides recommendations on enrollment expectations at various tuition rates, in order to maximize anticipated net tuition revenue. The following tables show the University's undergraduate and graduate tuition, fees and room and board charges per student, along with the annual percentage increase of total charges, for the past five academic years.

Undergraduate Tuition and Fees & Room and Board

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Tuition and Fees	\$31,920	\$32,880	\$33,538	\$34,900	\$36,990
Room and Board	\$10,410	\$10,726	\$11,026	\$11,690	\$12,610
Total	\$42,330	\$43,606	\$44,564	\$46,590	\$49,600
<i>Percent Increase</i>	<i>2.49%</i>	<i>3.01%</i>	<i>2.20%</i>	<i>4.55%</i>	<i>6.46%</i>

Graduate Tuition and Fees & Room and Board

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Tuition	\$11,830	\$12,115	\$10,766	\$10,926	\$11,466
Room and Board	\$16,285	\$16,838	\$17,220	\$19,800	\$21,000
Total	\$28,115	\$28,953	\$27,986	\$30,726	\$32,466
<i>Percent Increase</i>	<i>7.34%</i>	<i>2.98%</i>	<i>-3.34%</i>	<i>9.80%</i>	<i>5.66%</i>

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Financial Assistance

Financial aid at the University is a strategic resource used to further the goals of the University, including enrollment growth, increased student diversity, a stronger academic profile, increased net revenue per student, and a stronger market position.

The following table shows the University's student financial aid assistance programs for all students, awarded by the Financial Aid Office, for the last five fiscal years.

	<i>Fiscal Year</i>				
	<i>Audited</i>				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
College Funded Scholarships & Grants					
Federal	\$36,050,328	\$34,451,981	\$38,860,425	\$38,185,897	\$31,306,139
State	\$7,314,249	\$6,691,724	\$6,895,517	\$6,184,788	\$5,434,403
Institutional Unfunded	\$31,687,645	\$33,510,478	\$34,439,977	\$35,971,555	\$40,404,475
Private: Loans Endowed Outside Scholarship	\$6,717,991	\$7,557,250	\$3,171,644	\$7,126,870	\$7,652,512
FWS Federal Share Wages	\$339,081	\$341,736	\$339,764	\$333,121	\$437,821
FL Work Experience	\$3,840	\$2,417	\$2,502	\$2,502	\$2,885
TOTAL	\$82,113,134	\$82,555,586	\$83,709,829	\$87,804,733	\$85,238,235

Competition for Students

The University is a comprehensive, competitive, private university. Many of the University's qualified applicants also apply to other private and public colleges and universities. The following table shows the Fall 2022 tuition and room and board charges minus average grants and scholarships for federal financial aid recipients, and enrollment for the residential campuses with which the University typically competes for residential students.

Institution	Total Tuition/Fees and Room/Board 2022-23*	Undergraduate Enrollment 2022-23
Lynn University	\$35,705	2,792
University of Tampa	\$34,866	9,602
Liberty University	\$28,561	48,906
Southeastern University	\$27,891	8,840
<i>Palm Beach Atlantic University</i>	<i>\$27,597</i>	<i>3,028</i>
Nova Southeastern University	\$25,737	6,971
Florida Gulf Coast University	\$9,713	14,130
University of Central Florida	\$9,217	58,662
Palm Beach State College	\$8,999	24,223
Florida Atlantic University	\$7,990	24,191
Miami Dade College	\$3,732	47,245

* Cost includes tuition, room and board, books and supplies, and fees minus the average grants and scholarships for federal financial aid recipients.

Source: U.S. Department of Education of College Scorecard and National Center for Education Statistics.

Athletics

The University offers 18 men's and women's intercollegiate sports and is a member of the National Collegiate Athletic Association (NCAA) Division II, Sunshine State Conference. The University's 76-acre Rinker Campus, home to the Sailfish outdoor athletics, is located 1.8 miles from the Main Campus. The intercollegiate sports offered to University students include:

<u>Men's Sports</u>	<u>Women's Sports</u>
Baseball	Basketball
Basketball	Beach Volleyball
Cross Country	Cross Country
Golf	Golf
Lacrosse	Lacrosse
Soccer	Soccer
Tennis	Softball
Track	Tennis
	Track
	Volleyball

Student Clubs and Organizations

The University offers a variety of student organizations such as intramural sports programs, over 100 student music, theatre and dance performances annually, and opportunities for involvement and leadership in social, professional and religious clubs and organizations.

UNIVERSITY FINANCES

Financial Reporting

The University maintains its financial records on the basis of a fiscal year ending June 30, and follows the accrual basis of accounting. Copies of the financial statements of the University for the fiscal years ended June 30, 2023 and 2022, audited by Templeton & Company, LLP, independent auditors, are attached as APPENDIX B to this Official Statement. Templeton & Company, LLP has provided its written consent to inclusion of such financial statements in this Official Statement, but the University has not requested Templeton & Company, LLP to perform any updating procedures subsequent to the date of its audit report on the June 30, 2023 financial statements.

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Statements of Financial Position and Activities

The information presented in the following tables was derived by University management from the audited statements of financial position and statements of activities (without donor restrictions), and is a summarized presentation.

Statement of Financial Position (in 000s)

	<u>FY 2019</u>	<u>FY 2020</u>	<i>Audited</i> <u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
ASSETS					
Cash and cash equivalents	\$17,401	\$19,832	\$20,428	\$28,879	\$28,360
Portfolio investments	\$55,886	\$55,898	\$71,405	\$83,068	\$88,703
Tuition and other receivables, net	\$1,580	\$2,250	\$4,087	\$15,134	\$9,786
Unconditional promises to give, net	\$2,747	\$2,511	\$1,564	\$6,741	\$7,382
Contribution receivable from foundation	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Contribution receivable from charitable trusts	\$1,287	\$151	\$189	\$146	\$114
Mortgage note receivable	\$0	\$0	\$0	\$0	\$33,400
Prepaid expenses and other assets	\$2,956	\$3,319	\$3,243	\$3,683	\$5,596
Non-marketable investments	\$2,820	\$2,784	\$2,713	\$2,731	\$2,907
Operating right-of-use assets	\$0	\$0	\$10,446	\$10,300	\$9,566
Property, plant, and equipment, net	\$110,669	\$110,078	\$105,837	\$101,729	\$101,943
Total Assets	\$219,346	\$220,823	\$243,912	\$276,412	\$311,756
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts Payable	\$895	\$1,120	\$1,118	\$1,075	\$2,998
Construction costs payable	\$0	\$1,252	\$0	\$0	\$0
Accrued expenses	\$3,104	\$4,292	\$3,206	\$4,861	\$4,996
Deferred tuition revenue	\$1,438	\$1,537	\$2,926	\$2,669	\$2,626
Deferred grant revenue	\$0	\$0	\$0	\$0	\$4,968
Deposits and other liabilities	\$803	\$4,565	\$6,192	\$5,990	\$5,794
Advances from federal government for student loans	\$433	\$384	\$85	\$74	\$0
Annuities payable	\$231	\$196	\$189	\$134	\$122
Cash flow hedge value	\$1,548	\$1,684	\$1,102	\$0	\$0
Operating lease obligations	\$0	\$0	\$10,446	\$10,300	\$9,566
Long-term debt, net	\$36,738	\$34,415	\$32,101	\$40,959	\$43,025
Total Liabilities	\$45,190	\$49,445	\$57,365	\$66,062	\$74,096
NET ASSETS					
Without donor restrictions	\$93,565	\$93,090	\$93,450	\$92,244	\$112,409
With donor restrictions	\$80,591	\$78,288	\$93,097	\$118,105	\$125,251
Total net assets	\$174,156	\$171,378	\$186,547	\$210,349	\$237,660
Total liabilities and net assets	\$219,346	\$220,823	\$243,912	\$276,411	\$311,756

Statement of Activities (Without Donor Restrictions) (in 000s)

	<u>FY 2019</u>	<u>FY 2020</u>	<u><i>Audited</i></u> <u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Operating:					
Revenues and other support:					
Tuition and fees	\$89,021	\$87,661	\$88,923	\$87,869	\$96,790
Less scholarship allowances:					
Sponsored scholarships	(\$3,034)	(\$3,273)	(\$2,931)	(\$2,904)	(\$3,272)
Un-sponsored scholarships	(\$27,782)	(\$28,964)	(\$30,239)	(\$30,667)	(\$35,220)
Athletic scholarships	(\$2,661)	(\$2,908)	(\$2,836)	(\$3,126)	(\$3,805)
Tuition and fees, net	\$55,544	\$52,516	\$52,917	\$51,172	\$54,493
Auxiliary enterprises	\$12,168	\$11,240	\$9,762	\$12,378	\$14,858
Miscellaneous revenue	\$936	\$752	\$797	\$9,526	\$2,811
Private gifts and grants	\$554	\$2,557	\$3,500	\$1,940	\$1,299
Government grants - Cares Act	\$0	\$2,083	\$4,243	\$6,887	\$0
Net investment return	\$220	\$106	(\$1)	\$3	\$1,226
Net assets released from restrictions	\$5,255	\$8,599	\$5,826	\$4,462	\$6,959
Total revenues and other support	\$74,677	\$77,853	\$77,044	\$86,368	\$81,648
Expenses:					
Program services					
Instruction	\$33,853	\$34,712	\$31,486	\$32,615	\$36,136
Academic Support	\$4,229	\$5,056	\$5,178	\$7,678	\$4,097
Student Services	\$12,891	\$12,292	\$11,963	\$15,239	\$17,008
Total program services	\$50,973	\$52,060	\$48,627	\$55,532	\$57,241
Supporting services					
General administrative and institutional support	\$14,460	\$13,024	\$16,812	\$18,131	\$21,859
Auxiliary enterprises	\$12,656	\$14,186	\$12,034	\$13,010	\$15,765
Total expenses	\$78,089	\$79,270	\$77,473	\$86,673	\$94,864
Change in net assets from operating activities	(\$3,412)	(\$1,417)	(\$429)	(\$305)	(\$13,216)
Non-operating					
Private gifts and grants	\$0	\$0	\$214	\$549	\$700
Non-operating expenses	\$0	(\$837)	\$0	\$0	\$0
Net investment return	\$0	\$0	\$0	\$0	\$0
Change in value split interest trusts	\$0	\$0	\$0	\$0	\$0
Gain on sale of property, plant, and equipment	\$0	\$1,915	(\$7)	(\$1,620)	\$32,682
Realized and unrealized cash flow hedge gain (loss)	(\$219)	(\$136)	\$582	\$170	\$0
Change in net assets from non-operating activities	(\$219)	\$942	\$789	(\$901)	\$33,382
Change in net assets	(\$3,631)	(\$475)	\$360	(\$1,206)	\$20,165
Net assets - beginning of year	\$97,196	\$93,565	\$93,090	\$93,450	\$92,244
Net assets - end of year	\$93,565	\$93,090	\$93,450	\$92,244	\$112,409

Discussion of Recent Financial Results of Operations

As discussed throughout this APPENDIX A, the University generates revenues from degree-seeking students and from students enrolled in professional education and/or certificate programs, from fundraising efforts, and from investment earnings. From an operational perspective, the largest portion of revenues comes from degree-seeking students' tuition and fees.

For the fiscal year ended June 30, 2023, the University recorded a change in net assets of \$20.2 million, and a change in net assets from operations of \$(13.2 million). The University realized a gain of \$32.7 million from the sale of the Flagler Property, with funds received from the sale in July 2023. A record incoming undergraduate class contributed to an \$8.9 million increase in tuition and fees revenue in fiscal year 2023. During fiscal year 2023 the University made use of previously recognized revenues and proceeds of the Palm Beach County Educational Facilities Authority Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2021, dated October 13, 2021 (the "Series 2021 Bonds") to address deferred maintenance, including major renovations to residence halls, renovating space in the student center to house the University's bookstore, and adding a coffee shop.

In each of Fall 2022 and Fall 2023, the University enrolled its largest incoming classes of traditional undergraduate students. The University attributes the significant enrollment increases in these two years to initiatives undertaken by its Vice President for Enrollment Services, Dr. Nancy Brainard, including participating in the Common App platform, and targeted outreach to high school juniors and sophomores. During the 2022-2023 fiscal year, the University engaged a new consultant, CollegeRaptor, to advise on pricing and student financial aid packaging in order to facilitate student enrollment through discounting while maximizing the net tuition revenue to the University. Discounting calculations include both the students' academic performance (willingness to pay) as well as the families' economic status (ability to pay). Macroeconomic conditions are considered each year as the University and CollegeRaptor plan pricing and financial aid strategies.

Alongside the leadership and structural changes, the University intends to increase enrollment through new evening, graduate, and online programs, and by working with consultants to provide academic program offerings that meet student demand and fit the mission of the University. The University began a B.S. in Nursing program at its Orlando campus in Fall 2022. A B.S. in Engineering was launched in Fall 2023. The University is developing a M.M.S. Physician Associate Medicine degree program, which is expected to launch in October 2024.

The United States Department of Education (the "Department") requires for-profit and non-profit institutions to annually submit audited financial statements to the Department to demonstrate they are maintaining the standards of financial responsibility necessary to participate in the *Title IV* programs. One of many standards the Department utilizes to measure the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements. The Department uses the composite score to gauge the fundamental elements of the financial health of an institution, not the educational quality of an institution. The composite score reflects the overall relative financial health of institutions along a scale from negative 1.0 to positive 3.0. A score greater than or equal to 1.5 indicates the institution is considered financially responsible. The University's most recent Department of Education Financial Responsibility Composite Score for fiscal year 2023 is 3.0, which falls in the Pass Range. The scale for the Composite Score is: Fail: -1.0 – 0.9; Zone: 1.0 – 1.4; and Pass: 1.5 – 3.0.

Net Tuition Revenue

Since 2022, the University has contracted with CollegeRaptor to provide financial aid and tuition rate modeling for its traditional undergraduate program. To maximize net tuition revenue to the University, CollegeRaptor uses advanced econometric modeling to advise on appropriate tuition and discount rates. While average net traditional tuition revenue per student decreased 1.6% since 2018-19, total net tuition revenue increased 3.8% during the same time period. Net tuition revenue in fiscal year 2023 increased 6.5% over fiscal year 2022.

Higher Education Emergency Relief Funds (HEERF)

The University received \$13.2 million in federal Higher Education Emergency Relief Funds (“HEERF”) to address costs associated with significant changes to the delivery of instruction due to the COVID-19 pandemic, including Hyflex and online course delivery, COVID mitigation, and student financial assistance (such amount of HEERF received does not include the employee retention credit listed in the following table). Of that amount, \$5.8 million was allocated directly to students as emergency grant aid. HEERF funds were utilized to offset room and board credits due to the campus housing closure in March 2020, and for purchases of personal protection and classroom technology equipment.

A summary of the HEERF funds and employee retention credit received by the University since 2020 is detailed in the following table.

COVID-19 RELIEF FUNDING (in 000s)				
	FY 2020	FY 2021	FY 2022	Total
HEERF I (CARES)				
Student Portion	\$1,182	\$0	\$0	\$1,182
Institutional Portion	1,182	0	0	1,182
Subtotal	\$2,363	\$0	\$0	\$2,363
HEERF II (CRRSAA)				
Student Portion	\$0	\$1,182	\$0	\$1,182
Institutional Portion	0	2,083	655	2,738
Subtotal	\$0	\$3,265	\$655	\$3,920
HEERF III (ARP)				
Student Portion	\$0	\$0	\$3,481	\$3,481
Institutional Portion	0	0	3,449	3,449
Subtotal	\$0	\$0	\$6,930	\$6,930
Employee Retention Credit	\$0	\$0	\$8,524	\$8,524
Total	\$2,363	\$3,265	\$16,109	\$21,738

Plant Assets

The following tabulation, extracted by University management from the audited balance sheets of the University, presents carrying values of the University's land, buildings, and equipment at June 30 of the fiscal years 2019 through 2023.

	<i>Audited (in 000s)</i>				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Land	\$23,227	\$23,177	\$23,177	\$23,177	\$20,839
Land improvements	13,286	14,164	14,164	14,164	13,727
Leasehold improvements	161	161	178	178	178
Building improvements	142,864	147,309	148,578	150,121	149,490
Equipment and furnishings	17,881	19,556	20,575	21,241	22,376
Total property and equipment	\$197,419	\$204,367	\$206,672	\$208,881	\$206,611
Less Accumulated Depreciation	(87,674)	(94,289)	(101,046)	(107,169)	(109,350)
Construction in progress	924	0	211	17	4,682
Property and equipment, net	\$110,669	\$110,078	\$105,837	\$101,729	\$101,943

Insurance

The University maintains comprehensive insurance coverage on its assets. Buildings, other real property, and equipment are insured on a replacement value basis with a \$10,000 all other perils deductible on buildings and equipment. For the current policy year, campus properties are insured for a blanket limit of \$350 million all perils per occurrence limit (\$100 million earthquake aggregate and \$100 million flood aggregate).

Business interruption insurance is carried to protect the University against loss of income up to \$350 million resulting from damage to real property and equipment per occurrence. Losses from crime or theft are insured up to \$2.5 million per occurrence (\$500,000 limit for social engineering).

Third party Personal Injury and Property Damage liability coverage are provided under Commercial General Liability coverage with a \$100 million per occurrence and annual aggregate limit.

Directors and Officers Liability coverage has a per-claim and annual aggregate limit of \$90 million (Sexual Abuse has a sublimit of \$55 million). Trustees of the Organization or Sponsored Plan are also covered under a separate Fiduciary Liability program that has a \$50 million limit.

Long-Term Investments & Endowment

The University's endowment is established for the purposes expressed in the University's charter and consists of donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The endowment consists of 215 individual endowments established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified allocation to achieve its long-term return objectives within prudent risk constraints.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to scholarship and other activities supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the University must hold in perpetuity as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

The University's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The budgeted spending rate for fiscal year 2024 is based upon 4.7 % of three-year average fund balance through June 30, 2022, provided that such spending will not cause the balance in that fund to drop below the corpus of that fund.

The endowment fund asset balances for the last five fiscal years are included in the following table.

ENDOWMENT FUND ASSETS

	<i>Audited (in 000s)</i>				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Endowment assets, beginning of year	\$85,659	\$85,936	\$85,378	\$97,750	\$97,755
Net investment return	\$918	\$290	\$12,968	(\$4,151)	\$5,915
Contributions	\$1,016	\$2,368	\$2,732	\$5,830	\$564
Change in Value split-interest trusts	\$1,301	\$1,030	\$1,301	\$1,142	\$1,245
Appropriations for endowment expenditures	(\$2,958)	(\$4,246)	(\$4,629)	(\$2,816)	(\$3,762)
Total endowment gifts and designations	\$85,936	\$85,378	\$97,750	\$97,755	\$101,717

Current Outstanding Indebtedness

As of December 31, 2023, the University had \$38,865,000 in outstanding long-term debt, including notes and bonds payable. The following is a summary of outstanding indebtedness as of December 31, 2023.

<u>Description</u>	<u>Interest Rate</u>	<u>Amount Outstanding (as of 12/31/2023)</u>	<u>Final Maturity</u>
Series 2021 Bonds	4.00%	\$34,465,000	10/01/2051
2018 Promissory Note	5.00%	\$1,500,000	06/13/2025
2022 Promissory Note	5.00%	\$2,900,000	09/01/2029

Fundraising

The University has increased its intentional outreach to prospective donors since fiscal year 2021 with a restructuring of and key hires within the Advancement department. Private gifts and grants have increased 45% since fiscal year 2018, for an average annual increase of 7.8%. A \$75 million capital campaign, "God-Sized Dreams," is currently underway, with \$47.1 million raised since November 2022. Progress continues to identify, cultivate, solicit and steward donors.

The University has created an annual fund goal of \$1,500,000 for fiscal year 2024, with additional funding being secured to support restricted giving. PBA is focusing on strategic donor identification, cultivation, solicitation, and stewardship strategies to yield greater financial sustainability among new and recurring donors. PBA is intentionally growing major and principal gift capacity to yield greater philanthropic results.

Certain proceeds of the Series 2024 Bonds, along with donations received from the “God-Sized Dreams” campaign, will be used to construct the Project, a new six-story, 125,000 square feet, Marshall and Vera Lea Rinker Business Hall. This new building will be the first to break ground in the multi-phased campus master plan as a result of PBA’s Strategic Plan established by PBA’s President, Dr. Debra A. Schwinn. Naming recognition for the new business building is extended for donors at certain benchmarks.

Total philanthropic support for the University over the past five fiscal years is summarized below:

Total Private Support by Source

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Trustees	\$992,858	\$3,271,089	\$3,105,179	\$454,920	\$1,208,314
Alumni	219,568	81,826	1,482,311	150,310	631,516
Parents	33,800	17,500	8,850	32,190	14,350
Other	1,198,689	3,053,359	5,696,513	22,838,088	2,606,693
Organizations	4,791,356	3,973,129	5,622,262	28,387,161	9,747,016
Total Gifts*	\$7,082,631	\$9,056,993	\$9,203,540	\$29,423,159**	\$12,086,782
Alumni Donors	233	131	177	200	128
Total Donors	1,127	984	977	997	1,697

* Certain private support by source gifts are duplicated for those donations that classify as multiple sources (for example, certain alumni gifts may also be counted as parent gifts if the donor classifies as both a parent and an alumni). The total gifts line therefore removes this duplication and represents the actual amount of gifts received.

** The University received a \$26 million lead gift for the capital campaign in fiscal year 2022. The gift is reflected in the table under Other and Organizations.

Operating Budget

The budget process for each fiscal year begins in early fall, with the University’s enrollment consultants to determine appropriate tuition, housing rates, discount, and enrollment assumptions. The Board of Trustees approves tuition, fee and room and board rates for the following fiscal year based on the recommendation of the Board’s Finance Committee. A preliminary revenue budget is created from the enrollment and tuition, room, and board rates approved by the Board.

The University utilizes a bottom-up budget process. Baseline budgets for the upcoming year are provided in January of each year. Budget holders are encouraged to hold meetings with their staff to identify budget needs and initiatives in line with the University’s strategic priorities for the upcoming year. Budget requests are entered along with supplemental justification and prioritization data. The Budget Committee meets weekly beginning in February in order to review and approve budget requests and to arrive at a budget that is balanced, at a minimum, on a cash basis. The operating and capital budgets are presented to the Finance and Executive Committees for review and approval. With the approval of the Executive Committee, the operating and capital budgets are presented to the Board of Trustees at its April meeting for review and approval. If necessary, a special Board meeting may be called for additional Board review and budget updates in June of each year.

The following table provides a summary of the University's operating budget for its unrestricted operating funds for the fiscal year ending June 30, 2024.

REVENUE	BUDGET FY 2024 (in 000s)
Tuition & Fees	\$108,146
<i>Less Scholarships:</i>	
Sponsored Scholarships	(\$4,000)
Un-sponsored Scholarships	(\$37,163)
Athletic Scholarships	<u>(\$4,061)</u>
Net Tuition	\$62,923
Private Gifts & Grants	\$760
Net Investment Return	\$1,213
<u>Other</u>	
Auxiliary Enterprises	\$16,232
Misc. Revenue	\$5,895
Total Other	\$22,127
Net Assets Released from Restriction	<u>\$5,348</u>
TOTAL REVENUE	\$92,370
EXPENSES	
<u>Educational & General</u>	
Instruction	\$33,968
Academic Support	\$1,010
Student Service	\$14,856
Institutional Support	\$25,052
Interest	\$1,605
Credit for attrition	(\$2,669)
Plant Operation & Maintenance	<u>\$6,654</u>
Total Educational & General	\$80,476
<u>Other</u>	
Auxiliary Enterprises	\$8,645
Depreciation & Amortization	\$6,285
Total Other	<u>\$14,931</u>
TOTAL EXPENSES	\$95,407
CHANGE IN UNRESTRICTED NET ASSETS	(\$3,037)
CASH BASIS	
Total net revenues	\$92,370
Plus endowment cash transfer	\$666
Plus bond proceeds	<u>\$5,150</u>
Total net revenues	\$98,187
Total expenses	\$95,407
Plus principal payments on bonds	\$660
Plus capital expenditures	\$6,086
Plus deferred maintenance/renovations	\$1,000
Plus contingency	\$1,319
Less depreciation	<u>(\$6,285)</u>
Total expenses	\$98,187
Surplus / (shortfall)	\$0

Financial Projections

The following tables show the University's projections of its Statement of Activities for fiscal years 2024 through 2027.

Statement of Activities – FY24 – FY27 Projection

	<i>Projections (in 000s)</i>			
	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Revenues and other support:				
Tuition and fees	\$102,621	\$115,523	\$127,683	\$140,333
Less scholarship allowances:				
Sponsored scholarships	(\$4,000)	(\$4,100)	(\$4,203)	(\$4,308)
Athletic scholarships	(\$36,394)	(\$39,895)	(\$43,000)	(\$47,595)
Unsponsored scholarships	(\$4,061)	(\$4,467)	(\$4,913)	(\$5,405)
Tuition and fees, net	\$58,166	\$67,061	\$75,568	\$83,025
Private gifts and grants	\$2,000	\$1,500	\$1,500	\$1,500
Net investment return	\$2,813	\$2,213	\$900	\$1,000
Auxiliary enterprises	\$16,144	\$17,530	\$18,635	\$19,809
Miscellaneous revenue	\$5,208	\$4,466	\$1,510	\$1,555
Net assets released from restrictions	\$7,254	\$36,100	\$6,203	\$6,308
Total revenues and other support	\$91,585	\$128,870	\$104,315	\$113,197
Expenses:				
Instruction	\$33,429	\$35,787	\$36,324	\$37,777
Academic Support	\$957	\$1,025	\$1,040	\$1,071
Student Services	\$13,140	\$15,079	\$15,305	\$15,764
Institutional Support	\$25,490	\$25,872	\$26,260	\$27,048
Interest	\$1,612	\$4,016	\$3,809	\$3,773
Plant Operation & Maintenance	\$7,502	\$7,727	\$8,859	\$9,302
Auxiliary enterprises	\$8,500	\$8,755	\$9,018	\$9,469
Depreciation & Amortization	\$5,986	\$6,076	\$7,292	\$8,527
Total expenses	\$96,616	\$104,337	\$107,907	\$112,731
Change in net assets	(\$5,031)	\$24,533	(\$3,592)	\$466

Key Assumptions for Financial Projections – FY 2024 – FY 2027

	<i>Financial Projection Assumptions</i>			
	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Fall Enrollments				
Traditional undergraduate	2,294	2,424	2,528	2,619
Pharmacy	180	168	184	206
M.S. Physician Associate Medicine	0	42	90	146
Online	133	183	217	223
Graduate	512	520	551	575
Orlando Campus	89	88	97	103
Non-Traditional Undergraduate	667	525	525	525
Total Projected Enrollments - Headcount	3,875	3,950	4,192	4,397

The University has relied on the following assumptions for the financial projections above:

- ***Tuition Rate increase.*** Projected to increase 5% annually, on average.
- ***Traditional Undergraduate Enrollment.*** Assumes 70% retention and 50 additional new students each year.
- ***Pharmacy Enrollment.*** Assumes 5 additional new students each year.
- ***M.S. Physician Associate Medicine program begins Fall 2024.***
- ***Tuition discount.*** Assumed to be 50% annually.
- ***Expenses increase.*** Increases range from 1.5% to 5.0% annually.
- ***Debt Service.*** Includes principal and interest on the Series 2021 Bonds, Series 2024 Bonds, \$1.5 million promissory note, and \$2.9 million promissory note.
- ***Property Sale.*** Some proceeds utilized in 2024-25 for business building construction.
- ***Auxiliary enterprise price increase.*** Auxiliary revenue, including room and board plans, are projected to increase 6.0% annually.
- ***First time freshman tuition discount:*** The tuition discount for first-time freshmen in fiscal year 2024 is 56%.
- ***Retention Rate.*** The retention rate is projected conservatively at 70% (Fall to Fall) compared to historical averages. The University has taken steps to increase retention beyond historic performance, including increasing the selectivity of student acceptances, engaging a consultant (EAB) to assist with retention efforts, and increasing programs such as Way Point, which identify at-risk students for intervention. See “Enrollment and Retention Strategy” above.
- ***Salary and Wage Adjustments.*** On average, salaries and wages are projected to increase 3.0% annually, including both annual cost-of-living adjustment (COLA) and merit increases to existing employees, and the net impact of employee turnover and replacement.
- ***Discretionary Spending.*** Discretionary spending is projected to average a 1.5% annual increase, net of ongoing cost reduction and streamlining strategies.
- ***Contract Services.*** Contract services cost increases average 3% annually.
- ***Overall Operating Expense Change.*** The overall increase in operating expenses ranges from 1.5% to 5.0% per year.
- ***HEERF II and III Grant Revenue.*** No additional revenues related to HEERF funding are projected. See “Higher Education Emergency Relief Funds (HEERF)” above.
- ***Depreciation & Amortization.*** Depreciation projections include projected capital spending and renovations.
- ***Expected Return on Endowment.*** The University maintains several benchmarks to measure and evaluate endowment performance. In order to sustain the spending ability of the endowment over time, the expected rate of return on the endowment, over the course of a business cycle, is consumer price index (CPI) plus the spending rate (4.5%).
- ***Endowment Draw.*** The University utilizes endowment appropriations for student financial assistance, faculty development, and facilities. For fiscal years 2025 and forward, the spending rate is 4.5% of the three-year average ending balance in each fund.

Financial Covenants

The University has covenanted in the Master Indenture to charge and maintain tuition, fees and other charges sufficient to provide an Historical Debt Service Coverage Ratio (the ratio of Net Revenues Available for Debt Service to Annual Debt Service for such fiscal year) of at least equal to 1.10:1.00 (the “Coverage Ratio”) in each fiscal year; and certain restrictions as to the incurrence of additional indebtedness.

Debt Service Coverage Ratio. The table under “Financial Covenant Forecast” herein sets forth the extent to which the University’s net income available for debt service in each of the fiscal years shown would cover the University’s estimated annual debt service requirements on the Series 2021 Bonds, the Series 2024 Bonds, and additional long-term debt obligations. Net revenues available for debt service (audited) should be evaluated with respect to the audited financial statements and related notes set forth in APPENDIX B to this Official Statement.

Pro Forma Annual Debt Service and debt service requirements are shown only for future years in the table below and are based on certain assumptions and exclusions contained in the Master Indenture. The provisions and assumptions for calculations of the debt service coverage ratio under the Master Indenture may differ from those in transaction documents for other indebtedness and as shown for historical calculations.

Restrictions as to Incurrence of Additional Indebtedness. Upon compliance with the terms and conditions of the Master Indenture, and certain requirements for other outstanding indebtedness, the University may incur additional debt. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Covenants; Additional Indebtedness” in the forepart of this Official Statement and APPENDIX C – “FORMS OF BASIC DOCUMENTS – The Master Indenture.”

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Financial Covenant Forecast

The following table sets forth the University's Historical Debt Service Coverage Ratio and Debt Service Coverage Ratio (Pro Forma) for the years indicated. These ratios and internally prepared projections should be read in conjunction with the audited financial statements and notes set forth in APPENDIX B to the Official Statement.

	<u>Audited (in 000s)</u>			<u>Projected (in 000s)</u>			
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Unrestricted Operating Revenue	\$77,044	\$86,368	\$81,648	\$91,585	\$128,870	\$104,315	\$113,197
Total Unrestricted Operating Expenses	\$77,473	\$86,673	\$94,864	\$96,616	\$104,337	\$107,907	\$112,731
Change in Net Assets	(\$429)	(\$305)	(\$13,216)	(\$5,031)	\$24,533	(\$3,592)	\$466
Plus: Interest Expense	\$1,065	\$1,200	\$1,400	\$1,612	\$4,016	\$3,809	\$3,773
Plus: Depreciation & Amortization	\$6,779	\$6,157	\$5,834	\$5,986	\$6,076	\$7,292	\$8,527
Plus: One-time Land Sale	\$0	\$0	\$32,682*	\$0	\$0	\$0	\$0
Net Income Available for Debt Service	\$7,415	\$7,052	\$26,700	\$2,567	\$34,625	\$7,509	\$12,766
Total Historical Debt Service	\$3,389	\$1,200	\$2,015				
Debt Service Coverage Ratio (DSCR)	2.19	5.88	13.25				
Pro Forma Actual Debt Service				\$2,272	\$4,701	\$6,024	\$4,518
DSCR w/ Pro Forma Debt Service				1.13	7.36**	1.25	2.83
DSCR Requirement		1.10	1.10	1.10	1.10	1.10	1.10

* Sale of the Flagler Property. See "ENROLLMENT – Residential Life" herein.

** The new business building is expected to be placed in service in fiscal year 2025, causing a projected increase in net asset releases compared to other years.

Source: Audited financial statements and projections of the University.

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Capital Expenditures and Future Indebtedness

The fiscal year 2024 capital budget anticipates \$7.0 million in identified capital projects. The capital projects will be funded with cash, operating funds, and Series 2024 Bond proceeds. Other than the Series 2024 Bonds, the University does not anticipate incurring any additional long-term indebtedness in the next year. Capital projects for fiscal year 2024 will include the completion of Summer 2023 projects (residence hall renovations, bookstore, and coffee shop addition) and ongoing facilities maintenance. Projected capital expenditures through fiscal year 2029 will be funded with cash and operating funds. At this time, the University does not anticipate incurring additional long-term indebtedness other than the Series 2024 Bonds to fund capital expenditures through 2029.

From time to time, the University's capital plans are developed and evaluated by the Board and administration. Among projects currently under consideration, the University is exploring the possibility of entering into a public-private partnership to ground lease property on the Main Campus to a developer in order to construct a new student residence hall. Such project is still in the exploratory planning phases, the construction of which will depend on several factors including costs and market conditions. At this time, the University anticipates that the structure of such proposed public-private partnership would be similar to the Watson Hall development structure discussed herein under “ENROLLMENT – Residential Life.”

Employee Benefit and Retirement Plan

The University provides benefits programs for employees, their spouses and dependent children. The University attempts to provide plans that offer the best benefits at a reasonable cost to employees. Programs offered include, but are not limited to, health, dental, life, vision, retirement, and an Employee Assistance Program. All full-time employees are immediately eligible to participate in the University's 403(b) retirement plan. During fiscal year 2024, the University matches up to 6% of each employee's contributions.

Full-time employees receive paid vacation, ranging from 120 to 200 hours per year based on classification and/or years of service. Additional leave provided includes sick leave and personal days, as well as “Extending Hands” leave for volunteer service (three days per calendar year) and “Spiritual Retreat” leave (3 days per year for 12-month, full-time employees) to encourage employees' spiritual restoration outside of the office. The University provides 16 paid holiday days to full-time employees.

LITIGATION

There is no litigation pending, or to the University's knowledge, threatened against the University that if resolved adversely to the University would have a material and adverse effect on the University's financial position or operations.

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APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022**

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PALM BEACH ATLANTIC UNIVERSITY, INC.
REPORT ON AUDITS OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

PALM BEACH ATLANTIC UNIVERSITY, INC.

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Independent Auditor's Report

Board of Trustees
Palm Beach Atlantic University, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of Palm Beach Atlantic University, Inc. (the University) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Palm Beach Atlantic University, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Palm Beach Atlantic University, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Beach Atlantic University, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

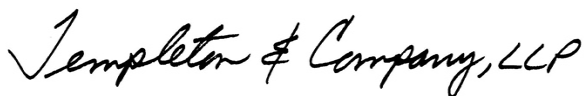
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Palm Beach Atlantic University, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Beach Atlantic University, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of Palm Beach Atlantic University, 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 solely 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 the effectiveness of Palm Beach Atlantic University, Inc.'s 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 Palm Beach Atlantic University, Inc.'s internal control over financial reporting and compliance.



West Palm Beach, Florida
November 29, 2023

PALM BEACH ATLANTIC UNIVERSITY, INC
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 28,359,694	\$ 28,879,834
Portfolio investments	88,703,076	83,067,825
Tuition and other receivables, net	9,785,946	15,134,438
Unconditional promises to give, net	7,381,673	6,740,608
Contribution receivable from foundation	24,000,000	24,000,000
Contributions receivable from charitable trusts	114,038	145,722
Mortgage note receivable	33,400,000	-
Prepaid expenses and other assets	5,595,568	3,682,945
Non-marketable investments	2,906,754	2,731,387
Operating right-of-use assets	9,566,212	10,299,792
Property, plant, and equipment, net	<u>101,943,170</u>	<u>101,729,130</u>
Total assets	<u>\$ 311,756,131</u>	<u>\$ 276,411,681</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,998,211	\$ 1,074,754
Accrued expenses	4,996,480	4,860,774
Deferred tuition revenue	2,625,604	2,669,060
Deferred grant revenue	4,967,868	-
Deposits and other liabilities	5,794,151	6,064,254
Annuities payable	122,059	134,012
Operating lease obligations	9,566,212	10,299,792
Long-term debt, net	<u>43,025,184</u>	<u>40,959,494</u>
Total liabilities	<u>74,095,769</u>	<u>66,062,140</u>
Net assets:		
Without donor restrictions	112,409,044	92,243,901
With donor restrictions	<u>125,251,318</u>	<u>118,105,640</u>
Total net assets	<u>237,660,362</u>	<u>210,349,541</u>
Total liabilities and net assets	<u>\$ 311,756,131</u>	<u>\$ 276,411,681</u>

See accompanying notes to financial statements.

PALM BEACH ATLANTIC UNIVERSITY, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2023 and 2022

	For the Year Ended June 30, 2023			For the Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating:						
Revenues and other support:						
Tuition and fees	\$ 96,789,931	\$ -	\$ 96,789,931	\$ 87,868,511	\$ -	\$ 87,868,511
Less scholarship allowances:						
Sponsored scholarships	(3,272,331)	-	(3,272,331)	(2,903,968)	-	(2,903,968)
Un-sponsored scholarships	(35,219,585)	-	(35,219,585)	(30,666,544)	-	(30,666,544)
Athletic scholarships	(3,804,554)	-	(3,804,554)	(3,125,968)	-	(3,125,968)
Tuition and fees, net	54,493,461	-	54,493,461	51,172,031	-	51,172,031
Auxiliary enterprises	14,857,974	-	14,857,974	12,378,478	-	12,378,478
Other revenue	2,811,407	-	2,811,407	9,526,349	-	9,526,349
Private gifts and grants	1,299,311	975,005	2,274,316	1,940,399	-	1,940,399
Government grants	-	-	-	6,886,817	-	6,886,817
Net investment return	1,226,391	-	1,226,391	3,100	-	3,100
Net assets released from restrictions	6,959,462	(6,959,462)	-	4,461,583	(4,461,583)	-
Total revenues and other support	81,648,006	(5,984,457)	75,663,549	86,368,757	(4,461,583)	81,907,174
Expenses:						
Program services:						
Instruction	36,135,876	-	36,135,876	32,614,376	-	32,614,376
Academic support	4,096,992	-	4,096,992	7,677,669	-	7,677,669
Student services	17,007,744	-	17,007,744	15,238,573	-	15,238,573
Total program services	57,240,612	-	57,240,612	55,530,618	-	55,530,618
Supporting services:						
General administrative and institutional support	21,859,337	-	21,859,337	18,131,669	-	18,131,669
Auxiliary enterprises	15,764,522	-	15,764,522	13,011,448	-	13,011,448
Total expenses	94,864,471	-	94,864,471	86,673,735	-	86,673,735
Change in net assets from operating activities	(13,216,465)	(5,984,457)	(19,200,922)	(304,978)	(4,461,583)	(4,766,561)
Non-operating:						
Private gifts and grants	700,088	5,969,645	6,669,733	549,221	12,998,294	13,547,515
Private gifts and grants - in-kind	-	-	-	-	19,500,000	19,500,000
Net investment return	-	5,915,213	5,915,213	-	(4,170,812)	(4,170,812)
Change in value of split-interest trusts	-	1,245,277	1,245,277	-	1,142,473	1,142,473
Gain (loss) on sale of property	32,681,520	-	32,681,520	(1,620,236)	-	(1,620,236)
Realized and unrealized cash flow hedge gain	-	-	-	169,956	-	169,956
Change in net assets from non-operating activities	33,381,608	13,130,135	46,511,743	(901,059)	29,469,955	28,568,896
Change in net assets	20,165,143	7,145,678	27,310,821	(1,206,037)	25,008,372	23,802,335
Net assets - beginning of year	92,243,901	118,105,640	210,349,541	93,449,938	93,097,268	186,547,206
Net assets - end of year	\$ 112,409,044	\$ 125,251,318	\$ 237,660,362	\$ 92,243,901	\$ 118,105,640	\$ 210,349,541

See accompanying notes to financial statements.

PALM BEACH ATLANTIC UNIVERSITY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

For the Year Ended June 30, 2023							
	Program Services				Supporting Services		
	Instruction	Academic Support	Student Services	Subtotal	General Administrative and Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries, wages and benefits	\$ 25,980,297	\$ 467,168	\$ 6,979,436	\$ 33,426,901	\$ 10,198,055	\$ 595,573	\$ 44,220,529
Services, supplies, and other	4,244,527	413,819	5,661,523	10,319,869	5,727,621	6,417,666	22,465,156
Facilities, utilities, and maintenance	2,857,065	1,219,403	1,703,013	5,779,481	1,231,713	5,036,370	12,047,564
Information technology	209,476	112,251	328,029	649,756	3,787,535	8,066	4,445,357
Advertising and promotion	468,478	-	63,033	531,511	407,360	-	938,871
Insurance	776,780	616,038	743,002	2,135,820	165,767	1,211,855	3,513,442
Depreciation	1,289,784	1,022,884	1,233,697	3,546,365	275,244	2,012,190	5,833,799
Interest	309,469	245,429	296,011	850,909	66,042	482,802	1,399,753
Total expenses	<u>\$ 36,135,876</u>	<u>\$ 4,096,992</u>	<u>\$ 17,007,744</u>	<u>\$ 57,240,612</u>	<u>\$ 21,859,337</u>	<u>\$ 15,764,522</u>	<u>\$ 94,864,471</u>
For the Year Ended June 30, 2022							
	Program Services				Supporting Services		
	Instruction	Academic Support	Student Services	Subtotal	General Administrative and Institutional Support	Auxiliary Enterprises	Total Expenses
Salaries, wages and benefits	\$ 24,308,460	\$ 506,884	\$ 6,476,152	\$ 31,291,496	\$ 7,775,395	\$ 428,057	\$ 39,494,948
Services, supplies, and other	2,860,370	4,242,770	4,466,445	11,569,585	4,719,102	5,128,475	21,417,162
Facilities, utilities, and maintenance	2,364,808	1,134,235	1,441,054	4,940,097	1,166,880	3,911,392	10,018,369
Information technology	217,980	99,495	715,699	1,033,174	3,235,337	9,242	4,277,753
Advertising and promotion	726,386	-	95,752	822,138	779,046	-	1,601,184
Insurance	543,081	430,699	519,465	1,493,245	115,895	898,440	2,507,580
Depreciation	1,333,470	1,057,530	1,275,483	3,666,483	284,567	2,206,010	6,157,060
Interest	259,821	206,056	248,523	714,400	55,447	429,832	1,199,679
Total expenses	<u>\$ 32,614,376</u>	<u>\$ 7,677,669</u>	<u>\$ 15,238,573</u>	<u>\$ 55,530,618</u>	<u>\$ 18,131,669</u>	<u>\$ 13,011,448</u>	<u>\$ 86,673,735</u>

See accompanying notes to financial statements.

PALM BEACH ATLANTIC UNIVERSITY, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 27,310,821	\$ 23,802,335
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,833,799	6,157,060
Net realized and unrealized loss (gain) on portfolio investments	(4,962,970)	5,182,343
Unrealized gain on non-marketable investments	(175,367)	(18,354)
Amortization of loan costs	12,799	23,315
Amortization of bond premium	(232,109)	(163,060)
Realized cash flow hedge gain	-	(1,102,455)
Contributions received in-kind	-	(19,500,000)
Contributions received restricted for long-term investment	(1,760,623)	(1,738,749)
(Gain) loss on sale of property, plant, and equipment	(32,681,520)	1,620,236
Changes in operating assets and liabilities:		
Tuition and other receivables	5,348,510	(11,047,166)
Unconditional promises to give, net	(641,065)	(5,176,118)
Contributions receivable from charitable trusts	31,684	43,113
Prepaid expenses and other assets	(1,912,623)	(441,182)
Accounts payable	1,923,457	(43,246)
Accrued expenses	135,706	1,654,312
Deferred tuition, deferral grant revenue, deposits and other liabilities	4,654,309	(468,936)
Annuities payable	<u>(11,953)</u>	<u>(54,974)</u>
Net cash provided by (used in) operating activities	<u>2,872,855</u>	<u>(1,271,526)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment and construction costs paid	(10,468,428)	(1,920,335)
Proceeds from sale of property, plant, and equipment	3,702,091	17,751,340
Purchases of portfolio investments, net of sales	<u>(672,281)</u>	<u>(16,844,811)</u>
Net cash (used in) investing activities	<u>(7,438,618)</u>	<u>(1,013,806)</u>
Cash flows from financing activities:		
Payments on long-term debt	(615,000)	(30,616,040)
Proceeds from issuance of long-term debt	2,900,000	-
Proceeds from bond issuance	-	39,997,997
Payment of bond issuance costs	-	(383,977)
Contributions received restricted for long-term investment	<u>1,760,623</u>	<u>1,738,749</u>
Net cash provided by financing activities	<u>4,045,623</u>	<u>10,736,729</u>
(Decrease) increase in cash and cash equivalents	(520,140)	8,451,397
Cash and cash equivalents - beginning of year	<u>28,879,834</u>	<u>20,428,437</u>
Cash and cash equivalents - end of year	<u><u>\$ 28,359,694</u></u>	<u><u>\$ 28,879,834</u></u>
See accompanying notes to financial statements.		

PALM BEACH ATLANTIC UNIVERSITY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

General

Founded in 1968, Palm Beach Atlantic University, Inc. (the University) is a not-for-profit, private, Christian, interdenominational, four-year University with its main campus in West Palm Beach, Florida comprised of a 22.7-acre downtown campus, a 77.6-acre athletic campus and a satellite campus in Orlando, Florida. The University provides higher education in over 50 academic disciplines to both full-time and part-time traditional and non-traditional undergraduate students. The University also offers multiple masters and continuing education programs as well as Doctor of Pharmacy and Doctor of Nursing Practice programs, and PhD of Practical Theology.

Basis of presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the University, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restrictions will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the University must continue to use the resources in accordance with the donor's instructions.

The University's unspent contributions are included in this class if the donor limited their use, as are donor-imposed endowment funds.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the assets are placed in service by the University, unless the donor provided more specific directions about the period of its use.

Measure of operations

The University's operating activities include revenues that are earned as a result of providing programs and supporting activities and expenses relating to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions. Non-operating activities include the receipt of private gifts, grants and bequests to the endowment, non-operating expenses, annuity and split-interest agreement activity, endowment and investment gains and losses related to donor restricted endowment investments, and gains and losses on property sales.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The University considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the financial statements, including valuation of receivables, including student accounts, pledges and other contribution agreements and certain investments. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ from those estimates.

Tuition and fees

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Institutional aid, in the form of scholarships and grants-in-aid, includes amounts funded by endowments and gifts, and reduces the amount of revenue recognized.

Revenue for tuition and fees for all of the summer terms is recognized as performance obligations are met. Because the summer academic terms span two reporting periods, a portion of the revenue for the summer terms are included in deferred revenue at June 30, 2023 and 2022. Deferred revenues for the summer terms are shown in Note 1 below.

The University offers qualified applicants assistance in the form of financial aid. Financial aid is provided to students in the form of sponsored and unsponsored scholarships, direct grants and loans from the state and federal government, as well as employment during the academic year. In addition, for the years ended June 30, 2023 and 2022, the University granted tuition reductions to faculty and staff as well as their spouses and children in the amount of \$1,351,393 and \$973,384, respectively, which are recorded in general administrative and institutional support expense in the accompanying statements of activities.

Auxiliary enterprises

Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, or incidentally to the general public. Fees charged for auxiliary services are directly related to, although not necessarily equal to, the cost of the goods or services provided.

Auxiliary enterprise revenue includes activities for student housing and dining facilities, parking services, and other miscellaneous activities. Institutional aid specifically for defraying the cost of room and board reduces the amount of revenue recognized.

Revenues for auxiliary services are recognized as performance obligations are met over the academic term. Because the summer terms span two reporting periods, a portion of the revenue for the summer terms is included in deferred revenue at June 30, 2023 and 2022. Deferred revenues for the summer terms are shown in Note 1 below.

Auxiliary enterprises revenue for the years ended June 30, 2023 and 2022 was \$14,857,974 and \$12,378,478, respectively.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Deferred revenues and deposits

Deferred revenues and deposits represent revenues currently received for programs or activities to be conducted primarily in the next fiscal year, such as summer and fall tuition and fees and room and board. Also included in deferred revenues and deposits is deferred revenue related to sponsorship agreements and commitment deposits received from certain vendors, which will be recognized as income over the lives of the related agreements. In addition, included in deferred revenues are funds received related to certain refundable grants. These amounts are recognized as revenue as the conditions are met in accordance with the underlying terms of the grants.

The balances for deferred revenues and deposits and other liabilities from contracts with customers are shown in the following table at June 30, 2023 and 2022:

	2023	2022
Deferred tuition revenue	\$ 2,625,604	\$ 2,669,060
Deferred grant revenue	\$ 4,967,868	\$ -
Deposits and other liabilities:		
Vendors/sponsorship agreements	\$ 4,155,935	\$ 4,411,207
Other	1,638,216	1,653,047
	<u>\$ 5,794,151</u>	<u>\$ 6,064,254</u>

Contributions

Contributions, including unconditional promises (pledges) to give, are recognized in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions if designated by the donors as such.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. The University reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit donor restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The University periodically receives artwork from donors for public exhibition purposes. Artwork collections have not been recorded since the University does not have objective and measurable fair values to assign to the artwork.

In-kind (non-cash) contributions of real property totaled \$19,500,000 in 2022. The real property was reported as private gifts and grants – in-kind on the statement of activities based on the appraised value. The University subsequently sold the real property for a loss of \$1,620,236. Contributions of non-financial assets were immaterial during 2023.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Government grants

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted as continued efforts to respond to the COVID-19 pandemic. The CRRSAA allocated \$19 billion in funding for higher education through the Higher Education Emergency Relief Fund (HEERF II). The University was allocated \$3,920,082 in institutional and student funds. For the years ended June 30, 2023 and 2022, the University recognized grant revenue from HEERF II in the amount of \$0 and \$727,017, respectively.

On March 11, 2021, American Rescue Plan (ARP) was enacted and allocated \$40 billion in support to institutions of higher education through the Higher Education Emergency Relief Fund (HEERF III) to serve students and ensure learning continues during the COVID-19 pandemic. The University was allocated \$6,929,988 in institutional and student funds. For the years ended June 30, 2023 and 2022, the University recognized grant revenue from HEERF III in the amount of \$0 and \$6,159,800, respectively.

Split-interest agreements

Contributions receivable from foundations or charitable trusts, of which the University is a beneficiary, are recorded at the net present value of the stream of anticipated receipts using a risk-based discount rate. Related cash collections are recorded as reductions of contributions receivable and adjustments to reflect the contributions receivable from charitable trusts at their net present value are recorded as “change in value of split-interest trusts” in the accompanying statements of activities.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts and other highly liquid investments with an original maturity of three months or less. The University has restricted cash accounts related to the Federal Perkins Loan Program and bond refinancing that require amounts to be segregated from the University’s general operating accounts. Such restricted cash balances as of June 30, 2023 and 2022 were \$5,610,167 and \$9,161,955, respectively.

Portfolio investments

Portfolio investments include marketable equity securities and public and private funds that trade at net asset value. Marketable equity securities are measured at fair values based on quoted market prices. The public fund is valued based on the fair value of the underlying assets. Certain private funds may invest a portion of their net assets in securities for which market quotations are not readily available. In such cases, the private fund manager prices such securities using other fair value estimation techniques. The resulting fair value is intended to represent a good faith approximation of the amount that the fund could reasonably expect to receive from the investment if the interest were sold at the time of valuation, based on information reasonably available to the manager at the time the valuation is made.

Interest and dividends are included in net investment return in the accompanying statements of activities. Investment income and realized gains and losses on portfolio investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Portfolio investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain portfolio investments, it is at least reasonably possible that changes in values of portfolio investments will occur in the near-term.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Tuition and other receivables

The University grants credit without collateral to a large portion of its students. These tuition receivables are evaluated for collectability annually. Allowances for amounts deemed uncollectible are determined based on historical trends and the aging of these balances. Allowances for doubtful accounts as of June 30, 2023 and 2022 were \$1,516,947 and \$1,153,321, respectively.

An allowance for loss in student loans receivable is established based upon a review of the collectability of the underlying student loans. The allowance represents management's estimate of the amount of student loan balances for which a loss is probable.

Non-marketable investments

Non-marketable investments include non-controlling common stock investments in certain closely-held corporations and an investment in a private enterprise. The common stock investments are accounted for using the equity method. The investment in a private enterprise is carried at cost unless circumstances indicate a lower value.

Investments and endowment

Endowment investments consist of investments purchased with the following resources:

- Donor-restricted perpetual endowments, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the University's activities.
- Donor-restricted term endowments, which are contributions restricted by donors to investment for the term specified by the donor. During that term, the donor may either require investment income and appreciation to be reinvested in the fund, or may permit the University to spend those amounts in accordance with the donor's restrictions on use.
- Board-designated endowments, which are resources set aside by the Board of Trustees for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Trustees.

Endowment investments also include portfolio investments purchased with unspent investment income and net gains on these resources. Other long-term investments are held under split-interest agreements with donors.

Endowment investments are reported at fair value with changes to fair value reported in net investment return in the statements of activities. Purchases and sales of portfolio investments are reported on the trade date.

The investment and spending policies for the endowment are discussed in Note 14.

Property, plant, and equipment

Property, plant, and equipment additions are stated at cost if purchased or, if acquired by contribution, at the estimated fair market value on the date of contribution. The University's policy is to capitalize assets acquired for greater than \$5,000. Donated assets are recorded at fair value at the time of receipt of the contributions. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as support without donor restrictions. The University provides for depreciation over the estimated useful lives of the related assets using the straight-line method.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Property, plant, and equipment, continued

These estimated useful lives are summarized in the following table:

Land improvements	20-40 years
Leasehold improvements	Lease term
Buildings and improvements	20-40 years
Equipment and furnishings	3-10 years

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is determined by comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If the carrying value of the asset exceeds the cash flows, the asset is considered to be impaired. The impairment charge to be recognized is measured by the amount by which the carrying amount of the asset exceeds its estimated fair value. There were no impairments recognized during the fiscal years 2023 and 2022.

Income taxes

The University has been recognized by the Internal Revenue Service (IRS) as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the financial statements. The University is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

The University recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The University does not believe there are any uncertain tax positions.

For the years ended June 30, 2023 and 2022, there were no interest or penalties recorded or included in the University's financial statements. The University is no longer subject to income tax examinations for years prior to 2020.

Earnings from unrelated business activities were not significant for the years ended June 30, 2023 and 2022; therefore, no related income taxes are accrued in the accompanying financial statements.

Advances from federal government for student loans

Funds provided by the U.S. government under the Federal Perkins Loans Program (Perkins Loans) were loaned to qualified students prior to October 1, 2017. On September 30, 2017, the authority to make new Perkins Loans ended. Final disbursements were permitted through June 30, 2018. As a result, the University no longer awards Perkins Loans. Receipts of principal and interest payments that create excess cash are returned to the government reducing the liability in the statements of financial position. During the year ended June 30, 2023, the Perkins Loans liquidation process was completed.

Annuities payable

Annuities payable represents amounts due to beneficiaries under various split-interest arrangements in which the University is the trustee. The related assets under these arrangements, approximating \$721,000 and \$709,000 at June 30, 2023 and 2022, respectively, are included in portfolio investments. The amounts due are calculated using risk-adjusted discount rates ranging from 3% to 7% and the IRS life expectancy tables.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Fundraising expenses

Fundraising expenses, approximating \$2,011,000 and \$1,791,000 for the years ended June 30, 2023 and 2022, respectively, are expensed as incurred and included in general administrative and institutional support in the accompanying statements of activities.

Valuation techniques

Investments in non-marketable investment companies are valued at the net asset value of the private fund provided by the underlying investment company manager. Management considers subscription and redemption rights, including restrictions on the disposition of the interest, in its determination of fair value.

Fair value of financial instruments

The fair value of financial instruments held by the University as of June 30, 2023 and 2022 are based on a variety of factors and assumptions and may not necessarily be representative of the actual gains or losses that will be realized in the future and do not include expenses that could be incurred in an actual sale or settlement of such financial instruments.

The carrying values of the University's cash and cash equivalents, tuition and other receivables, and liabilities approximate their fair values based on their short-term nature.

The fair values of the University's portfolio investments, which are amounts reported in the statements of financial position, are based on quoted market prices (active and not active).

Derivative financial instruments

Cash flow hedges, including interest rate swap agreements, are used to manage exposure to market risk associated with changes in interest rates. Interest rate changes are accounted for on the accrual basis and payments made or received are recognized as an adjustment to interest expense. Changes in fair value of the cash flow hedge are reflected in the accompanying statements of activities. During 2022, the University settled its interest rate swap agreements.

Functional allocation of expenses

The University's primary program service is instruction. The University incurs some expenses for the benefit of multiple functional areas such as maintenance, utilities, depreciation, repairs and interest costs. To the extent expenses are not attributable to a specific area, they are allocated on a square-footage basis to the functional areas based on the primary purpose of the space. When new space or programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the University.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The University generally does not conduct its fundraising activities in conjunction with other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Organization and Summary of Significant Accounting Policies, Continued

Reclassifications

Certain amounts in the 2022 financial statements were reclassified to conform to the presentation in the 2023 financial statements. In addition, rounding of financial statement amounts to the nearest thousands in the 2022 financial statements was removed.

New accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. Among other things, the ASU and its amendments replace the incurred loss impairment model for receivables and loan guarantees with a current expected credit loss model. The new model measures impairment based on expected credit losses over the remaining contractual life of an asset, considering available information about the collectability of cash flows, past events, current conditions, and reasonable and supportable forecasts. Additional quantitative and qualitative disclosures are required. The ASU is effective for fiscal years beginning after December 15, 2022, and the University is evaluating the effects the ASU will have on its financial statements.

Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of June 30, 2023 and 2022 are as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 28,359,694	\$ 28,879,834
Portfolio investments	88,703,076	83,067,825
Tuition and other receivables, net	9,785,946	15,134,438
Unconditional promises to give, net	7,381,673	6,740,608
Mortgage note receivable	33,400,000	-
Contribution receivable from foundation	<u>24,000,000</u>	<u>24,000,000</u>
Total financial assets	191,630,389	157,822,705
Less financial assets held to meet donor-imposed restrictions:		
Time or purpose-restricted net assets (Note 14)	(36,021,665)	(34,183,681)
Donor-restricted endowment funds (Note 14)	(89,229,653)	(83,921,959)
Contribution receivable from foundation (Note 7)	(22,800,000)	(22,800,000)
Less financial assets not available within one year:		
Unconditional promises to give, net (Note 6)	<u>(5,028,129)</u>	<u>(4,338,216)</u>
Amount available for general expenditures within one year	<u>\$ 38,550,942</u>	<u>\$ 12,578,849</u>

The above table reflects donor-restricted and any board-designated endowment funds as unavailable because it is the University's intention to invest those resources for the long-term support of the University's programs. However, in the case of need, the Board of Trustees could appropriate resources from the donor restricted funds available for general use. Note 14 provides more information about those funds and about the spending policies for all endowment funds.

The University invests cash in excess of daily requirements in short-term investments.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 – Portfolio Investments

A summary of portfolio investments, by investment type, at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Public fund	\$ 83,804,264	\$ 77,893,647
Private funds	4,048,365	4,363,658
Marketable equity securities	607,534	563,825
Other investments	<u>242,913</u>	<u>246,695</u>
	<u>\$ 88,703,076</u>	<u>\$ 83,067,825</u>

As of June 30, 2023 and 2022, public and private funds represent investments in open-end management investment companies advised by Morgan Stanley-Graystone, J.P. Morgan, Commonfund and TIFF Advisory (the Funds). Investments in the Funds are solely available to large 501(c)(3) organizations and other accredited investors. The University may liquidate a portion or all of its investments in the Funds at their respective net asset value at any time.

At both June 30, 2023 and 2022, the University had approximately 94%, of its portfolio investments invested in the public fund. At June 30, 2023 and 2022, the University has outstanding commitments to make future investments in private funds aggregating \$6,026,928 and \$916,318, respectively.

The following schedule summarizes the net investment return on portfolio and non-marketable investments (see Note 8) for the years ended June 30, 2023 and 2022 and its classification in the statements of activities:

	<u>2023</u>	<u>2022</u>
Net investment income	\$ 2,178,634	\$ 1,0114,630
Net realized (losses)	(888,489)	(88,139)
Net unrealized gains (losses)	<u>5,851,459</u>	<u>(5,094,203)</u>
Net investment return (loss)	<u>\$ 7,141,604</u>	<u>\$ (4,167,712)</u>

Net investment return includes \$192,378 and \$205,288 of direct investment expenses for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, net unrealized gains (losses) include \$175,367 and \$15,354, respectively, attributable to the University's non-marketable investments.

Note 4 – Tuition and Other Receivables

Tuition and other receivables, net at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>			<u>2022</u>
	Tuition and other receivables	Allowance for uncollectible accounts	Tuition and other receivables, net	Tuition and other receivables, net
Student accounts	\$ 2,682,280	\$ (1,516,947)	\$ 1,165,333	\$ 1,771,267
U.S. government	<u>8,620,613</u>	<u>-</u>	<u>8,620,613</u>	<u>13,363,171</u>
Total	<u>\$ 11,302,893</u>	<u>\$ (1,516,947)</u>	<u>\$ 9,785,946</u>	<u>\$ 15,134,438</u>

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Mortgage Note Receivable

In December 2019, the University entered into a contract to sell certain land, buildings, and improvements in a transaction which closed on July 8, 2022 for a sales price of \$41,500,000. The University received cash of \$8,100,000 and a promissory note (the note) for \$33,400,000 secured by a balloon purchase money first mortgage, assignment of rents, and a security agreement. The promissory note accrues interest on the outstanding principal balance at the rate of 5% per annum, computed daily on a 360-day year. During the year ended June 30, 2023, the University earned \$1,530,833 in interest income which is recognized in other revenue in the accompanying statement of activities. Non-refundable interest was prepaid on the note through August 31, 2023. Interest is payable quarterly, in arrears, with the first payment due September 20, 2023 and all accrued and unpaid interest and principal is due on the maturity date. The maturity date is the earlier of (1) June 30, 2027, (2) the date the Borrower commences construction of new improvements on the property, excluding demolition, (3) the date a construction loan for any improvements has closed, or (4) 30 days after the earlier of a final judgment in any pending claims or dismissal of pending litigation following an executed settlement agreement. The note may be prepaid in whole or part at any time without fee, premium or penalty. The note was repaid in full in July 2023, with the proceeds invested primarily in money market funds and alternative investments.

Note 6 – Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give before unamortized discount and allowance for uncollectible pledges	\$ 8,791,450	\$ 7,981,813
Less: unamortized discount	<u>(916,004)</u>	<u>(781,173)</u>
Subtotal	7,875,446	7,200,640
Less: allowance for uncollectible pledges	<u>(493,773)</u>	<u>(460,032)</u>
Net unconditional promises to give	<u>\$ 7,381,673</u>	<u>\$ 6,740,608</u>

Unconditional promises to give consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 2,847,317	\$ 2,862,424
One to five years	<u>5,944,133</u>	<u>5,119,389</u>
Total	<u>\$ 8,791,450</u>	<u>\$ 7,981,813</u>

The University applies a 5.0% discount rate to its pledges with terms in excess of one year.

Note 7 – Contribution Receivable from Foundation

At June 30, 2023 and 2022, the University has a contribution receivable from the Theodore R. and Vivian M. Johnson Foundation, Inc. (the Foundation) in the amount of \$24,000,000. Under the bylaws of the Foundation, the University is entitled to receive the lesser of the stated percentages of income from the assets held by the Foundation or \$1,200,000 annually in perpetuity.

Contributions receivable from the Foundation are reflected based on the present value of the expected cash flows using a 5% discount rate. The University received \$1,200,000 from the Foundation for each of the years ended June 30, 2023 and 2022. Gains and losses resulting from the accretion of the discount are recorded as increases or decreases in change in value of split-interest trusts in the accompanying statements of activities.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 8 – Contributions Receivable from Charitable Trusts

The University is the beneficiary of a Charitable Remainder Annuity Trust. The beneficial interest is reported at fair value, which is measured as the present value of the payments expected to be received at the termination of the trust. The fair value is re-measured at each fiscal year end, using updated life expectancies, interest rates, and estimated cash flows to estimate the fair value of the beneficial interest. At June 30, 2023, the interest rate assumption used was 5%, which is approximately equal to the expected return on the trust assets over time.

Note 9 – Non-marketable Investments

Non-marketable investments include the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Common stock investments	<u>\$ 2,906,754</u>	<u>\$ 2,731,387</u>

The common stock investments represent 100%, non-controlling interests in corporations that own and operate a pre-school and day-care center located in Lantana, Florida.

Aggregate unaudited summarized financial information for the common stock investments as of June 30, 2023 and 2022 and for the years then ended is presented in the following table:

	<u>2023</u>	<u>2022</u>
<u>At year-end:</u>		
Assets, principally land and certificates of deposit	\$ 2,906,754	\$ 2,730,387
Liabilities, principally income taxes	<u>-</u>	<u>26,000</u>
Shareholder's equity	<u>\$ 2,906,754</u>	<u>\$ 2,704,387</u>
<u>For the year ended:</u>		
Revenue	\$ 1,194,589	\$ 1,089,581
Expenses	<u>1,106,456</u>	<u>1,044,128</u>
Net gain	<u>\$ 88,133</u>	<u>\$ 45,453</u>

Note 10 – Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 10 – Fair Value Measurements, Continued

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The University's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following table summarizes the University's determination of fair value as of June 30, 2023 and 2022 on the following financial assets and liabilities using these input levels that are measured at fair value on a recurring basis:

Fair Values at June 30, 2023				
	Level 1	Level 2	Level 3	Fair Value Total
Assets:				
Investments:				
Public fund:				
Money market funds	\$ 8,866,683	\$ -	\$ -	\$ 8,866,683
Equities	37,695,817	-	-	37,695,817
Mutual funds	18,874,332	-	-	18,874,332
Alternative	-	-	18,367,432	18,367,432
Total public fund	65,436,832	-	18,367,432	83,804,264
Private funds	-	-	4,048,365	4,048,365
Marketable equity securities	607,534	-	-	607,534
Other investments	-	242,913	-	242,913
Total assets	<u>\$ 66,044,366</u>	<u>\$ 242,913</u>	<u>\$ 22,415,797</u>	<u>\$ 88,703,076</u>
Liabilities:				
Annuities payable	\$ -	\$ (122,059)	\$ -	\$ (122,059)
Total liabilities	<u>\$ -</u>	<u>\$ (122,059)</u>	<u>\$ -</u>	<u>\$ (122,059)</u>
Fair Values at June 30, 2022				
	Level 1	Level 2	Level 3	Fair Value Total
Assets:				
Investments:				
Public fund:				
Money market funds	\$ 18,137,024	\$ -	\$ -	\$ 18,137,024
Equities	28,865,146	-	-	28,865,146
Mutual funds	13,746,098	-	-	13,746,098
Alternative	-	-	17,145,379	17,145,379
Total public fund	60,748,268	-	17,145,379	77,893,647
Private funds	-	-	4,363,658	4,363,658
Marketable equity securities	563,825	-	-	563,825
Other investments	-	246,695	-	246,695
Total assets	<u>\$ 61,312,093</u>	<u>\$ 246,695</u>	<u>\$ 21,509,037</u>	<u>\$ 83,067,825</u>
Liabilities:				
Annuities payable	\$ -	\$ (134,012)	\$ -	\$ (134,012)
Total liabilities	<u>\$ -</u>	<u>\$ (134,012)</u>	<u>\$ -</u>	<u>\$ (134,012)</u>

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 10 – Fair Value Measurements, Continued

The following is a schedule of Level 3 investment activity for the year ended June 30, 2023 measured on a recurring basis using significant unobservable inputs:

	Investments in private and alternative funds
Balance as of July 1, 2022	\$ 21,509,037
Net investment gain	1,710,936
Sales	<u>(804,175)</u>
Balance as of June 30, 2023	<u>\$ 22,415,798</u>

There have been no significant changes in the methodologies used during the years ended June 30, 2023 and 2022. The following is a description of the valuation methodologies used for Level 2 and Level 3 investments measured at fair value:

Private and alternative funds - recorded at an estimate of fair value using valuation metrics such as security prices of comparable public companies, discounted cash flow models, original investment purchase price multiples, while also incorporating a portfolio company's financial performance and specific risk factors.

Annuities payable – determined using risk-adjusted discount rates ranging from 3% to 7% and the IRS life expectancy tables.

Other investments – recorded at the net cash surrender value of life insurance policies.

The University's investments in the public fund may be redeemed daily. The investments in private funds may be redeemed on a quarterly basis upon proper notice being given to the respective fund manager.

Note 11 – Property, Plant, and Equipment

The following is a summary of property, plant, and equipment and related accumulated depreciation as of June 30, 2023 and 2022:

	2023	2022
Land	\$ 20,839,052	\$ 23,177,258
Land improvements	13,727,221	14,163,873
Leasehold improvements	178,010	178,010
Buildings and improvements	149,490,110	150,120,768
Equipment and furnishings	<u>22,376,256</u>	<u>21,241,367</u>
	206,610,649	208,881,276
Less: accumulated depreciation	<u>(109,349,641)</u>	<u>(107,168,871)</u>
	97,261,008	101,712,405
Construction in progress	<u>4,682,162</u>	<u>16,725</u>
Property, plant, and equipment, net	<u>\$ 101,943,170</u>	<u>\$ 101,729,130</u>

Depreciation totaled \$5,833,799 and \$6,157,060 for the years ended June 30, 2023 and 2022, respectively. Construction in progress at June 30, 2023 and 2022 represents costs incurred for various campus improvement projects.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 12 – Long-Term Debt, Net

Long-term debt at June 30, 2023 and 2022 consists of the following:

	2023	2022
Palm Beach County Educational Facilities Authority Revenue Bonds, Series 2021 (Series 2021 Bonds)	\$ 35,125,000	\$ 35,740,000
2018 Promissory note	1,500,000	1,500,000
2022 Promissory note	<u>2,900,000</u>	<u>-</u>
	<u>\$ 39,525,000</u>	<u>\$ 37,240,000</u>

Series 2021 Bonds

In October 2021, the University issued \$35,740,000 of revenue funds (Series 2021 Bonds) which were used to settle its interest rate swap agreement, refund its Series 2012 Bonds, repay the Term Note Payable and finance future capital projects. The Series 2021 Bonds bear interest at an average rate of 4.0% and are repayable between 2022 and 2051. On the closing date, the net proceeds from the sale of the Series 2021 Bonds totaled \$39,840,596 which included a premium of \$4,257,998, net of an underwriter's discount of \$157,461.

2018 Promissory Note

In June 2018, the University borrowed \$1,500,000 from a foundation, in which a member of the University's Board of Trustees serves as an officer, to finance the purchase of certain real property in West Palm Beach, Florida to be used for future classroom space. The promissory note is uncollateralized and bears interest at 5% per annum. Interest is payable quarterly through June 13, 2025 when the entire outstanding principal balance shall be due and payable.

2022 Promissory Note

In August 2022, the University entered into a contract to purchase land and buildings for a purchase price of \$2,800,000. The purchase was completed on August 29, 2022. In conjunction with the purchase, the University also entered into a promissory note payable for \$2,900,000 on September 2, 2022. The note accrues interest at a rate of 5.0% per annum on the unpaid principal balance until maturity or until the outstanding balance is paid. Interest is payable quarterly, beginning December 13, 2022 and quarterly thereafter. The note may be prepaid on or after September 1, 2024. Principal payments of \$1,000,000 are due September 1, 2027 and 2028 with the remaining balance due and payable in full on September 1, 2029.

Debt issuance costs and bond premium

Amortization of debt issuance costs is reported in the statements of activities as an operating expense and amounted to \$12,799 and \$23,315 for the years ended June 30, 2023 and 2022, respectively. The Bond premium is amortized over the life of the bonds using the effective interest method. Bond premium amortization offsets interest expense and amounted to \$232,109 for the year ended June 30, 2023. The outstanding balance of long-term debt, net at June 30, 2023 and 2022 is as follows:

	2023	2022
Long-term debt	\$ 39,525,000	\$ 37,240,000
Plus: unamortized bond premium	3,862,829	4,094,938
Less: unamortized debt issuance costs	<u>(362,645)</u>	<u>(375,444)</u>
Total long-term debt, net	<u>\$ 43,025,184</u>	<u>\$ 40,959,494</u>

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 12 – Long-Term Debt, Net, Continued

Principal payments

Principal payments due on long-term debt in each of the five years subsequent to June 30, 2023, and thereafter, are presented as follows:

Year Ending June 30,	Series 2021 Bonds	2018 Promissory Note Payable	2022 Promissory Note Payable	Total Payments
2024	\$ 660,000	\$ -	\$ -	\$ 660,000
2025	685,000	-	-	685,000
2026	715,000	1,500,000	-	2,215,000
2027	745,000	-	-	745,000
2028	775,000	-	1,000,000	1,775,000
Thereafter	<u>31,545,000</u>	<u>-</u>	<u>1,900,000</u>	<u>33,445,000</u>
Total	<u>\$ 35,125,000</u>	<u>\$ 1,500,000</u>	<u>\$ 2,900,000</u>	<u>\$ 39,525,000</u>

Note 13 – Retirement Plan

Retirement benefits are provided through a qualified 403(b) defined contribution plan. The University matched employee contributions up to 5% of the annual compensation for participating employees through March 31, 2023, and up to 6% beginning April 1, 2023. Retirement plan expense for the years ended June 30, 2023 and 2022 amounted to \$1,190,437 and \$1,063,361, respectively.

Note 14 – Restricted Net Assets and Endowment

The University's endowment is established for the purposes expressed in the University's charter and consists of donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The endowment consists of 215 individual endowments established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

At June 30, 2023 and 2022, net assets with donor restrictions consist of the following:

	2023	2022
Purpose restrictions, available for spending:		
Instruction	\$ 3,987,316	\$ 5,548,859
Academic support	1,705,315	1,804,694
Student services	448,885	165,016
General administrative and institutional support	2,055,665	2,143,308
Plant facilities and maintenance	25,978,268	22,534,312
Scholarships and student aid	1,846,216	1,987,492
Restrictions, perpetual in nature	<u>89,229,653</u>	<u>83,921,959</u>
	<u>\$ 125,251,318</u>	<u>\$ 118,105,640</u>

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. Any such losses are recorded as reductions in net assets with donor restrictions and restored with subsequent gains.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 14 – Restricted Net Assets and Endowment, Continued

Interpretation of relevant law

The University adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board of Trustees (the Board) to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment as the Board determines to be prudent for the uses and purposes for which the endowment is established, consistent with the goal of conserving the purchasing power of the endowment.

The Board considers the following factors in making its determination:

- 1) The purpose of the University,
- 2) The intent of the donor of the endowment funds,
- 3) The term of the applicable instrument,
- 4) General economic conditions,
- 5) The possible effect of inflation or deflation,
- 6) The long-term and short-term needs of the University in carrying out its exempt purpose,
- 7) Perpetuation of the endowment.

Return objectives and risk parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to scholarship and other activities supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity as well as board-designated funds.

Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment while assuming a moderate level of investment risk. The University expects its endowment assets, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified allocation to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The University's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The budgeted spending rate is based upon approximately 4.9% of the 3-year average balance in each fund through June 30, provided that such spending will not cause the balance in that fund to drop below the corpus of that fund.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 14 – Restricted Net Assets and Endowment, Continued

Changes in endowment net assets for the year ended June 30, 2023 follow:

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Balance as of July 1, 2022	\$ 13,833,276	\$ 83,921,959	\$ 97,755,235
Net investment loss	-	5,915,113	5,915,113
Contributions	-	563,862	563,862
Change in value split-interest trusts	-	1,245,277	1,245,277
Appropriations for endowment expenditures	(1,345,912)	(2,416,558)	(3,762,470)
Total endowment gifts and designations	\$ 12,487,364	\$ 89,229,653	\$ 101,717,017

A reconciliation of endowment net assets to total net assets for the year ended June 30, 2023 follows:

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Total endowment gifts and designations	\$ 12,487,364	\$ 89,229,653	\$ 101,717,017
Other non-endowment net assets	99,921,680	36,021,665	135,943,345
Total net assets	\$ 112,409,044	\$ 125,251,318	\$ 237,660,362

Note 15 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from restrictions during the years ended June 30, 2023 and 2022 for the following purposes:

	2023	2022
Instruction	\$ 2,604,411	\$ 1,275,707
Academic support	58,352	-
Student services	166,992	171,117
General administrative and institutional support	274,540	99,292
Plant facilities for maintenance	10,495	-
Scholarships and student aid	3,844,672	2,915,467
	<u>\$ 6,959,462</u>	<u>\$ 4,461,583</u>

Note 16 – Description of Leasing Arrangements

As Lessor

The University leases certain office facilities and property to third parties under short-term operating leases. Rental income for the years ended June 30, 2023 and 2022 was not material.

As Lessee

The University has noncancelable operating leases for its Orlando, Florida campus and certain real property in West Palm Beach, Florida, along with other operating leases for equipment. The noncancelable operating lease for the real property in West Palm Beach, Florida has an initial term of 99 years and expires in 2106. The remaining noncancelable operating leases have terms that extend through 2026.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 16 – Description of Leasing Arrangements, Continued

The University considered the likelihood of exercising renewal or termination terms in measuring its right-of-use lease assets and lease liabilities and has included renewal periods in its assessment of lease terms. The exercise of renewal options is at the sole discretion of the University, and only lease options that the University believes it is reasonably certain to exercise are included in the measurement of the lease assets and liabilities. While all the agreements provide for minimum lease payments, some include payments adjusted for inflation and inflation related measures. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants. The discount rate used for operating lease liabilities is the risk-free U.S. Treasury rate.

The right-of-use assets are amortized over their estimated useful lives. The operating lease right-of-use assets and lease liabilities as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating right-of-use assets	<u>\$ 9,566,212</u>	<u>\$ 10,299,792</u>
Operating lease liabilities	<u>\$ 9,566,212</u>	<u>\$ 10,299,792</u>

The components of operating lease expense that are included the statement of activities for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 1,709,817	\$ 867,692
Variable lease cost	\$ 190,639	\$ 493,751
Short-term lease cost	\$ 147,488	\$ 85,040

The following summarizes the cash flow information related to operating leases for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 1,035,293	\$ 959,938

Weighted average lease term (in years) and discount rate as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (in years)	65.95	62.5
Weighted average discount rate	2.50%	2.50%

At June 30, 2023, the minimum future payments under operating leases (with initial or remaining lease terms in excess of one year) are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 950,663
2025	935,283
2026	708,102
2027	443,443
2028	185,883
Thereafter	<u>14,498,843</u>
Total minimum lease payments	17,722,217
Less: present value discount	<u>(8,156,005)</u>
Present value of lease liability	<u>\$ 9,566,212</u>

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 16 – Description of Leasing Arrangements, Continued

Provident Group – PBAU Properties, LLC

The University entered into a 40-year ground lease with Provident Group – PBAU Properties, LLC and Provident Resources Group, Inc. (Owner), commencing June 1, 2019, in which the Owner designed, constructed, managed the construction, and furnished a 510-bed residence hall facility (residence hall) for the benefit of the University. The Owner issued \$40,755,000 of revenue bonds through Palm Beach County, Florida to finance the construction of the residence hall. The University is not contingently liable in the event of a default on the bonds. The ground lease term shall expire on the earlier of 1) the 40th anniversary of the commencement date or 2) the date on which the bonds associated with the project have been fully repaid or the indenture is discharged.

The University and Owner entered into a management agreement such that the University is responsible for managing, operating and maintaining the residence hall in conjunction with its general business. Revenues and expenses associated with the residence hall are generally the responsibility of the Owner. The bonds will be repaid from the revenues from the residence hall. A ground lease payment will be paid to the University only upon settlement of various expenses and if minimum cash requirements are met. Ground lease income of \$505,887 and \$440,548 was received for the years ended June 30, 2023 and 2022.

The University will be reimbursed by the Owner for utilities and other operating expenses. All liens and rights are subordinate to the University.

Ownership of the residence hall will revert to the University upon termination of the ground lease and full repayment of the related bonds. The University has the option to purchase the Owner's right, title and interest in the residence hall beginning on the tenth anniversary of the commencement date of the lease. The University has not recorded any transactions related to potential future title or ownership in the residence hall through June 30, 2023.

Arrangements such as the one among the University, the Owner and Palm Beach County, Florida, (which financed the bonds to fund the residence hall), are sometimes referred to as public-private partnerships (or P3 arrangements). No partnership agreement exists, and each party has specific rights and obligations under the agreements discussed above. Given the nature of this arrangement, the University has concluded that this arrangement does not qualify for consolidation with the University's financial statements prepared in conformance with U.S. GAAP.

Note 17 – Insurance

The University is a member of the Florida Independent Colleges and Universities Risk Management Association (FICURMA), a comprehensive insurance and risk management program which provides coverage for workers' compensation, general liability, property, and auto liability. FICURMA's members make annual contributions into the program based on an independent actuarial valuation to cover the members' retained deductible components, which include \$1,000,000 per occurrence for covered insurance claims. Claims in excess of the self-insured retention limits are covered under excess coverage policies with the program's carrier up to various aggregate limits. Previously, the University advanced \$350,000 to FICURMA to allow FICURMA to work independently of its members. The advance bears interest at a variable rate determined by FICURMA's annual aggregate return of its invested capital. A portion of the 2009 note and 2010 note was repaid by FICURMA to the University in the amount of \$143,000 and \$142,500, respectively, during the years ended June 30, 2022 and 2023, leaving a remaining balance of \$64,500. The advance is fully reserved as of both June 30, 2023 and 2022.

FICURMA was fully funded by its members as of June 30, 2023 and 2022, and management believes that the program has the ability to cover the members' known and incurred, but not reported, claims exposure related to the retained deductible components.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 17 – Insurance, Continued

Insurance expense related to the FICURMA program amounted to \$3,513,442 and \$2,507,580, respectively, for the years ended June 30, 2023 and 2022 and is included in institutional support in the accompanying statements of activities.

Note 18 – Legal Proceedings

From time to time, the University is a party to various litigation and other claims in the ordinary course of conducting its activities. The University recognizes liabilities for legal proceedings when a loss is probable and estimable. In the event that a loss is probable and estimable within a range, the University accrues the amount most likely to be incurred.

Note 19 – Risks and Concentrations

Financial instruments which potentially subject the University to concentrations of credit risk consist principally of cash and cash equivalents. The University maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The University has not experienced any losses in such accounts.

A substantial number of the University's students independently receive state and federal grants and tuition loans. A significant reduction in state and federal grants and student loans, if this were to occur, would have a significant effect on the University's operations and activities.

Note 20 – CARES Act Assistance

The CARES Act provides an employee retention credit (CARES Employee Retention Credit), which is a refundable tax credit against certain employment taxes for qualifying employers. The employee retention tax credit allows for a maximum credit of \$7,000 per employee for each eligible quarter in 2021 and a maximum credit of \$5,000 per employee in 2020 (aggregating all eligible quarters). For 2021, the tax credit is equal to 70% of qualified wages paid to employees during an eligible quarter, capped at \$10,000 of qualified wages per employee per each eligible quarter. The 2021 provisions consider the three calendar quarters from January 1, 2021 through September 30, 2021 as eligible quarters. For 2020, the tax credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages per employee for all of 2020.

During the year ended June 30, 2022, the University recorded \$8,524,357 related to the CARES Employee Retention Credit which is recognized as other revenue in the accompanying statement of activities and an other receivable (due from the United States Treasury) on the University's statement of financial position at June 30, 2022. Amounts received or receivable may be subject to audit by the Internal Revenue Service and any disallowed expenses, including amounts already received, might constitute a liability of the University for return of those funds. Although this is a possibility, the University considers the contingency remote, since management believes that the University has fulfilled the provisions of the refundable tax credit. During the year ended June 30, 2023 the University collected \$169,902 of the CARES Employee Retention Credit. Subsequent to June 30, 2023, the University collected an additional amount of \$7,449,308 leaving \$905,146 still to be received from the United States Treasury.

Note 21 – Commitments

Dining Services Agreement

On March 31, 2020, the University entered into a Dining Services Management Agreement (Agreement) with Aramark Educational Services, LLC (Aramark) to provide and manage the University's campus food service program. The agreement is for a ten-year period beginning July 1, 2020 and ending on June 30, 2030. Either party may terminate the agreement by giving a 90-days' notice prior to the proposed termination date. The termination provision of the agreement requires that during the notice period, both parties endeavor in good faith to avoid the termination of the agreement.

PALM BEACH ATLANTIC UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 21 – Commitments, Continued

Dining Services Agreement, continued

As part of the agreement, the University received advances from Aramark in the form of financial investments to improve dining facilities and equipment in exchange for the exclusive rights to use the University's facilities and equipment. These advances are refundable to Aramark should the University terminate the agreement prior to its expiration, the refundable amount is proportionate to the unexpired portion of the agreement.

Accordingly, the University records the unamortized portion of these advances as a component of deposits and other liabilities in the accompanying statements of financial position. In the event of termination, the remaining unamortized advances convert to an interest-bearing obligation.

Contract Commitments

The University has outstanding commitments with various contractors related to construction activities at June 30, 2023, as follows:

<u>Project</u>	<u>Total Contract</u>	<u>Incurred to Date</u>	<u>Remaining Commitment</u>
Business School	\$ 3,030,349	\$ 1,782,305	\$ 1,248,044
Bookstore	890,000	395,475	494,525
Residence Halls	1,966,476	1,018,759	947,717
Food Services	<u>84,360</u>	<u>60,524</u>	<u>23,836</u>
	<u>\$ 5,971,185</u>	<u>\$ 3,257,063</u>	<u>\$ 2,714,122</u>

Note 22 – Related Party Transactions

The University receives funding from, and conducts general business transactions with, various entities that have Trustee member affiliations. These transactions are reported to the Board of Trustees annually, and none are material to the financial statements.

Interest paid for the years ended June 30, 2023 and 2022 was \$188,000 and \$75,000, respectively, on the promissory notes from a foundation in which a member of the University's Board of Trustees serves as an officer.

Note 23 – Supplemental Statement of Cash Flows Disclosure

Interest paid for the years ended June 30, 2023 and 2022 approximated \$1,570,000 and \$241,000, respectively. Non-cash investing activities included the receipt of the mortgage note receivable in the amount of \$33,400,000 for the year ended June 30, 2023.

Note 24 – Subsequent Events

The University evaluated its activities subsequent to June 30, 2023 through November 29, 2023, the date on which the financial statements were available to be issued, for events that require recognition in the financial statements or disclosure in the notes thereto.



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

Board of Trustees
Palm Beach Atlantic University, Inc.
West Palm Beach, Florida

We have audited, 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, the financial statements of Palm Beach Atlantic University, Inc., a non-profit organization, (the University), which comprise the statement of financial position as of June 30, 2023, 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 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's 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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. 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.

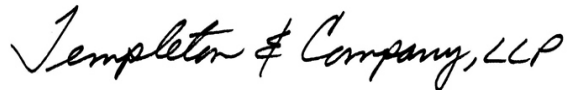
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, with which noncompliance 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Templeton & Company, LLP". The signature is written in a cursive, flowing style.

West Palm Beach, Florida
November 29, 2023

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APPENDIX C
FORMS OF BASIC DOCUMENTS

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The Bond Indenture

BOND TRUST INDENTURE

between

PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
Bond Trustee**

Dated March 1, 2024

Relating to:

\$45,000,000

**PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

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BOND TRUST INDENTURE

This Bond Trust Indenture is dated as of March 1, 2024 (this "Bond Indenture"), and is between the PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY, a public body corporate and politic and educational facilities authority of the State of Florida (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as trustee (in such capacity, together with any successor in such capacity, the "Bond Trustee").

WHEREAS, the Issuer is a public body corporate and politic and an educational facilities authority of the State of Florida created and empowered pursuant to Part I, Chapter 243, Florida Statutes and other applicable provisions of law (the "Act"); and

WHEREAS, the Issuer is authorized to improve the prosperity, health and welfare of the State of Florida and its inhabitants by facilitating the financing and refinancing of the cost of acquisition, construction, equipping and installation of educational facilities through the issuance of revenue bonds in accordance with the applicable provisions of the Act, in furtherance of the public purpose for which it was created; and

WHEREAS, Palm Beach Atlantic University, Inc. (the "Borrower") has requested that the Issuer issue and sell a series of revenue bonds in the principal amount of \$45,000,000 for the purpose of obtaining funds to loan to the Borrower to be used by the Borrower to finance the costs of capital assets at the campus of the Borrower located at 901 South Flagler Drive, West Palm Beach, Florida (such assets, as more particularly defined herein, being hereinafter referred to as the "Project") and to pay costs of issuance of the Bonds herein described; and

WHEREAS, by proper corporate action, the Issuer has authorized the issuance and sale of \$45,000,000 in aggregate principal amount of Palm Beach County Educational Facilities Authority Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Bonds"), the proceeds of which will be loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated of even date herewith, between the Issuer and the Borrower (the "Loan Agreement") and will be used for the purposes aforesaid; and

WHEREAS, the Issuer, on November 14, 2023, upon reasonable prior public notice, conducted, in accordance with all requirements of law, a public hearing at which members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the Bonds in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, by Resolution No. R-2024-0063 duly adopted on January 23, 2024, the Board of County Commissioners of Palm Beach County, Florida, approved the issuance of the Bonds; and

WHEREAS, as security for the payment of the Bonds, the Issuer has agreed to assign and pledge to the Bond Trustee all right, title and interest of the Issuer (except for certain Unassigned Rights, as defined herein) in and to the Trust Estate (as hereinafter defined); and

WHEREAS, contemporaneously with the issuance of the Bonds, the Borrower will execute and deliver to the Bond Trustee a Note (as defined in the hereinafter defined Master Indenture) in the principal amount of \$45,000,000 (the "Series 2024 Note"); and

WHEREAS, the Issuer is entering into this Bond Indenture for the purpose of authorizing the Bonds and securing the payment thereof by assigning certain of its rights under the Loan Agreement; and

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

NOW, THEREFORE, THIS BOND INDENTURE FURTHER WITNESSETH:

GRANTING CLAUSES:

That, as security for payment of the principal of, premium, if any, and interest on the 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"):

(a) All right, title and interest of the Issuer under, in and to the Loan Agreement, the Master Indenture and Series 2024 Note, and all revenues and receipts receivable by the Issuer therefrom and the security therefor, except the Issuer's Unassigned Rights (as hereinafter defined), and payments made directly to the Issuer pursuant to Section 4.1(b)(i)(C), 4.5 and 5.5 of the Loan Agreement;

(b) All funds, including moneys, investment income and investments therein (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, the lien upon which shall be solely for the benefit of the Holders of the Bonds to be redeemed or paid with said moneys) held by the Bond Trustee pursuant to the terms of this Bond Indenture, and any other moneys payable to the Bond Trustee by or for the account of the Issuer pursuant to this Bond Indenture, subject only to the provisions of this Bond Indenture permitting the application

thereof for the purposes and on the terms and conditions set forth in this Bond Indenture; and

(c) 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 on 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.

SUBJECT TO the rights of the Borrower under the Loan Agreement, the Master Indenture and the Series 2024 Note;

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 Bonds issued under and secured by this Bond Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the 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 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 Bonds according to the true intent and meaning thereof 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 Bond 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 Bond Indenture, and all other sums payable under this Bond Indenture shall have been paid or provided for as required in this Bond Indenture, then this Bond Indenture and the rights hereby granted shall cease, terminate and be void in accordance with Article VIII hereof; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared, that all 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 Bonds as follows:

[Remainder of page intentionally left blank]

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 Bond Indenture. In addition, the following words and terms shall have the following meanings in this Bond Indenture unless the context otherwise requires:

"501(c)(3) Organization" shall mean an organization described in Section 501(c)(3) of the Code and determined by the Internal Revenue Service to be exempt from taxation to the extent provided by Section 501(a) of the Code.

"Act" shall mean Part I, Chapter 243, Florida Statutes and other applicable provisions of law.

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

"Authorized Representative of the Borrower" shall mean the Chairman of the Board of Trustees, the President or the Senior Vice President for Finance & Administration/CFO of the Borrower, or any other person so designated in writing by the Board of Trustees of the Borrower or any committee of the Board of Trustees duly empowered to act on behalf of the Board of Trustees.

"Bond Counsel" shall mean an attorney or firm of attorneys nationally recognized on the subject of municipal bonds and selected by the Borrower.

"Bond Fund" shall mean the "Bond Fund" created in Section 601 hereof.

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

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

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

"Bonds" shall mean the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024, issued, authenticated and delivered under and pursuant to this Bond Indenture in the aggregate principal amount of \$45,000,000.

"Business Day" shall mean any day other than (a) a Saturday or Sunday, (b) a day on which DTC is lawfully closed, (c) a day on which the Principal Office of the Bond

Trustee is lawfully closed or (d) a day on which the Principal Office of the Master Trustee is lawfully closed.

"Code" or "Internal Revenue Code" shall mean 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.

"Consultant" shall mean a professional consulting, financial advisory, accounting, investment banking or commercial banking firm selected by the Borrower, having the skill and experience necessary to render the particular certificate required and having a favorable reputation for such skill and experience, which firm does not control any affiliate of the Borrower and is not controlled by or under common control with any affiliate of the Borrower.

"Consultant's Certificate" shall mean a written certificate of a Consultant delivered in accordance with the provisions herein related thereto.

"Costs of Issuance" shall mean any expenditure incurred in connection with the issuance of the Bonds, including (without limitation) such costs as underwriter's spread, appraisal costs, attorneys' and accountants' fees, financial advisor fees, trustee fees and costs, fees imposed by the Issuer and printing costs.

"Costs of Issuance Fund" shall mean the "Costs of Issuance Fund" created in Section 505 hereof.

"Costs of the Project" embraces all or any part of the cost of construction and acquisition of all structures, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for the Project, the cost of demolishing or removing any buildings or structures, the cost of all machinery and equipment, financing charges, interest prior to, during and for a period of up to 30 months after completion of such construction, cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and such other expenses as may be necessary or incident to the construction and acquisition of the Project, the financing of such construction and acquisition and the placing of the Project in operation.

"Defeasance Obligations" shall mean:

(a) noncallable Government Obligations;

(b) "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;

(c) noncallable obligations of state or local government municipal bond issuers that are rated in the highest rating category established by both Moody's and Standard & Poor's, 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

(d) evidences of noncallable ownership of a proportionate interest in specified obligations described in subsection (c), 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, the securities depository for the Bonds held in book-entry form pursuant to Section 211 hereof.

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

"Electronic Means" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Bond Trustee as available for use in connection with its services hereunder.

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

"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.

"Issuer" shall mean the Palm Beach County Educational Facilities Authority and any successor in such capacity.

"Issuer Representative" shall mean the Chairman or Vice-Chairman of the Issuer, or in the absence or inability to act of both of the foregoing, any other member of the Issuer.

"Letter of Representations" shall mean the Blanket Letter of Representations dated August 18, 2021, from the Issuer to DTC 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 such securities depository with respect to the Bonds. Notwithstanding any provision of this Bond 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 of even date herewith, between the Borrower and the Issuer, including any amendments or supplements thereto.

"Master Indenture" shall mean the Master Trust Indenture, dated October 13, 2021, between the Borrower and the Master Trustee, including any amendments or supplements thereto.

"Master Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., 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 Bonds.

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

"Outstanding" or **"outstanding"** shall mean all Bonds that have been authenticated and delivered by the Bond Trustee under this Bond Indenture, except the following:

- (a) Bonds canceled pursuant to the provisions of this Bond Indenture;
- (b) 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; and
- (c) Bonds paid or deemed paid pursuant to Section 801 of this Bond Indenture.

"Permitted Investment" means any investment permitted by State law.

"Principal Office of the Bond Trustee" shall mean the office of the Bond Trustee specified in or pursuant to Section 1304 hereof.

"Project" shall mean the acquisition, installation and construction by the Borrower of certain capital assets at the campus of the Borrower located at 901 South Flagler Drive,

West Palm Beach, Florida, including, but not limited to, a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the University's main campus to be used primarily for the existing Rinker School of Business, and any other capital improvements to its educational facilities located on such campus.

"Project Fund" shall mean the "Project Fund" created in Section 501 hereof.

"Responsible Officer" shall mean, when used with respect to the Bond Trustee, any officer within the corporate trust department of the Bond Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Bond Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Bond Indenture.

"Series 2024 Note" shall mean the Note of the Borrower, dated the date of delivery of the Bonds, executed and delivered by the Borrower to the Bond Trustee pursuant to the Master Indenture, in the aggregate principal amount of \$45,000,000.

"Standard & Poor's" shall mean S&P Global Ratings, a division of S&P Global 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 Bonds.

"State" shall mean the State of Florida.

"States" shall mean any state and possession of the United States of America and the District of Columbia.

"Supplemental Master Indenture No. 2" shall mean the Supplemental Master Indenture No. 2, dated of even date herewith, between the Borrower and the Master Trustee.

"Term Bonds" shall mean the Bonds maturing on October 1 of 2034, 2043, 2048 and 2053.

"Treasury" shall mean 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.

"Trust Estate" shall mean 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 Bond 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 Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(c) All references herein to particular articles or sections are references to articles or sections of this Bond Indenture.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Bond Indenture nor shall they affect its meaning, construction or effect.

(e) All references herein to the payment of Bonds are references to payment of principal of, premium, if any, and interest on Bonds.

(f) All accounting terms used herein which are not otherwise expressly defined in this Bond 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 Bond 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 Bonds shall be a rate per year consisting of 360 days comprised of twelve 30-day months.

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ARTICLE II
AUTHORIZATION, EXECUTION, AUTHENTICATION, REGISTRATION AND
DELIVERY OF BONDS

SECTION 201. AUTHORIZATION OF BONDS. The Issuer hereby authorizes the issuance of its Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024, in the aggregate principal amount of \$45,000,000.

SECTION 202. DETAILS OF BONDS.

(a) The 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, calculated on the basis of a 360-day year consisting of twelve thirty-day months, from the dated date thereof, payable semiannually in arrears commencing on October 1, 2024, and on each April 1 and October 1 thereafter at the rates, and shall mature on October 1 in the years and amounts, as follows:

Year (October 1)	Principal Amount	Interest Rate
2034	\$ 6,455,000	5.000%
2043	12,290,000	5.000
2048	9,600,000	5.250
2053	16,655,000	5.250

(b) Principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America, but only from the revenues and receipts derived from the Borrower and the security therefor and pledged to the payment thereof as hereinafter provided. Principal and premium, if any, of Bonds shall be payable upon presentation and surrender of the Bonds as they become due at the designated corporate office of the Bond Trustee. Interest on 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 of the 15th day of the month preceding the interest payment date; provided, however, that at the request of the registered owner of the Bonds, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Bond Trustee from such registered owner. Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is the sole Bondholder, principal of and premium, if any, and interest on the Bonds shall be payable as provided in the Letter of Representations;

If any principal of or premium, if any, or interest on any 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 highest rate of interest borne by any Bond.

SECTION 203. EXECUTION OF BONDS. The Bonds shall be signed by the manual or facsimile signatures of the Issuer Representative. It is not required that the Bonds bear the seal of the Issuer. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery. Any 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 Bond although at the date of delivery of such Bond such persons may not have been such officers.

SECTION 204. AUTHENTICATION OF BONDS. The Bonds shall bear a certificate of authentication, substantially in the form set forth in EXHIBIT A hereto, duly executed by the Bond Trustee. The Bond Trustee shall authenticate each Bond with the manual signature of an authorized officer of the Bond Trustee, but it shall not be necessary for the same officer to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this Bond Indenture, and such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

SECTION 205. FORM OF BONDS. The Bonds shall be substantially in the form set forth in EXHIBIT A hereto, with such appropriate variations, omissions and insertions as permitted or required by this Bond Indenture. The 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 BONDS.

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

- (i) A certified copy of a resolution of the Issuer authorizing the execution and delivery of the Loan Agreement and this Bond Indenture, and the issuance, sale, execution and delivery of the Bonds.
- (ii) An original executed counterpart of this Bond Indenture.
- (iii) An original executed counterpart of the Loan Agreement.
- (iv) The original executed Series 2024 Note.
- (v) A copy of the Master Indenture.
- (vi) A copy of Supplemental Master Indenture No. 2.

(vii) An opinion of Nabors, Giblin & Nickerson, P.A., finance counsel to the Borrower, (A) that the Borrower is a 501(c)(3) Organization, (B) that the Loan Agreement, the Series 2024 Note and the Master Indenture have been duly authorized, executed and delivered by the Borrower and are enforceable against the Borrower, subject to bankruptcy and equitable principles, and (C) addressing other customary matters.

(viii) An opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, that the interest on the Bonds is excluded from gross income for federal income tax purposes and also to the effect that the issuance of the Bonds has been duly authorized.

(ix) A request and authorization of the Issuer, signed by the Issuer Representative, to the Bond Trustee to authenticate and deliver the Bonds to such person or persons named therein upon payment to the Bond Trustee for the account of the Issuer of a specified sum.

(x) Internal Revenue Service Form 8038 completed by the Issuer with respect to the Bonds.

The Bond Trustee has no duty or obligation to review the items provided to it under subparagraphs (vii) or (viii) hereof for the sufficiency thereof and is holding such items solely as a repository on behalf of Bondholders.

(b) Contemporaneously with the delivery of the Bonds, the Bond Trustee shall apply the proceeds thereof received by it as provided in EXHIBIT D hereto.

SECTION 207. EXCHANGE OF BONDS; PERSONS TREATED AS OWNERS. The Bond Trustee shall maintain registration books for the registration or exchange of the Bonds. Upon surrender of any 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-in-fact or legal representative in such form as shall be satisfactory to the Bond Trustee, such Bond may be exchanged for an equal aggregate principal amount of Bonds of Authorized Denominations, of the same form and maturity, bearing interest at the same rate as the 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 Bonds necessary to provide for exchange of Bonds pursuant to this section.

Prior to due presentment for registration of transfer of any 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 Bonds shall be at the expense of the Borrower, except that the Bond Trustee 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. MUTILATED, LOST OR DESTROYED BONDS. If any Bond has been mutilated, lost or destroyed, the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the Issuer and the Bond Trustee shall so execute, authenticate and deliver such new Bond only if the Holder has paid the reasonable expenses and charges (including reasonable attorney's fees, costs and expenses, if any) of the Issuer and the Bond Trustee in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the Issuer and the Bond Trustee evidence satisfactory to them that such 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 Bond has matured, instead of issuing a new Bond the Bond Trustee may pay the same without surrender thereof.

SECTION 210. CANCELLATION AND DISPOSITION OF BONDS. All Bonds that have been paid (whether at maturity, upon acceleration or call for redemption or otherwise) or delivered to the Bond Trustee by the Borrower for cancellation shall not be reissued, and the Bond Trustee shall, unless otherwise directed by the Issuer in writing, cremate, shred or otherwise dispose of such Bonds in accordance with the standard procedures of the Bond Trustee.

SECTION 211. BOOK ENTRY PROVISIONS. The Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), and immobilized in DTC's custody or in the custody of the Bond Trustee as "FAST" agent for DTC. One Bond for the original principal amount of each maturity of each series will be registered to Cede & Co. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in Authorized Denominations. Payments of principal of and premium, if any, and interest on the 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 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 Bonds

to beneficial owners of the Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of the beneficial ownership interests in the Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 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 Bonds will act in accordance with such rules or on a timely basis.

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 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 Bond Indenture to be given to Bondholders, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 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 Bond Indenture to the Bondholders, Holders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Any notice to or consent requested of Bondholders under this Bond Indenture shall be given to or requested of Cede & Co.

Replacement Bonds (the "Replacement Bonds") will be registered in the name of and be issued directly to beneficial owners of the Bonds rather than to DTC, or its nominee, but only if:

(a) DTC determines not to continue to act as securities depository for the Bonds; or

(b) 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 Bonds to discontinue the book-entry system of transfer.

Upon the occurrence of an event described in clause (a) or (b) (and the Bond Trustee and the Issuer undertake no obligation to make any investigation regarding the matters described in clause (b)), 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 Borrower's expense, and the Bond Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in EXHIBIT A hereto, with such appropriate variations, omissions and

insertions as are permitted or required by this Bond Indenture) to which the Participants are entitled for delivery to the beneficial owners of the Bonds. The Bond Trustee shall be entitled to conclusively rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Holders of Replacement Bonds shall be entitled to the lien and benefits and all other provisions of this Bond Indenture. Prior to any transfer of the Bonds outside of a book-entry only system (including, but not limited to, the initial transfer outside a book-entry only system) the transferor shall provide or cause to be provided to the Bond Trustee all information necessary to allow the Bond Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Bond Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

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ARTICLE III
REDEMPTION OF BONDS

SECTION 301. REDEMPTION DATES AND PRICES.

The Bonds may not be prepaid or called for redemption prior to maturity except as provided below:

(a) Extraordinary Optional Redemption. The 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 at the written direction of the Borrower, to the extent the Borrower makes a prepayment of the Loan under the circumstances permitted by Section 7.1 of the Loan Agreement. In the event of a partial extraordinary optional redemption, an Authorized Representative of the Borrower may direct the Bond Trustee in writing to redeem the Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Bonds of such maturity bears to the total principal amount of all Bonds issued under this Bond 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 Bonds maturing on or after October 1, 2034 (including all mandatory sinking fund redemption amounts), are subject to redemption at the direction of the Borrower prior to maturity, in whole or in part, at any time on and after April 1, 2034, at a redemption price equal to 100% of the principal amount of the Bonds or portions thereof to be redeemed plus accrued interest thereon to, but not including, the date fixed for redemption.

(c) 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 hereof at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

(d) Manner of Redemption. If less than all the Bonds are to be called for optional redemption or extraordinary optional redemption, the particular maturities (or portions thereof) to be redeemed shall be determined by the Borrower. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds to be redeemed shall be selected 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 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.

(e) Prepayment of Note. If the Borrower exercises any option to prepay under Article VII of the Loan Agreement or requests any redemption of Bonds permitted hereunder, the Bond Trustee shall, in the name of the Issuer and without further action or authorization of the Issuer, redeem Bonds as then permitted or required at the earliest practicable date permitted hereunder.

SECTION 302. NOTICE OF REDEMPTION. Bonds shall be called for optional or extraordinary optional redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee at least 45 days (or such lesser period to which the Bond Trustee may agree) prior to the proposed redemption date of a written request of the Borrower specifying the maturities (or principal portions thereof) of Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Bond Indenture pursuant to which such Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the scheduled sinking fund redemption of Term Bonds, which Bonds shall be called for redemption by the Bond Trustee without the necessity of any action by the Borrower or the Issuer. 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 Electronic Means, registered or certified mail or overnight express delivery 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, 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 sent as specified in this section shall be deemed to have been duly given when sent by the Bond Trustee. Any such notice shall be given in the Issuer's name, identify the Bonds to be redeemed by name, 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 under Section 301(b) hereof, the notice may state that it is conditioned upon any condition specified by the Borrower, including but not limited to 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. In the event any such condition is not satisfied as to any Bond prior to the redemption date, the call for redemption of such Bond shall be null and void, and the Bond Trustee shall thereafter give notice of such fact, in the same manner as the original notice of redemption, to the Holder of such Bond.

If, on or before the date fixed for redemption, funds shall be deposited with the Bond Trustee to pay the principal of, premium, if any, and interest accrued thereon to the redemption date on the Bonds called for redemption, and upon the satisfaction of any

condition precedent to the redemption, then 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 this Bond Indenture and shall not be deemed to be Outstanding under the provisions of this Bond Indenture.

SECTION 303. MANDATORY SINKING FUND.

(a) The Bonds maturing on October 1, 2034 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2028	\$ 795,000
2029	830,000
2030	875,000
2031	915,000
2032	960,000
2033	1,015,000
2034*	1,065,000

*Final Maturity.

The Bonds maturing on October 1, 2043 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2035	\$1,115,000
2036	1,170,000
2037	1,230,000
2038	1,290,000
2039	1,355,000
2040	1,425,000
2041	1,495,000
2042	1,565,000
2043*	1,645,000

*Final Maturity.

The Bonds maturing on October 1, 2048 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2044	\$1,730,000
2045	1,820,000
2046	1,915,000
2047	2,015,000
2048*	2,120,000

*Final Maturity.

The Bonds maturing on October 1, 2053 are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date, in years and in principal amounts as follows:

Year (October 1)	Amount
2049	\$2,235,000
2050	2,350,000
2051	2,475,000
2052	4,675,000
2053*	4,920,000

*Final Maturity.

(b) The Issuer shall receive a credit against payments required to be made on any mandatory sinking fund redemption date specified by an Authorized Representative of the Borrower for the Bonds maturing on a particular October 1 in an amount equal to the principal amount of such Bonds that have been cancelled, whether by redemption or otherwise, at least 60 days before the mandatory sinking fund redemption date, provided the principal amount of such Bonds have not previously been applied as a credit against any other mandatory sinking fund redemption payment and provided further that the Borrower shall provide the Bond Trustee with a new mandatory redemption schedule reflecting the application of such credit(s).

ARTICLE IV
GENERAL COVENANTS AND PROVISIONS

SECTION 401. PAYMENT OF BONDS. The Issuer, through the Bond 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 Bonds at the places, on the dates and in the manner provided herein and in the Bonds; provided, however, that such obligations are not general obligations of the Issuer but are special obligations payable solely from the revenues and receipts derived from payments under the Loan Agreement, the Master Indenture and Series 2024 Note, which revenues and receipts are hereby pledged to such purposes in the manner and to the extent provided herein. The Bonds are not general obligations of the Issuer, but are limited obligations payable solely from the revenues and receipts derived from the Trust Estate granted in this Bond Indenture. The Bonds are not an obligation of any Person other than the Issuer, and are limited obligations of the Issuer as aforesaid, and the faith and credit of the Issuer is not pledged to the payment of the principal of or the premium, if any, or the interest on the Bonds. None of the directors, officers, employees or agents of the Issuer nor any persons executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

SECTION 402. COVENANTS AND REPRESENTATIONS OF ISSUER. The Issuer shall observe and perform all covenants, conditions and agreements on its part contained in this Bond Indenture, in every 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 Trust Estate. The Issuer represents that it is duly authorized under the Act to issue the Bonds authorized hereby and to execute this Bond Indenture, to execute and assign the Loan Agreement, 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 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken; and that the 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 Borrower'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 Bonds. The Issuer, at the Borrower'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 the revenues derived therefrom, upon reasonable prior notice to the Issuer, 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 Bonds then Outstanding may from time to time designate.

SECTION 405. RIGHTS UNDER LOAN AGREEMENT AND SERIES 2024 NOTE. 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 Borrower under and pursuant to the Loan Agreement and the Series 2024 Note 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 moneys held in accordance with this Bond Indenture that is inconsistent with the provisions of this Bond Indenture or that would result in the Bonds becoming "arbitrage bonds" within the meaning of Section 148(a) of the Code.

SECTION 407. REPORTS BY BOND TRUSTEE. The Bond Trustee shall make monthly reports to the Borrower of all moneys received and expended by it under this Bond Indenture.

SECTION 408. LETTER OF REPRESENTATIONS. Notwithstanding anything herein to the contrary, the Bond Trustee agrees 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 Bonds and select Bonds for redemption, all in accordance with the terms 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 Borrower.

SECTION 409. LOAN OF BOND PROCEEDS. Subject to the provisions of Section 401 hereof and pursuant to the Loan Agreement, the Issuer shall loan the Borrower the proceeds of the Bonds. The Issuer shall not knowingly create or suffer to be created any lien or security interest in the Trust Estate, except the pledge made pursuant to this Bond Indenture.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS; PROJECT FUND; COSTS OF ISSUANCE FUND

SECTION 501. CREATION OF PROJECT FUND. There is hereby established with the Bond Trustee a trust fund designated as the "Project Fund."

SECTION 502. PAYMENTS FROM PROJECT FUND. (a) The Bond Trustee shall disburse moneys in the Project Fund solely to pay Costs of the Project. Before any payment of such Costs shall be made from the Project Fund, there shall be filed with the Bond Trustee a requisition, which may be submitted by Electronic Means, signed by an Authorized Representative of the Borrower, in substantially the form attached hereto as EXHIBIT B.

(b) The Bond Trustee shall not be responsible for determining whether the funds on hand in the Project Fund are sufficient to complete the Project.

(c) Upon receipt of each such requisition, the Bond Trustee shall within two Business Days make payment from the Project Fund in accordance with such requisition; provided, however, that if an Event of Default then exists hereunder, the Bond Trustee shall not be required to make, but may make, such payments if it determines that such payment is in the interest of the holders of the Bonds in accordance with Articles IX and X hereof. All such payments shall be made by check or federal funds wire payable either (i) directly to the person, firm or corporation to be paid, or (ii) upon receipt of evidence that the Borrower has previously paid such amount, to the Borrower.

(d) Notwithstanding the above, to the extent no other funds are available therefor, the Bond Trustee shall disburse amounts on deposit in the Project Fund to pay principal of and interest on the Bonds in the event of a default by the Borrower in making payments to the Bond Trustee to pay such principal and interest.

SECTION 503. DISPOSITION OF BALANCE IN PROJECT FUND. When the Bond Trustee shall have received a written notification from the Authorized Representative of the Borrower stating that the Project has been completed, the balance of any moneys remaining in the Project Fund shall be transferred to the Bond Fund and the Project Fund shall be closed.

SECTION 504. LIMIT ON INVESTMENTS. The Bond Trustee shall invest moneys in the Project Fund and Costs of Issuance Fund only at the written direction of the Borrower, and the Borrower shall only direct that such funds be invested in Permitted Investments.

SECTION 505. COSTS OF ISSUANCE FUND. (a) There is hereby established with the Bond Trustee a trust fund designated as the "Costs of Issuance Fund" (the "Costs of Issuance Fund").

(b) The Bond Trustee shall use amounts in the Costs of Issuance Fund for payment of Costs of Issuance.

(c) Before any payment shall be made from the Costs of Issuance Fund there shall be filed with the Bond Trustee a requisition, which may be submitted by Electronic Means, signed by an Authorized Representative of the Borrower, substantially in the form attached hereto as EXHIBIT C.

Upon receipt of each such requisition, the Bond Trustee shall within three Business Days, make payment from the Costs of Issuance Fund in accordance with such requisition; provided, however, that if an Event of Default then exists hereunder, the Bond Trustee shall not be required to make, but may make, such payments if it determines that such payment is in the interest of the holders of the Bonds in accordance with Articles IX and X hereof. All such payments shall be made by check or wire transfer payable either (i) directly to the person, firm or corporation to be paid, (ii) to both the Borrower and such person, firm or corporation, or (iii) if the Borrower certifies that it has previously paid such amount, to the Borrower. The Bond Trustee shall have no duty or obligation to determine or confirm whether any such requested disbursements constitute Costs of Issuance.

(d) At the earlier of (i) 90 days after the issuance of the Bonds, and (ii) the date when the Bond Trustee shall have received a certificate of the Borrower signed by an Authorized Representative of the Borrower, stating that all Costs of Issuance have been paid, the balance of any moneys remaining in the Costs of Issuance Fund shall be transferred to the Bond Fund.

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ARTICLE VI
REVENUES AND FUNDS

SECTION 601. ESTABLISHMENT OF BOND FUND. A "Bond Fund" (the "Bond Fund"), to be held by the Bond Trustee, is hereby established hereunder.

SECTION 602. FUNDS RECEIVED. The Bond Trustee shall deposit all payments and receipts derived from the Series 2024 Note, the Loan Agreement or the security therefor in the Bond Fund.

If by the fifth Business Day prior to any April 1 or October 1 the funds on deposit in the Bond Fund are insufficient to make the payment due on the Bonds on the next April 1 or October 1, respectively, the Bond Trustee shall, within three Business Days, notify the Borrower of such deficit by telephone, Electronic Means, by first class registered or certified mail, or by such other method as agreed upon by the Bond Trustee and the Borrower.

SECTION 603. BOND FUND. The Bond Trustee shall use moneys in the Bond Fund solely to pay the principal of, premium, if any and interest on the Bonds as the same becomes due.

SECTION 604. NON-PRESENTMENT OF BONDS. If any Bond is not presented for payment when the principal thereof becomes due, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged if funds sufficient to pay such 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 uninvested, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Indenture or on, or with respect to, such 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 Bonds and that shall remain unclaimed by the registered owner of any of the Bonds for a period of five years after the date on which such principal and interest on the Bonds shall have become payable, shall, unless otherwise required by law, be paid to the Borrower, and thereafter the registered owners of such Bonds shall look only to the Borrower 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 605. BOND TRUSTEE'S AND ISSUER'S FEES, COSTS AND EXPENSES. The initial administrative and acceptance fees and expenses, including legal fees and expenses, of the Bond Trustee relating to the Bonds shall be paid from the Costs of Issuance Fund. 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 issuance of the Bonds are to be paid by the Borrower from its own funds pursuant to payments made under Section 4.1(b) of the Loan Agreement.

SECTION 606. 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 Bond 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 and be subject to the lien hereof.

SECTION 607. FINAL BALANCES. All amounts remaining in any of the funds created by this Bond Indenture, after payment in full of the Bonds and all other amounts required to be paid by the Borrower hereunder, under the Series 2024 Note and under the Loan Agreement, shall be paid to the Borrower.

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ARTICLE VII INVESTMENTS

SECTION 701. INVESTMENT OF FUNDS. The Bond Trustee shall separately invest and reinvest (unless a Responsible Officer of the Bond Trustee has actual knowledge that an Event of Default by the Borrower under the Loan Agreement has occurred and is continuing, in which case, moneys held in funds established hereunder shall continue to be invested, or un-invested, as applicable, in accordance with and pursuant to instructions existing at that time), any moneys held in the funds established hereunder upon receipt of written direction of an Authorized Representative of the Borrower in any Permitted Investment, which direction shall specify the type of Permitted Investment and the amount thereof to be so invested.

The Bond Trustee shall be entitled to assume that any investment directed by the Borrower is and remains a Permitted Investment, absent receipt by a Responsible Officer of the Bond Trustee of written notice or information to the contrary.

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. 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. The Bond Trustee may commingle the funds and accounts held by it hereunder for purposes of investing amounts held therein.

In the absence of such direction as set forth above, all funds shall be held by the Bond Trustee uninvested in cash, without liability for interest. The Bond Trustee may conclusively rely upon such direction of the Authorized Representative of the Borrower as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Permitted Investments. At the written request of the Borrower, but no more frequently than monthly, the Bond Trustee shall provide or otherwise make available to the Borrower reports in reasonable detail regarding the investment of the funds held by the Bond Trustee.

Although the Borrower and the Issuer each recognize that they may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of them hereby agrees that such confirmations or written statements of investments are not required to be issued by the Bond Trustee for each month in which a monthly statement is rendered or otherwise made available. Unless otherwise requested by the Borrower or the Issuer, no statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

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.

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 and any interest or other gain from any fund from any investment or reinvestment pursuant to Section 701 hereof shall be allocated and transferred as follows:

The Bond Trustee shall not be liable for any loss or penalty resulting from any investment made in accordance with Section 701 at the direction of the Borrower or for the Bonds becoming "arbitrage bonds" by reason of any such investment.

The Bond Trustee may make investments permitted by Section 701 through its own investment division, subsidiaries, affiliates or other bank facilities established for such purposes and may charge its ordinary and customary reasonable fees for such investments.

SECTION 702. TAX COVENANTS. 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 Borrower becoming taxable to it.

The Issuer covenants for the benefit of the Holders of the Bonds that it will not knowingly, to the extent within its control, take any action to cause the proceeds of the Bonds, the earnings on those proceeds or any moneys on deposit in any fund or account maintained with respect to the Bonds (whether such moneys were derived from the proceeds of the sale of the Bonds or from other sources) to be used in a manner that will cause the 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). This covenant shall survive the defeasance or payment in full of the Bonds, notwithstanding any other provision of this Bond Indenture until requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been satisfied.

The Issuer covenants for the benefit of the Holders of the Bonds that it will not knowingly take any action or, to the extent within its control, permit any action to be taken, that would cause the interest on the Bonds to be included in gross income for federal income tax purposes. This covenant shall survive the defeasance or payment in full of the Bonds notwithstanding any other provision of this Bond Indenture until the requirements for payment of any rebate amounts pursuant to Section 148(f) of the Code have been fully satisfied.

ARTICLE VIII
DISCHARGE OF BOND INDENTURE

SECTION 801. DISCHARGE OF BOND INDENTURE. The Bonds shall be deemed paid for all purposes of this Bond Indenture when: (a) payment of the principal of and the maximum amount of interest that may become due on such 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 hereof, or (ii) has been provided for by depositing with the Bond Trustee either or both (A) moneys, or (B) 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, costs and expenses of their counsel) pertaining to each such 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 Bond Indenture, except for payment from moneys or Defeasance Obligations under clause (a) above and except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in Article II hereof.

Notwithstanding the foregoing, no deposit under clause (a) above made for the purpose of paying the redemption price of such Bond (as opposed to the final payment thereof upon maturity) will be deemed a payment of such Bond as aforesaid until (x) notice of redemption of such Bond is given in accordance with Article III hereof or, if such Bond is not to be redeemed within the next 60 days, until the Borrower 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 Bond, in accordance with Article III hereof, that the deposit required by subsection (a) above has been made with the Bond Trustee and that such 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 Bond, or (y) the maturity of such Bond. Additionally, and while the deposit under clause (a) above made for the purpose of paying the final payment of a Bond upon its maturity shall be deemed a payment of such Bond as aforesaid, the Bond Trustee shall mail notice to the Holder of such Bond, as soon as practicable stating that the deposit required by clause (a) above has been made with the Bond Trustee and that such Bond is deemed to be paid under this Article.

When 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 written request, acknowledge the discharge of the Issuer's obligations under this Bond Indenture with respect to such Bonds, except for obligations under Article II hereof in respect of the transfer, exchange, registration, discharge from registration and replacement

of Bonds. Bonds delivered to the Bond Trustee for payment shall be cancelled pursuant to Section 210 hereof.

An Authorized Representative of the Borrower 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 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 shall be provided with an Opinion of Bond Counsel to the effect that such use or acceptance would not cause the 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 shall be provided with and shall be fully protected in conclusively relying upon a certificate or verification report of an independent certified public accountant or verification agent to the effect that a deposit will be sufficient to defease such Bonds as provided in this Section 801.

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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 the principal of, premium, if any, or interest on any Bond;
- (b) An "Event of Default" shall exist under the Loan Agreement or the Master Indenture (after the giving of any required notice and the expiration of any applicable cure period), and such "Event of Default" shall not have been remedied or waived; or
- (c) Subject to the provisions of Section 911 hereof, default in the observance or performance of any other covenant, condition or agreement on the part of the Issuer under this Bond Indenture or in the Bonds.

SECTION 902. ACCELERATION. If an Event of Default occurs and is continuing, the Bond Trustee shall, if requested in writing by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding, by notice to the Borrower, declare the entire unpaid principal of and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and interest on the Bonds shall forthwith become due and payable. Upon any such declaration, the Issuer through the Bond Trustee shall forthwith pay to the Holders of the Bonds the entire unpaid principal of and accrued interest on the 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 2024 Note to be immediately due and payable.

SECTION 903. OTHER REMEDIES; RIGHTS OF BONDHOLDERS. Upon the occurrence of an Event of Default, if requested to do so in writing by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in Section 1001(k) hereof, 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 Bond 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 hereof 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 hereunder, the Bond Trustee shall notify the Master Trustee and request that the Master Trustee direct all Obligated Issuers (as defined in the Master Indenture) to deliver to the Master Trustee all Pledged Revenues (as defined in the Master Indenture).

SECTION 904. RIGHT OF BONDHOLDERS TO DIRECT PROCEEDING. Anything in this Bond Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of 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 Bond 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 Bond 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 IX shall, after payment first 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 and the Master Trustee and the fees and reasonable legal expenses of the Bond Trustee and the Master Trustee, second the expenses of the Issuer in carrying out this Bond Indenture or the Loan Agreement and then third the creation of a reasonable reserve for anticipated fees, costs and expenses, be deposited in the Bond Fund. All moneys so deposited in the Bond Fund and all moneys held or deposited in the Bond Fund during the continuance of an Event of Default shall be applied as follows:

- (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied in the following order of priority:
 - (i) To the payment to the persons entitled thereto of all installments of interest then due on the 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 Bonds;

(ii) To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their maturity dates, with interest on such 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 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 Bonds; and

(iii) 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 Bonds.

(b) If the principal of all the 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 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 Bond over any other 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 Bonds.

(c) If the principal of all the 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 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 Bond until such 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 Bond Indenture or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the 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 Bonds, and any recovery of judgment shall be for the equal benefit of the Holders of the outstanding Bonds.

SECTION 907. LIMITATION ON SUITS. Except to enforce the rights given under Section 902 hereof and Section 908 hereof, no Holder of any Bond shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Bond 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) hereof, 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 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) hereof, (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 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 Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Bond 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 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 Bond Indenture and to any action or cause of action for the enforcement of this Bond Indenture or for any other remedy hereunder.

SECTION 908. UNCONDITIONAL RIGHT TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST. Nothing in this Bond 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 Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to the provisions of Section 902 hereof) 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 Bonds issued hereunder to the respective Holders thereof at the time, place, from the source and in the manner expressed herein and in the Bonds. In no event shall the Issuer have any obligation to pay any of the sums contemplated by this Section or elsewhere in this Bond Indenture except from the Trust Estate or from funds provided by the Borrower.

SECTION 909. TERMINATION OF PROCEEDINGS. In case the Bond Trustee shall have proceeded to enforce any right under this Bond 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 Borrower 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 shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds on the written request of the Holders of (a) a majority in aggregate principal amount of 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 Bonds then Outstanding in the case of any other default; provided, however, that

(a) there shall not be waived without the consent of the Holders of all Bonds then Outstanding (x) any Event of Default in the payment of the principal of any Outstanding Bonds (whether at maturity or by sinking fund redemption), or (y) any default in the payment when due of the interest on any such 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 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

(b) no declaration of maturity under Section 902 hereof made at the request of the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding shall be rescinded unless requested by the Holders of a majority in aggregate principal amount of 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 BORROWER TO CURE DEFAULTS. Anything herein to the contrary notwithstanding, no default specified in Section 901(c) hereof on the part of the Issuer shall constitute an Event of Default until (a) written notice of such default shall be given (i) by the Bond Trustee to the Issuer and the Borrower, or (ii) by the Holders of 25% in aggregate principal amount of Bonds then Outstanding to the Bond Trustee, the Issuer and the Borrower, and (b) the Issuer and the Borrower 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(c) hereof 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 Borrower within such period and diligently pursued until such default is corrected and the Issuer or the Borrower provides the Bond Trustee with a certification to that effect, as long as such default is corrected within 90 days.

With regard to any alleged default concerning which notice is given to the Borrower under this section, the Borrower 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.

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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 Bond 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 Bond 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 Bond Indenture and the Loan Agreement and as a corporate trustee would ordinarily perform 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 Bond 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 or receivers appointed with due care, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney or receiver so appointed, and shall be entitled to act or refrain from acting on the written direction of an Authorized Representative of the Borrower 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 Bonds (except in respect to the certificate of the Bond Trustee endorsed on the 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 Project or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Bond Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the 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 Property pursuant to any provision of this Bond Indenture or the Loan Agreement, 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 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 Borrower under the Loan Agreement, but the Bond Trustee may reasonably require of the Issuer (at the sole cost and expense of the Borrower) or the Borrower 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 hereof.

(d) The Bond Trustee shall not be accountable for the use of any 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 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 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 conclusively rely upon and shall be fully 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 Bond 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 Bond shall be conclusive and binding on all future owners of the same Bond and on 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 conclusively rely on a certificate signed on behalf of the Issuer by the Issuer Representative and attested by the Issuer's Secretary or Assistant Secretary under its seal, or a certificate signed by an Authorized Representative of the Borrower, 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 Issuer Representative or any director authorized by the Issuer for such purpose 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 Bond Indenture shall not be construed as a duty, and the Bond Trustee shall not be answerable for other than its gross 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 hereof or failure by the Issuer or the Borrower to file with the Bond Trustee any document required by this Bond Indenture or the Loan Agreement to be so filed, unless the Bond Trustee shall be notified in writing of such default by the Issuer or by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding delivered to the corporate trust address specified in accordance with Section 1304 hereof 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 Bond 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 Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Bond 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 Bond 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 fees, costs and expenses incurred in defending itself or its agents or counsel against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever (including without limitation environmental liability), except liability that is adjudicated to have resulted from its gross 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 Bond 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 Borrower in the contest, at the expense of the Borrower, of any condemnation proceeding or contest over title with respect

to the Property and shall, to the extent it may lawfully do so, permit the Borrower 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 Property without the consent of the Borrower and prior written notice to the Issuer.

(n) The Bond Trustee shall not be responsible for the tax-exempt status of the Bonds.

(o) The Bond Trustee shall not be liable for any action it takes or omits to take which in good faith, absent gross negligence, it believes to be authorized or within its powers hereunder.

(p) The Bond Trustee shall have no duty or obligation to review the documentation provided to it by the Master Trustee and the sole responsibility of the Bond Trustee with respect to such documentation will be to hold such information as a repository on behalf of Bondholders and if requested by a Bondholder is authorized to provide such information to all Bondholders.

(q) None of the provisions contained in this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(r) The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Bond Indenture, the Loan Agreement or any other document or instrument executed by the Bond Trustee in connection with the issuance of the Bonds arising or caused, directly or indirectly, by circumstances beyond its reasonable control, including by way of example and without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage, epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities or communications services; accidents; labor disputes; and acts of civil protest or military authority or other governmental action; it being understood that the Bond Trustee shall use commercially reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under any such circumstances.

(s) Notwithstanding anything in this Bond Indenture to the contrary, upon the occurrence and continuance of an Event of Default, before taking any enforcement action under any instrument or agreement that may subject the Bond Trustee to liability under any environmental law, statute, regulation of similar requirement relating to the environment, the Bond Trustee may require that a satisfactory indemnity bond, and/or indemnity or environmental impairment insurance be furnished for the payment of all costs and expense to which the Bond Trustee may be put (including reasonable attorney's fees, costs and expenses) and to protect the Bond Trustee against all liability resulting from any claims,

judgments, damages, losses, penalties, fines, liabilities (including without limitation strict liability) and costs and expenses which may result from such foreclosure or other action (including in each case reasonable attorney's fees, costs and expenses).

(t) The Bond Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(u) The Bond Trustee may open such temporary accounts as it may deem desirable in connection with the administration of the trusts hereby created.

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, costs, expenses and disbursements and other costs and expenses reasonably made or incurred by the Bond Trustee in connection with such services from the Borrower 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. Except during the continuance of an Event of Default, prior to incurring extraordinary expenses for which the Bond Trustee expects to seek reimbursement from the Borrower, the Bond Trustee shall provide notice and explanation to the Borrower and provide the Borrower a reasonable opportunity to contest the necessity or scope of such extraordinary services. 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 Bond upon the Trust Estate created by this Bond 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" as specified in Section 6.01 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. In the event of (a) the failure of the Borrower to make any payment on the Series 2024 Note as set forth in the Master Indenture and 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 hereof, or (c) notification to the Bond Trustee by the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding, of any default hereunder, the Bond Trustee shall give notice thereof to the owner of each 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) hereof, shall do so if requested by the Holders of 25% in aggregate principal amount of 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 municipal 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 Borrower and each registered owner of 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, upon 30 days' notice, (a) 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 Bonds then Outstanding, or (b) by any instrument signed by an Authorized Representative of the Borrower 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 Borrower 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 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 Borrower by an instrument signed by an Authorized Representative; provided, however, that in case of such vacancy the Issuer by an instrument signed by the Issuer Representative may appoint a temporary Bond Trustee to fill such vacancy until a successor Bond Trustee shall be appointed by the Bondholders or the Borrower 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 Borrower. 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 (b) 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 and certifying that it is eligible to serve as successor Bond Trustee 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 reasonable 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 Bond 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 Bond Indenture, and such indebtedness shall be given a preference in payment over any of the 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 in writing by the Holders of at least 25% in aggregate principal amount of 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 AND OTHER DOCUMENTS.

The resolutions, opinions, certificates and other instruments provided for in this Bond 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. REMOVAL AND RESIGNATION NOT TO AFFECT FEES.

No resignation or removal of the Bond Trustee shall affect the obligation of the Borrower 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 1013. TRUSTEE ARTICLE CONTROLLING. Regardless of whether expressly so provided therein, every provision of this Bond Indenture relating to the conduct or affecting the liability of the Bond Trustee shall be subject to the provisions of this Article X.

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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 Bond 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 Bond 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 Bond Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Bond 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 Bond 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 Bond Indenture in such manner as required to prevent this Bond 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, which may be based on an Opinion of Counsel, shall not prejudice in any material respect the rights of the Holders of the Bonds then Outstanding.

SECTION 1102. SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF BONDHOLDERS. Exclusive of supplemental indentures covered by Section 1101 above and subject to the terms and provisions contained in this section, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Bond 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 Bond Indenture or in any

supplemental indenture; provided, however, that nothing in this Bond Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any 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 Bond, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental indenture, without the consent and approval of the Holders of all of the Bonds then outstanding.

If at any time the Issuer shall request the Bond Trustee in writing 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 be prepared by the Issuer, 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 Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no Holder of any 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 Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of the Issuer or the Borrower 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 Bonds provided for in this Article XI or in Article XII hereof. At the time of any such calculation, the Borrower shall furnish the Bond Trustee a certificate of an Authorized Representative of the Borrower, upon which the Bond Trustee shall conclusively rely, describing all Bonds so to be excluded.

SECTION 1103. CONSENT OF THE BORROWER REQUIRED. Notwithstanding any other provision of this Bond Indenture, no supplemental indenture shall become effective until the Borrower shall have consented to the execution and delivery of such supplemental indenture, provided that if an Event of Default shall have occurred and is continuing, then consent of the Borrower shall not be required to effectuate

a supplemental indenture that does not in any way alter the rights or obligations of the Borrower, and provided that prior to the implementation of any such supplement that the Borrower shall have been provided at least 30 days' written notice, including a copy of the proposed supplement.

SECTION 1104. AMENDMENT BY UNANIMOUS CONSENT.

Notwithstanding any other provision in this Bond Indenture, the Issuer and the Bond Trustee may enter into any indenture supplemental to this Bond Indenture upon receipt of the consent of the Holders of all Bonds then outstanding, the Opinion of Bond Counsel required by Section 1106 hereof and, if required by Section 1103 hereof, the consent of the Borrower.

SECTION 1105. AMENDMENT WITHOUT CONSENT OF ISSUER. In the event the Issuer is dissolved without replacement, the Bond Trustee may, without the consent of the Issuer, amend or supplement this Bond 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 and the Bond Trustee is provided with an Opinion of Bond Counsel as required by Section 1106 hereof.

SECTION 1106. OPINION OF COUNSEL REQUIRED. Notwithstanding any other provision of this Bond Indenture, the Bond Trustee shall not execute any supplemental indenture to this Bond Indenture unless there shall have been filed with the Bond Trustee an Opinion of Bond Counsel stating (a) that such supplemental indenture is authorized or permitted by this Bond 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 a Consultant's Certificate certifying that such amendment, change or modification is as described in Section 1101(f) hereof, if applicable, and (b) that such supplemental indenture will not have an adverse effect on the exemption of interest on the Bonds from gross income for federal income tax purposes.

SECTION 1107. TRUSTEE'S OBLIGATION REGARDING SUPPLEMENTAL INDENTURES AND AMENDMENTS OF SERIES 2024 NOTE AND LOAN AGREEMENT. The Bond Trustee shall not unreasonably (a) refuse to enter into any supplemental indenture permitted by this Article XI, or (b) withhold its consent to any amendment, change or modification of the Loan Agreement, the Master Indenture or the Series 2024 Note permitted by Article XII hereof; provided, however, that any such refusal or withholding shall not be unreasonable if the Bond Trustee reasonably believes, which belief may be based upon an Opinion of Counsel, that such supplemental indenture or amendment, change or modification does or may prejudice any right of the Holders of Bonds then outstanding or affect adversely the rights and immunities of, or increase the duties of, the Bond Trustee.

ARTICLE XII

AMENDMENTS OF LOAN AGREEMENT, MASTER INDENTURE AND SERIES 2024 NOTE

SECTION 1201. AMENDMENTS OF LOAN AGREEMENT, MASTER INDENTURE AND SERIES 2024 NOTE 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 or the Series 2024 Note as may be required,

(a) by the provisions of the Loan Agreement, Master Indenture, the Series 2024 Note or this Bond Indenture,

(b) for the purpose of curing any ambiguity or formal defect or omission therein, or

(c) in connection with any other change therein that, in the opinion of the Bond Trustee, which may be based on an Opinion of Bond Counsel, will not prejudice in any material respect the rights of the Holders of the 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, this Bond Indenture pursuant to Section 1101(e) hereof.

SECTION 1202. AMENDMENTS OF LOAN AGREEMENT, MASTER INDENTURE AND SERIES 2024 NOTE REQUIRING CONSENT OF BONDHOLDERS. Except for amendments, changes or modifications as provided in Section 1201 hereof and subject to Section 1206 hereof, neither the Issuer nor the Bond Trustee shall consent to any amendment, change or modification of the Loan Agreement, the Master Indenture, or the Series 2024 Note without the written approval or consent of the Holders of a majority in aggregate principal amount of Bonds then outstanding given and procured as provided in Section 1102 hereof. If at any time the Issuer and the Borrower shall request in writing the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall, upon being satisfactorily indemnified by the Borrower 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 hereof 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 Borrower under the Loan

Agreement, the Master Indenture or the Series 2024 Note to pay amounts sufficient to pay principal of, premium, if any, and interest on the 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 Bond Indenture, the Issuer and the Bond Trustee may consent to any amendment, change or modification of the Loan Agreement, the Master Indenture or the Series 2024 Note upon receipt of the consent of the Holders of all 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 or the Series 2024 Note 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 Bond 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, 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 Bonds from gross income for federal income tax purposes.

SECTION 1206. PARTIAL CONSENT TO AMENDMENT OF MASTER INDENTURE. Notwithstanding the provisions of Section 1202 hereof, if the Bond Trustee, as "Holder" of the Series 2024 Note 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 Bonds then outstanding is not obtained, then at the Borrower's request the Bond Trustee shall inform the Master Trustee of the principal amount of 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.

[Remainder of page intentionally left blank]

**ARTICLE XIII
MISCELLANEOUS**

SECTION 1301. CONSENTS OF BONDHOLDERS. Any consent, request, direction, approval, objection or other instrument required by this Bond 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 Bond 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 Bond Indenture and of the proceedings for its enforcement, such person shall be deemed to continue to be the Holder of such 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 Bond Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and agreements herein contained; this Bond 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 Bonds as herein provided.

SECTION 1303. LIMITATION OF LIABILITY 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, employee or agent of the Issuer in his or her individual capacity, and neither the directors of the Issuer nor any officer thereof executing the Bonds shall be liable personally on the 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 other action taken by him or her pursuant to this Bond Indenture or the Act, provided such director, officer, employee agent or adviser does not act in bad faith.

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 Borrower, at 901 S. Flagler Drive, West Palm Beach, FL 33410, Attn: Senior Vice President for Finance/CFO;

(b) if to the Issuer, at c/o Hinkle, Richter & Rhine, LLP, 525 N.E. 3rd Avenue, Suite 102, Delray Beach, Florida 33444; and

(c) if to the Bond Trustee, at 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, Attn: Corporate Trust.

The Issuer, the Borrower 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, or Electronic Means 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.

The Bond Trustee shall have the right to accept and act upon directions or instructions, including funds transfer instructions (collectively, "Instructions"), given pursuant to this Bond Indenture, the Loan Agreement or any other document reasonably relating to the Bonds and delivered using Electronic Means; provided, however, that the Issuer or the Borrower, as the case may be, shall provide to the Bond Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Borrower elects to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Issuer and the Borrower each understands and agrees that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Issuer and the Borrower, as the case may be, shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee and that the Issuer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer and/or the Borrower, as applicable. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or

indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such Instructions conflict or are inconsistent with a subsequent written direction or written instruction. Each of the Issuer and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures

SECTION 1305. PAYMENTS OR ACTIONS DUE ON NON-BUSINESS DAYS. If any date specified herein for the payment of the 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 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 Bond 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 Bond 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 Bond Indenture shall be governed by the applicable laws of the State, without regard to conflict of law principles. The Issuer and the Bond Trustee consent and agree to the exclusive jurisdiction of the courts of the State or United States of America sitting in or having jurisdiction over Palm Beach County, Florida.

SECTION 1309. COUNTERPARTS. This Bond 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.

SECTION 1310. U.S.A. FREEDOM ACT REQUIREMENTS OF THE BOND TRUSTEE. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and

record information that identifies each person who opens an account. Accordingly, the Bond Trustee will require documentation from each non-individual person such as a business entity, a charity, a trust, or other legal entity, verifying its formation as a legal entity. The Bond Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Signature pages to follow]

[ISSUER'S SIGNATURE PAGE TO BOND TRUST INDENTURE]

IN WITNESS WHEREOF, the Issuer and the Bond Trustee have caused this Bond Indenture to be executed in their respective names as of the date first above written.

**PALM BEACH COUNTY EDUCATIONAL
FACILITIES AUTHORITY**, as Issuer

By: _____
Name: Leonard Tylka
Title: Chairman

[BOND TRUSTEE'S SIGNATURE PAGE TO BOND TRUST INDENTURE]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Bond Trustee**

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF BOND

**PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

Number: R-[] \$[]

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.:
[]%	October 1, 20[]	March 13, 2024	[]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [] THOUSAND DOLLARS AND
00/100.

The Palm Beach County Educational Facilities Authority, a public body corporate and politic and educational facilities authority of the State of Florida (the "Issuer"), for value received, hereby promises to pay, upon presentation and surrender hereof at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., 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, 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 October 1, 2024, and on each April 1 and October 1 thereafter, interest hereon at the interest rate per year specified above (calculated on the basis of a 360-day year consisting of twelve thirty-day months), in arrears, from the interest payment date next preceding the date on which this Bond is authenticated, unless this Bond is (a) authenticated before the first interest payment date following the Dated Date, 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 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 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; provided, however, that at the request of the registered owner of this Bond, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Bond Trustee from such registered owner. Notwithstanding the foregoing, if and for so long as Cede & Co. or any other nominee of The Depository Trust Company, is registered owner of all of the Bonds (as hereinafter defined), the principal of and premium, if any, and interest on this Bond shall be paid to Cede & Co. or

such other nominee as provided under the Bond Indenture (as hereinafter defined). The principal of, premium, if any, and interest on the Bonds are payable in lawful money of the United States of America.

This Bond is one of a series of \$45,000,000 of the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, maturity and privilege of redemption, authorized and issued pursuant to Chapter 243, Part I, Florida Statutes and under and equally and ratably secured by a Bond Trust Indenture dated March 1, 2024 (as supplemented and amended from time to time, the "Bond Indenture"), between the Issuer and the Bond Trustee.

This Bond is subject to all of the terms of the Bond Indenture, which are by this reference incorporated herein, including those providing for definitions of terms used therein, those specifying the terms, including the terms of payment and prepayment or redemption, on which the Bonds are issued, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Bond Trustee and the Master Trustee, the rights of the holders of the Bonds and the provisions for defeasance of such rights. The Holder of this Bond, by acceptance hereof, agrees to all such terms and conditions.

This Bond is not a general obligation of the Issuer, but is a limited obligation payable solely from the revenues and receipts derived from the trust estate granted in the Bond Indenture. This Bond is not an obligation of any Person other than the Issuer, and it is a limited obligation of the Issuer as aforesaid, and the faith and credit of the Issuer is not pledged to the payment of the principal of or the premium, if any, or the interest on this Bond.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon.

[Signature page to follow]

[SIGNATURE PAGE TO BONDS]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by the signature of its Chairman or Vice Chairman, and this Bond to be dated the date first written above.

**PALM BEACH COUNTY EDUCATIONAL
FACILITIES AUTHORITY**, as Issuer

By: _____
Chairman

BOND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Indenture.

Date of Authentication: _____, 2024

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, as Bond Trustee

By: _____
Authorized Signatory

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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.

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EXHIBIT B

**REQUISITION NO. _____
FROM PROJECT FUND**

**PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

_____, 20__

The Bank of New York Mellon
Trust Company, N.A., as Bond Trustee

Ladies and Gentlemen:

Pursuant to Section 502 of the Bond Trust Indenture dated March 1, 2024 (the "Bond Indenture"), by and between the Palm Beach County Educational Facilities Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), in connection with the issuance of the above-referenced bonds (the "Bonds"), as an authorized representative of Palm Beach Atlantic University, Inc. (the "Borrower"), you are hereby requested to make payment(s) in the amount(s) and to the payee(s) named on SCHEDULE A hereto. In connection therewith, the Borrower certifies the following:

(a) that the obligation(s) stated on SCHEDULE A hereto constitute(s) Costs of the Project (as defined in the Bond Indenture), 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 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 Bond Indenture, under the Master Indenture or the Loan Agreement (each as defined in the Bond Indenture).

[Signature page to follow]

[SIGNATURE PAGE TO REQUISITION FROM PROJECT FUND]

**PALM BEACH ATLANTIC UNIVERSITY,
INC.**

Authorized Representative

SCHEDULE A

to

REQUISITION NO. _____
FROM PROJECT FUND

Name and Address of Payee	Description of Purpose for Payment	Amount	Payment Method	Payment Instructions	Contact Information
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EXHIBIT C

REQUISITION NO. _____
FROM COSTS OF ISSUANCE FUND

**PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

_____, 20__

The Bank of New York Mellon
Trust Company, N.A., as Bond Trustee

Ladies and Gentlemen:

Pursuant to Section 505 of the Bond Trust Indenture dated March 1, 2024 (the "Bond Indenture"), by and between the Palm Beach County Educational Facilities Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), in connection with the issuance of the above-referenced bonds (the "Bonds"), as an authorized representative of Palm Beach Atlantic University, Inc. (the "Borrower"), you are hereby requested to make payment(s) in the amount(s) and to the payee(s) named on SCHEDULE A hereto. In connection therewith, the Borrower certifies the following:

(a) that the obligation(s) stated on SCHEDULE A hereto constitute(s) Costs of Issuance (as defined in the Bond Indenture), and that such item is a proper charge against the Costs of Issuance Fund and has not been the basis for a prior requisition that has been paid; and

(b) that 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 Bond Indenture, under the Master Indenture or the Loan Agreement (each as defined in the Bond Indenture).

[Signature page to follow]

[SIGNATURE PAGE TO REQUISITION FROM COST OF ISSUANCE FUND]

**PALM BEACH ATLANTIC UNIVERSITY,
INC.**

Authorized Representative

SCHEDULE A

to

REQUISITION NO. _____
FROM COSTS OF ISSUANCE FUND

<u>Name and Address of Payee</u>	<u>Description of Purpose for Payment</u>	<u>Amount</u>	<u>Payment Method</u>	<u>Payment Instructions</u>	<u>Contact Information</u>
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EXHIBIT D

APPLICATION OF BOND PROCEEDS

The Bond proceeds in the amount of \$48,267,943.29 (representing the original par amount of the Bonds of \$45,000,000.00, plus original issue premium of \$3,462,861.30 and less Underwriter's discount of \$194,918.01) shall be applied as follows:

- (a) \$47,905,000.00 shall be deposited in the Project Fund; and
- (b) \$362,943.29 shall be deposited in the Costs of Issuance Fund.

[THIS PAGE INTENTIONALLY LEFT BLANK]

The Loan Agreement

LOAN AGREEMENT
between
PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
and
PALM BEACH ATLANTIC UNIVERSITY, INC.
Dated March 1, 2024
Relating to:
\$45,000,000
PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024

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LOAN AGREEMENT

This Loan Agreement (as it may be amended from time to time, this "Loan Agreement"), is dated as of March 1, 2024, and is between the PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY, a public body corporate and politic and educational facilities authority of the State of Florida (the "Issuer"), and PALM BEACH ATLANTIC UNIVERSITY, INC., a Florida corporation not-for-profit (the "Borrower"):

WITNESSETH:

WHEREAS, the Issuer is empowered by Chapter 243, Part I, Florida Statutes, as amended, and other applicable provisions of law (the "Act") to issue its revenue bonds for the purpose herein described;

WHEREAS, in order to further the purposes of the Act, the Issuer has determined to issue its Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Bonds") in the aggregate principal amount of \$45,000,000 pursuant to the Bond Trust Indenture (the "Bond Indenture"), dated of even date herewith, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee") and use the proceeds thereof to make a loan (the "Loan") to the Borrower under the terms of this Loan Agreement;

WHEREAS, the Borrower will use the proceeds of the Bonds to pay Costs of the Project (as defined in the Bond Indenture) and to pay costs of issuance of the Bonds;

WHEREAS, the Borrower agrees to repay the Loan on the terms and conditions hereinafter set forth;

WHEREAS, simultaneously with the issuance of the Bonds, the Borrower will execute and deliver to the Bond Trustee, the Series 2024 Note (as defined in the Bond Indenture);

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

[Remainder of page intentionally left blank]

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 Bond Indenture (as defined herein). The following words and terms shall have the following meanings unless the context otherwise requires:

"Bond Indenture" shall mean the Bond Trust Indenture dated of even date herewith, between the Issuer and the Bond Trustee, as amended or supplemented from time to time.

"Bond Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., as Bond Trustee under the Bond Indenture, and includes any successor thereto.

"Bonds" shall mean the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024, issued, authenticated and delivered under and pursuant to the Bond Indenture in the aggregate principal amount of \$45,000,000.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement, dated the date of delivery of the Bonds, by and between the Borrower and Digital Assurance Certification, LLC, as dissemination agent, in connection with the issuance of the Bonds, as amended or supplemented from time to time.

"Electronic Means" has the meaning ascribed to such term in the Bond Indenture.

"Financing Instruments" shall mean the Master Indenture, the Bond Indenture, the Series 2024 Note, the Continuing Disclosure Agreement, the Tax Agreement and this Loan Agreement.

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

"Master Indenture" shall mean the Master Trust Indenture dated October 13, 2021, by and between the Borrower and the Master Trustee, as amended or supplemented from time to time.

"Master Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., or the master trustee at the time serving as such under the Master Indenture, whether the original or a successor trustee.

"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.

"Prime Rate" shall mean the rate quoted as the "Prime Rate" in the column entitled "Money Rates" published in The Wall Street Journal on any particular date. If The Wall Street Journal is no longer published, then "Prime Rate" shall mean the rate from time to time publicly announced by the Bond Trustee's commercial banking division or its affiliated bank as its "prime rate" or "base rate."

"Series 2024 Note" shall mean the Note of the Borrower in the aggregate principal amount of the Bonds, dated the date of delivery of the Bonds, issued as the Series 2024 Note under the Master Indenture, and any amendments, supplements or substitutions thereto.

"Tax Agreement" means the Tax Exemption Agreement and Certificate, dated of even date herewith, made by the Issuer and the Borrower.

"Underwriter" shall mean B.C. Ziegler and Company, as the underwriter of the Bonds.

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 Bonds shall not be deemed to refer to or connote the payment of 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.

[Remainder of page intentionally left blank]

ARTICLE II REPRESENTATIONS

SECTION 2.1. REPRESENTATIONS BY ISSUER. The Issuer makes the following representations:

(a) The Issuer is a validly created and existing public body corporate and politic and educational facilities authority of the State and, under the Act, has the power to (i) enter into this Loan Agreement and the Bond Indenture, (ii) assign certain of its rights under this Loan Agreement to the Bond Trustee, (iii) issue the Bonds for the purposes of (A) financing the Project, and (B) paying certain expenses incurred in connection with the issuance of the Bonds, and (iv) carry out its other obligations in connection therewith pursuant to this Loan Agreement. The facilities to be financed with the proceeds of the Bonds constitute "projects" authorized to be financed under the Act.

(b) The Issuer has duly authorized the execution and delivery of the Bond Indenture, this Loan Agreement, performance of its obligations hereunder and thereunder and the issuance of the Bonds and, contemporaneously with the execution and delivery of this Loan Agreement, has duly executed and delivered the Bond Indenture and issued and sold the Bonds.

(c) The Issuer 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 or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default on the part of the Issuer thereunder.

(d) The Issuer, to its knowledge, is not (i) in violation of the Act or any other existing federal or State law, rule or regulation applicable to it, or (ii) in default under any indenture, 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; provided, however, that this representation does not include a default with respect to other financings in which the Issuer has acted as "conduit" issuer for other entities not affiliated with the Borrower, wherein a default by such entity would not have a material effect on the credit of the Issuer or of the Borrower. The execution and delivery by the Issuer of the Bond Indenture, this Loan Agreement, and the Bonds 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) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Bonds by the Issuer, (ii) the execution or delivery of or compliance by the Issuer with the terms and conditions of this Loan Agreement, the Bond Indenture or the

Bonds or (iii) the assignment and pledge by the Issuer pursuant to the Bond Indenture of its rights (except for the rights of the Issuer to indemnification, notice and payment of fees and expenses) under this Loan Agreement as security for payment of the principal of and premium, if any, and interest on the 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 applicable state, local or federal laws and any rules and regulations promulgated thereunder by any regulatory authority or agency; provided, however, that no representation is made with respect to (x) compliance with any applicable blue sky or securities laws of any state, or (y) consents, filings and approvals required in connection with the tax-exempt status of the interest on the Bonds.

(f) Notwithstanding anything herein to the contrary, any obligation the Issuer may incur hereunder in connection with the issuance of the 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 Series 2024 Note 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 (i) the organization and existence of the Issuer, (ii) its authority to execute, deliver or perform this Loan Agreement, the Bond Indenture or the Bonds, (iii) the validity or enforceability of any of such instruments or the transactions contemplated hereby or thereby, (iv) the title of any officer of the Issuer who executed such instruments, or (v) 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 financing of the Project is expedient and that the facilities financed with the proceeds of the Bonds continue to and will create or preserve jobs and employment opportunities and improve the economic welfare of the citizens of the Issuer and of the State, and that the Issuer, by issuing the Bonds, will be acting in a manner consistent with and in furtherance of the provisions of the laws of the State (particularly the Act).

(i) The Issuer has not made any independent investigation as to the feasibility or credit-worthiness of the Borrower. 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 credit-worthiness of the Borrower and the feasibility of its undertakings, independent of any representations of the Issuer.

SECTION 2.2. REPRESENTATIONS BY THE BORROWER. The Borrower makes the following representations:

(a) The Borrower is a Florida not-for-profit corporation and an accredited institution of higher education within the State whose primary purpose is to provide collegiate education and not to provide religious training or theological education.

(b) The Borrower has received a determination letter from the Internal Revenue Service classifying it as an organization described in Section 501(c)(3) of the Code, which is exempt from federal income taxation to the extent provided by Section 501 of the Code. Such determination letter has not been modified, limited, revoked or suspended. The Borrower has not received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that such determination letter or the Borrower's 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 Borrower 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 Borrower as an organization described in Section 501(c)(3) 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 Borrower. No administrative or judicial proceedings are pending or threatened which may, in any way, adversely affect the classification of the Borrower as an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxation to the extent provided by Section 501 of the Code. The Borrower 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 the tax-exempt status of any bonds issued on its behalf, or indicating that the Borrower or any such bonds specifically are being or will be audited with respect to such status. The Borrower 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 Borrower 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 financed with the proceeds of the Bonds are owned by the Borrower, are used in furtherance of the exempt purpose of the Borrower, and are not used by any other person to the extent that any such use would cause the Bonds to be classified as "private activity bonds" within the meaning of Section 141 of the Code other than "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code.

(c) The Borrower has the power to enter into the Financing Instruments to which it is a party and perform its obligations thereunder, and by proper action has duly authorized

the execution and delivery of the Financing Instruments to which it is a party and the performance of its obligations thereunder. When executed and delivered, the Financing Instruments to which the Borrower is a party will be the valid and binding obligations or agreements of the Borrower, enforceable in accordance with their respective terms.

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Borrower pending or, to the knowledge of the Borrower, threatened in which any liability of the Borrower 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 Borrower or affect its existence or authority to do business, the operation of the Borrower, the undertaking of the Project, the validity of the Financing Instruments or the performance of the Borrower's obligations thereunder.

(e) The execution and delivery of the Financing Instruments to which it is a party and the performance by the Borrower 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, the articles of incorporation or bylaws of the Borrower, any agreement or other instrument to which the Borrower 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 Borrower or any of its property.

(f) The Borrower, to its knowledge, 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.

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

(h) The Borrower will operate the facilities financed with the proceeds of the Bonds as educational facilities until payment of the Bonds in full.

ARTICLE III FUNDING OF THE LOAN

SECTION 3.1. LOAN BY THE ISSUER. Upon the terms and conditions of this Loan Agreement and the Bond Indenture, the Issuer shall lend to the Borrower the proceeds of the sale of the Bonds. The Loan shall be made by depositing net proceeds of such sale in accordance with the Bond Indenture. The Loan shall be disbursed to the Borrower as provided in the Bond Indenture.

SECTION 3.2. USE OF PROCEEDS. The Borrower shall use the proceeds of the Loan to pay Costs of the Project and to pay costs of issuance of the Bonds.

SECTION 3.3. REPAYMENT OF LOAN. Prior to or simultaneously with the issuance of the Bonds, to evidence its obligations to repay the Loan, the Borrower shall deliver the Series 2024 Note to the Bond Trustee as security for the payment of the Bonds.

SECTION 3.4. BORROWER TO PROVIDE FUNDS. If the proceeds derived from the Loan are not sufficient to pay Costs of the Project and to pay costs of issuance of the Bonds, the Borrower shall pay such moneys as are necessary to pay any deficiency. The Borrower 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 Series 2024 Note as a result of its payment of any such deficiency.

SECTION 3.5. LIMITATION OF ISSUER'S LIABILITY. Notwithstanding anything herein to the contrary, any obligation the Issuer may incur in connection with the Bonds 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 Series 2024 Note.

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ARTICLE IV
PAYMENTS BY BORROWER

SECTION 4.1. AMOUNTS PAYABLE.

(a) The Borrower shall make all payments required by the Series 2024 Note, this Loan Agreement, the Bond 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 Bond Indenture and all other payments required of the Issuer pursuant to the Bond Indenture. On or before the fifth Business Day prior to any date on which principal, premium, if any, or interest on the Bonds is due, the Borrower shall transfer to the Bond Trustee the amount necessary to cause there to be sufficient funds on deposit in the Bond Fund to make the required payment on the Bonds. The Borrower immediately shall pay to the Bond Trustee any amounts necessary pursuant to the Bond Indenture to provide for payment of principal, premium, if any, and interest on the Bonds when due.

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

(i) 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 Bond Indenture, including the reasonable fees, costs and expenses of its counsel, (B) the fees and expenses of the rating agencies, if any, for issuing and maintaining their credit rating(s) on the Bonds, and (C) the out-of-pocket expenses, administrative expenses and counsel fees of the Issuer. If the Borrower should fail to make any of the payments required in this Section, the item or installment which the Borrower has failed to make shall continue as an obligation of the Borrower until the same shall have been fully paid, with interest thereon at the rate per annum borne by the Bonds until paid in full (provided that any amounts in this Section 4.1 required to be paid by the Borrower shall not equal or exceed an amount that would cause the "yield" on this Loan Agreement, the Series 2024 Note or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the Bonds, as such terms are defined under Section 148 of the Code).

(ii) Amounts described in Section 4.5 hereof.

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

SECTION 4.2. CONSENT TO ASSIGNMENT; PAYMENTS TO BOND TRUSTEE. The Borrower consents to the assignments made by the Issuer pursuant to the Bond Indenture of certain rights of the Issuer under this Loan Agreement to the Bond Trustee. The Borrower shall pay to the Bond Trustee all amounts payable by the Borrower

pursuant to the Series 2024 Note and this Loan Agreement, except for payments to be made to the Issuer pursuant to Sections 4.1(b)(i)(C), 4.5 and 5.5 hereof.

SECTION 4.3. DEFAULT IN PAYMENTS. If the Borrower fails to make any payments required by the Series 2024 Note or this Loan Agreement when due, the Borrower shall pay to the Bond Trustee interest thereon until paid at the rate equal to the highest rate on any Bonds then Outstanding or, in case of the payment of any amounts not to be used to pay principal of or interest on Bonds, at the rate equal to the lesser of (a) the Prime Rate plus one percent per year, or (b) the highest lawful rate per annum.

SECTION 4.4. OBLIGATIONS OF BORROWER UNCONDITIONAL. The obligation of the Borrower to make the payments on the Series 2024 Note 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 it might otherwise have against the Issuer or the Bond Trustee. Subject to the prepayment of the Series 2024 Note as provided therein, the Borrower shall not suspend or discontinue any payment on the Series 2024 Note or hereunder or fail to observe and perform any of its other covenants, conditions or agreements hereunder for any cause whatsoever. The Borrower may, after giving to the Issuer and the Bond Trustee ten days' written 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 Borrower reasonably deems necessary to secure or protect any of its rights hereunder. In the event the Borrower takes any such action, the Issuer shall, solely at the Borrower's expense, reasonably cooperate with the Borrower and take necessary action to substitute the Borrower for the Issuer in such action or proceeding if the Borrower shall reasonably request.

SECTION 4.5. ADVANCES BY ISSUER OR BOND TRUSTEE. If the Borrower fails to make any payment or perform any act required of it hereunder, without prior notice or demand on the Borrower and without waiving or releasing any obligation or default, the Issuer or the Bond Trustee may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Issuer or Bond Trustee and all costs, fees and expenses incurred in connection therewith shall be payable by the Borrower on demand as an additional obligation under the Series 2024 Note, together with interest thereon until paid at the lesser of (a) the Prime Rate plus two percent per year, or (b) the highest lawful rate per annum.

SECTION 4.6. AGREEMENT OF ISSUER. At the direction of the Borrower, the Issuer shall (a) at any time moneys held pursuant to the Bond Indenture are sufficient to effect redemption of any Bonds and if the same are then redeemable under the Bond 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 Bond Indenture or as directed by the Borrower pursuant to the provisions of the Bond Indenture or this Loan Agreement, all at the sole cost and expense of the Borrower.

ARTICLE V
SPECIAL COVENANTS

SECTION 5.1. COMPLIANCE WITH COVENANTS, CONDITIONS AND AGREEMENTS IN MASTER INDENTURE. So long as the Bonds are Outstanding, the Borrower 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 Borrower.

SECTION 5.2. 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 donor or student records, records required by law to be confidential and records protected by attorney-client privilege) of the Borrower with respect to the Borrower's financial standing or its compliance with its obligations hereunder and under the Master Indenture.

SECTION 5.3. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Borrower shall furnish (a) to the Bond Trustee and the Underwriter the financial statements, certificate of no default and other information which the Borrower has covenanted to furnish the Master Trustee pursuant to Section 5.13 of the Master Indenture (such items to be provided simultaneous with their being provided to the Master Trustee), and (b) to the Underwriter and other parties such other information as may be required by law if the 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 5.13 of the Master Indenture. Simultaneous therewith, the Borrower shall cause to be filed with the Bond Trustee an Officer's Certificate certifying compliance with the provisions of Section 5.09 of the Master Indenture. The Bond Trustee shall have no duty to review or analyze any financial statements delivered to it or to verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the holders of the Bonds; the Bond Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

SECTION 5.4. DAMAGE, DESTRUCTION, CONDEMNATION AND LOSS OF TITLE. (a) The Borrower shall give prompt written notice to the Bond Trustee and the Issuer of (i) any material damage to or destruction of any part of the Property, (ii) a taking of all or any part of the Property or any right therein under the exercise of the power of eminent domain, (iii) any loss of any part of the Property because of failure of title thereto, or (iv) 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 Borrower shall apply any Net Proceeds consistent with the provisions of Section 5.15 of the Master Indenture.

The Borrower 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 hereunder or under the Series 2024 Note.

SECTION 5.5. INDEMNIFICATION.

(a) The Borrower shall at all times protect, indemnify and hold 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 (i) 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 Borrower, (ii) 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 Borrower or any of the Indemnitees, (iii) any judgments, penalties, fines, damages, assessments, indemnities or contributions, and (iv) the reasonable fees, costs and expenses of attorneys, auditors, and consultants of the Indemnitees, provided that the Damages arise out of:

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

(ii) any breach of any representation or warranty set forth in the Financing Instruments or any certificate delivered pursuant thereto, and any claim that any representation or warranty of the Borrower 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;

(iii) 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 Borrower's facilities or the Project;

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

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

(vi) the issuance of the Bonds and the execution, delivery and performance of the 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.

(b) If any action, suit or proceeding is brought against the Indemnitees for any loss or damage for which the Borrower is required to provide indemnification under this section, the Borrower, 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 Borrower 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. Each of the Indemnitees may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Borrower if the Indemnitee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Borrower and which such Indemnitee believes in good faith cannot be effectively asserted by common counsel. Each Indemnitee always has the right to employ separate legal counsel but, subject to the preceding sentence, the fees, costs and expenses of its separate legal counsel must be paid by such Indemnitee unless the Borrower and the Indemnitee have mutually agreed to the employment of the Indemnitee's counsel. The Borrower is not liable for any settlement of a suit, claim, demand, action or proceeding effected without its written consent. The obligations of the Borrower under this section shall survive the termination of this Loan Agreement and the payment of the Bonds or the sooner resignation or removal of the Bond Trustee.

(c) Nothing contained herein shall require the Borrower to indemnify the Issuer for any claim or liability resulting from its willful wrongful acts or the Bond Trustee for any claim or liability resulting from its gross negligence or its willful misconduct.

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

SECTION 5.6. MAINTENANCE OF 501(C)(3) STATUS; PROHIBITED ACTIVITIES. The Borrower 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 engage in any activities or take any action that might reasonably be expected to result in the Borrower ceasing to be a "501(c)(3) organization" within the meaning of Section 145 of the Code. The Borrower shall promptly notify the Bond Trustee in writing 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 5.7. TAX COVENANTS. The Borrower covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds. This covenant shall survive payment in full or defeasance of the Bonds.

SECTION 5.8. INVESTMENT AND USE OF TRUST FUNDS. An Authorized Representative of the Borrower shall provide written instructions for the investment, in accordance with Article VII of the Bond Indenture, of all funds held by the Bond Trustee under the Bond Indenture. The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notifications to the extent permitted by law and will receive or otherwise have access to periodic cash transaction statements that will detail all investment transactions.

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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 Borrower to make any payment under this Loan Agreement or on the Series 2024 Note when the same becomes due and payable.

(b) Failure of the Borrower to observe or perform any of its other covenants, conditions or agreements hereunder, for a period of 30 days after notice in writing (unless the Borrower 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 Borrower, or in the case of any default which cannot with due diligence be cured within such 30 day period, failure by the Borrower to proceed promptly to prosecute the curing of the same with due diligence and to cure such within ninety days.

(c) An Event of Default under the Master Indenture or the Bond 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 Series 2024 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 Borrower under the Series 2024 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 Series 2024 Note 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 Series 2024 Note 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 Borrower (a) in writing in the manner provided in Section 8.2 and (b) by telephone or email, provided that failure to give such notice by

telephone or email 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 Bond Indenture or, if payment of the Bonds and all other amounts due under the Bond indenture shall have been made, shall be applied according to the provisions of Section 607 of the Bond 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 Series 2024 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 Borrower shall on demand pay to the Issuer and the Bond Trustee the fees and reasonable costs and expenses of attorneys and other reasonable costs and expenses incurred by them in the collection of payments due hereunder and on the Series 2024 Note or the enforcement of performance of any other obligations of the Borrower under the Financing Instruments.

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.

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ARTICLE VII
PREPAYMENT OF SERIES 2024 NOTE

SECTION 7.1. OPTION TO PREPAY SERIES 2024 NOTE.

(a) The Borrower shall have the option to prepay the Loan and the Series 2024 Note in full and terminate this Loan Agreement if one of the following has occurred:

(i) Damage or destruction of the Property by fire or other casualty to such extent that, or loss of title to or use of all or substantially all of the 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 Borrower's Board of Trustees (expressed in a resolution) and an independent architect or engineer, both filed with the Bond Trustee, (A) such Property cannot be reasonably repaired, rebuilt or restored within a period of twelve months to their condition immediately preceding such damage or destruction, or (B) the Borrower is prevented from carrying on its normal operations at such Property for a period of at least twelve months, or (C) the cost of repairs, rebuilding or restoration would exceed, by more than one percent of the book value of such Property, the Net Proceeds of insurance (including self-insurance) plus the amounts for which the Borrower is self-insured with respect to deductible amounts; or

(ii) A change in the laws of the State or of the United States of America or an 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) which causes this Loan Agreement or the Series 2024 Note 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 Borrower.

(b) The Borrower shall have the option to prepay the Loan and the Series 2024 Note in part without premium following loss of title to or use of a portion of the Property as a result of the exercise of the power of eminent domain or failure of title, or damage to or destruction of the Property if the Borrower shall have furnished to the Bond Trustee:

(i) an Officer's Certificate certifying that the projected Debt Service Coverage Ratio (as such terms are defined in the Master Indenture) 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

(ii) a written forecast, projection or other report of an Independent Consultant (as defined in the Master Indenture) to the effect that, for each of the

next two full fiscal years, the projected Debt Service Coverage Ratio is not less than 1.20.

The principal amount of the Loan and the Series 2024 Note that may be prepaid in part pursuant to this Section 7.1(b) may not exceed the Net Proceeds.

(c) To exercise any of the above options, the Borrower shall, within 120 days after the event permitting their exercise, file the required resolutions, certificates, reports 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 Bonds as provided in Section 301(a) of the Bond Indenture.

SECTION 7.2. OPTION TO PREPAY SERIES 2024 NOTE IN WHOLE OR IN PART. The Borrower shall have the option to prepay the Loan and the Series 2024 Note in whole or in part in connection with any optional redemption of the Bonds permitted by Section 301(b) of the Bond Indenture.

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**ARTICLE VIII
MISCELLANEOUS**

SECTION 8.1. 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 Series 2024 Note and other amounts described in Articles IV, VI and VII hereof, shall expire on the first date upon which the Bonds are no longer Outstanding; provided, however, that the covenants in Sections 4.1(b), 4.5 and 5.5 hereof shall survive the termination of the Loan Agreement and the payment of the Bonds.

SECTION 8.2. 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 Borrower, at 901 S. Flagler Drive, West Palm Beach, Florida 33401, Attn: Senior Vice President for Finance/CFO;

(b) if to the Issuer, at c/o Hinkle, Richter & Rhine, LLP, 525 N.E. 3rd Avenue, Suite 102, Delray Beach, Florida 33444; and

(c) if to the Bond Trustee, at 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256; and

(d) if to the Underwriter, at One North Wacker Drive, Suite 2000, Chicago, Illinois 60606 (Attention: Brian Riordan, Managing Director).

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

The Bond Trustee shall have the right to accept and act upon directions or instructions, including funds transfer instructions (collectively, "Instructions"), given pursuant to this Loan Agreement, the Bond Indenture or any other document reasonably relating to the Bonds and delivered using Electronic Means; provided, however, that the

Issuer or the Borrower, as the case may be, shall provide to the Bond Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Borrower elects to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Issuer and the Borrower each understands and agrees that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Issuer and the Borrower, as the case may be, shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee and that the Issuer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer and/or the Borrower, as applicable. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such Instructions conflict or are inconsistent with a subsequent written direction or written instruction. Each of the Issuer and the Borrower agree: (a) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (b) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions; (c) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (d) to notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 8.3. AMENDMENTS TO LOAN AGREEMENT AND SERIES 2024 NOTE. Neither this Loan Agreement nor the Series 2024 Note may be amended or supplemented and no substitution shall be made for the Series 2024 Note before payment of the Bonds except in accordance with Article XII of the Bond Indenture.

SECTION 8.4. SUCCESSORS AND ASSIGNS. This Loan Agreement shall be binding on, inure to the benefit of and be enforceable by the parties, the Bond Trustee and their respective successors and assigns.

SECTION 8.5. 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 8.6. APPLICABLE LAW; ENTIRE UNDERSTANDING. This Loan Agreement and the Series 2024 Note shall be governed by the applicable laws of the State, without regard to conflict of laws principles. This Loan Agreement and the Series 2024 Note (including the applicable provisions of the Bond Indenture and the Master Indenture) express the entire understanding and all agreements between the parties.

SECTION 8.7. LIMITATION ON LIABILITY OF MEMBERS OF ISSUER. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member, officer, employee or agent of the Issuer in his or her individual capacity so long as he or she acts in good faith, and no such member, officer, employee or agent shall be subject to any liability under this Loan Agreement or the Bond Indenture with respect to any other action or inaction taken or not take by him or her in connection herewith provided that he or she acts in good faith.

SECTION 8.8. 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.

SECTION 8.9. U.S.A. FREEDOM ACT REQUIREMENTS OF THE BOND TRUSTEE. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Accordingly, the Bond Trustee will require documentation from each non-individual person such as a business entity, a charity, a trust, or other legal entity, verifying its formation as a legal entity. The Bond Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Signature pages to follow]

[ISSUER'S SIGNATURE PAGE TO LOAN AGREEMENT]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed in their respective names as of the date first above written.

**PALM BEACH COUNTY EDUCATIONAL
FACILITIES AUTHORITY**, as Issuer

By: _____
Name: Leonard Tylka
Title: Chairman

[BORROWER'S SIGNATURE PAGE TO LOAN AGREEMENT]

**PALM BEACH ATLANTIC UNIVERSITY,
INC., as Borrower**

By: _____
Name: Dr. Stacie A. Bowie
Title: Vice President for Finance &
Administration/Chief Financial Officer

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The Master Indenture

MASTER TRUST INDENTURE

by and between

PALM BEACH ATLANTIC UNIVERSITY, INC.

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS MASTER
TRUSTEE**

Dated October 13, 2021

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MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (as amended and supplemented from time to time, the "Master Indenture"), is dated October 13, 2021, and is by and between PALM BEACH ATLANTIC UNIVERSITY, INC., an Florida corporation not for profit (the "University"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (the "Master Trustee"), under the circumstances summarized in the following recitals (the capitalized terms not defined in the recitals and granting clauses being used therein as defined herein).

WITNESSETH:

WHEREAS, the University is authorized by law and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time by it or an Obligated Issuer of Notes of one or more series or Guaranties issued pursuant to the terms hereof and pursuant to the terms of Supplemental Master Indentures; and

WHEREAS, all acts and things necessary to constitute these presents a valid indenture and agreement according to its terms have been done and performed, the University has duly authorized the execution and delivery of this Master Indenture and the University, in the exercise of the legal right and power vested in it, executes this Master Indenture and proposes to make, execute, issue and deliver one or more Notes and Guaranties hereunder; and

WHEREAS, at the time Notes of each series are issued by the University or an Obligated Issuer and authenticated and delivered by the Master Trustee in accordance with the provisions of this Master Indenture and of the Supplemental Master Indentures creating Notes of such series, all acts and things necessary to authorize such Notes and constitute such Notes the legal, valid and binding obligations of the University or such Obligated Issuer will have been done and performed; and

WHEREAS, at the time any Guaranty is issued hereunder by the University or an Obligated Issuer in accordance with the provisions of this Master Indenture, all acts and things necessary to authorize such Guaranty and constitute such Guaranty the legal, valid and binding obligation of the University or such Obligated Issuer will have been done and performed; and

WHEREAS, the University has determined that the Notes shall be issued in fully registered form without coupons and that such Notes, the endorsement by the Obligated Group Representative, the certificate of authentication by the Master Trustee, and the endorsement and assignment to the Related Bond Trustee, if necessary, shall conform to the description thereof in Section 2.06 of this Master Indenture and any indenture supplemental hereto hereafter entered into under the provisions of this Master Indenture;

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which Notes of each series are to be authenticated, issued, and delivered and Guaranties are to be issued and delivered hereunder, of the purchase and acceptance of Notes of each series by the holders thereof and of the acceptance of Guaranties by the holders thereof and of the sum of One Dollar to it duly paid by the Master

Trustee at the execution of this Master Indenture, the receipt whereof is hereby acknowledged, the University has, and by its execution and delivery of a Supplemental Master Indenture, each other Obligated Issuer shall have, granted, bargained, sold, warranted, alienated, premised, released, conveyed, assigned, pledged, set over and confirmed and by these presents do grant, bargain, sell, warrant, alienate, premise, release, convey, assign, pledge, set over and confirm, subject in all cases to Permitted Encumbrances, unto The Bank of New York Mellon Trust Company, N.A., as Master Trustee, and to its successors and assigns forever, the Pledged Revenues of the University and each other Obligated Issuer, all moneys and securities from time to time held by the Master Trustee pursuant to this Master Indenture and any and all real or personal property of every name and nature from time to time hereafter by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the University or any Obligated Issuer, or by anyone on its behalf or with its written consent, to the Master 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;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Master Trustee and its successors in said trust and to its and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all present and future holders of the Notes and the Guaranties issued under and secured by this Master Indenture without privilege, priority or distinction as to the Lien or otherwise of any of the Notes or any of the Guaranties over any other of the Notes or over any other of the Guaranties issued and secured hereunder;

PROVIDED, HOWEVER, that if there is no Outstanding Guaranty issued under this Master Indenture or if the terms of all Guaranties Outstanding have been satisfied, and if the University, its successors and assigns, and each other member of the Obligated Group, its successors and assigns, shall pay, or cause to be paid, the principal of the Notes and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Notes, according to the true intent and meaning thereof, and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Master Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Master Indenture and the rights hereby granted shall cease, determine and be void, subject to Article XII hereof; otherwise this Master Indenture shall be and remain in full force and effect;

THIS MASTER INDENTURE FURTHER WITNESSETH and it is expressly declared that all Notes issued and secured hereunder are to be issued, authenticated and delivered and all Guaranties issued and secured hereunder are to be issued and delivered and all said rights 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 University and, by executing a Supplemental Master Indenture, each Obligated Issuer shall have agreed and covenanted, and does hereby agree and covenant, with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of the Notes and the Guaranties as follows:

ARTICLE I

DEFINITIONS OF TERMS, CONSTRUCTION AND CERTAIN GENERAL PROVISIONS

Section 1.01. Definitions of Terms. Unless otherwise apparent from the context, the terms defined in this Article I shall for all purposes of this Master Indenture have the meanings herein specified. Except where otherwise indicated or provided, words in the singular number include the plural as well as the singular number and vice versa.

"Accounts" shall mean, collectively, all accounts (as such term is defined in the UCC), accounts receivable, health-care insurance receivables, other receivables, contracts, contractual rights, tax refunds or other obligations or indebtedness owing to any member of the Obligated Group of any kind or description, secured or unsecured, now or hereafter existing, whether or not arising out of or in connection with the payment for goods sold or leased or for services rendered, whether or not earned by performance, and all sums of money or other proceeds due or not earned by performance, all sums of money or other proceeds due or becoming due thereon, together with all rights now or hereafter existing under guarantees and collateral security therefor and under leases and other contracts securing, guaranteeing or otherwise relating to any of the foregoing, including without limitation (a) all rights to receive any performance or any payments in money or in kind; (b) all right, title and interest in and to the goods, services or other property that give rise to or that secure any of the foregoing, and insurance policies and proceeds thereof relating thereto; (c) all rights as an unpaid seller of goods and services including, without limitation, all rights of stoppage in transit, replevin, reclamation and resale; (d) reversionary interests in pension and profit-sharing plans, and reversionary, beneficial and residual interests in trusts of, credits with and any other claims against any Person; and (e) all ledger sheets, files, records and documents relating to any of the foregoing, including all computer records, programs, storage media and computer software used or required in connection therewith.

"Additional Indebtedness" shall mean any Indebtedness (including Notes and Guaranties) incurred subsequent to the date of issuance of the Series 2021 Note.

"Annual Debt Service" for any Fiscal Year means the required payments due on Long-Term Indebtedness in such Fiscal Year.

"Assumed Rate" shall mean an annual rate of interest equal to the 30 Year Bloomberg Valuation (BVAL) Muni Benchmark most recently published at the close of business on the day prior to the date such rate is calculated or any successor index in effect at the time such rate must be calculated, or, in the event such index or successor index is no longer published, then a comparable index provided to the Master Trustee by an Independent Consultant retained for the purpose of selecting such comparable index.

"Balloon Indebtedness" shall mean Indebtedness, twenty-five percent or more of the original principal of which matures during any consecutive twelve month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve month period. The foregoing notwithstanding, Balloon Indebtedness does not include (a) Indebtedness which otherwise would be classified hereunder as

Short-Term Indebtedness or Interim Indebtedness or (b) Indebtedness which is amortized on a substantially level debt service basis.

"Bank Accounts" shall mean all deposit accounts, including without limitation all checking, investment, savings or deposit accounts (general or specific, time or demand, provisional or final) at any time maintained by any member of the Obligated Group.

"Book Value" shall mean (a) when used in connection with Property of the University or any other Obligated Issuer, the value of such Property, net of accumulated depreciation, as it is carried on the books of account of such Person and in conformity with generally accepted accounting principles and (b) when used in connection with Property of the Obligated Group, the aggregate of the values so determined with respect to the Property of each member of the Obligated Group.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with the regulations thereunder.

"Commitment Indebtedness" shall mean the obligation of any Obligated Issuer to repay amounts disbursed pursuant to a commitment from a financial institution to refinance or purchase when due, when tendered or when required to be purchased (a) other Indebtedness of such Obligated Issuer, or (b) Indebtedness of a Person who is not an Obligated Issuer, which Indebtedness is guaranteed by a Guaranty of such Obligated Issuer or secured by or payable from amounts paid on Indebtedness of such Obligated Issuer, in either case which Indebtedness or Guaranty of such Obligated Issuer was incurred in accordance with the provisions of Section 5.08 hereof, and the obligation of any Obligated Issuer to pay interest payable on amounts disbursed for such purposes, plus any fees, costs or expenses payable to such financial institution for, under or in connection with such commitment, in the event of disbursement pursuant to such commitment or in connection with enforcement thereof, including without limitation any penalties payable in the event of such enforcement.

"Completion Indebtedness" shall mean any Long-Term Additional Indebtedness incurred by the University or any other Obligated Issuer for the purpose of financing (a) the improvement, replacement, renovation or substitutions for, or additions to, facilities for which Long-Term Indebtedness or Interim Indebtedness has been incurred, necessitated by faulty design, damage to or destruction of such facilities or (b) the completion of facilities for which Long-Term Indebtedness or Interim Indebtedness has been issued or incurred.

"Completion Notes" shall mean any Notes that constitute Completion Indebtedness.

"Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, all items, as finally issued by the Bureau of Labor Statistics of the United States Department of Labor, or any successor thereto, for the most recent date available. No adjustment need be made by reference to this index unless the index has changed by ten percent (10%) or more since the last adjustment was made and no adjustment need be made on account of changes in such index which represent changes in the base upon which such index is computed rather than increases or decreases in quantities measured by such index. In the event such index should be abolished and no substitute provided, then any index, service or publication approved by the Master Trustee upon recommendation of the Obligated Group Representative which most

nearly provides the measurement now being provided by the Consumer Price Index shall be used in place of the Consumer Price Index.

"Contract Rights" shall mean all rights of each member of the Obligated Group in and to contracts to which such member of the Obligated Group is now or shall become a party, pursuant to which such member of the Obligated Group has the right to provide goods or perform services and receive any form or manner of compensation.

"Counterparty" means the counterparty with which an Obligated Issuer enters into an Interest Rate Agreement.

"Debt Service Coverage Ratio (Pro-Forma)" shall mean, for any Fiscal Year, the ratio of the Obligated Issuers' (a) Net Income Available for Debt Service for such Fiscal Year to (b) Maximum Annual Debt Service, determined on a pro forma consolidated or combined basis in accordance with generally accepted accounting principles with the elimination of material inter-company balances and transactions; provided, however, that for purposes of calculating such ratio:

(i) Guaranties by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group and obligations owed by any member of the Obligated Group to any other member of the Obligated Group shall be excluded;

(ii) The interest on any Long-Term Indebtedness with an interest rate which changes from time to time (disregarding changes which are contingent solely upon the occurrence of an event of default or a change in the federal income tax treatment of the interest borne by such Indebtedness) during the term thereof and which cannot at the date of such calculation be determined for the period under consideration shall be calculated as if the interest rate on such Long-Term Indebtedness were the Assumed Rate;

(iii) The principal and interest on Balloon Indebtedness shall be treated as Long-Term Indebtedness and shall be calculated under the assumptions set forth in Section 5.08(h) hereof;

(iv) The principal and interest on Interim Indebtedness shall be treated as Long-Term Indebtedness and shall be calculated under the assumptions set forth in Section 5.08(g) hereof;

(v) The principal and interest on Put Indebtedness shall be treated as Long-Term Indebtedness and shall be calculated under the assumptions set forth in Section 5.08(i) hereof; and

(vi) The principal and interest on Derivative Indebtedness with respect to which an Obligated Issuer has obtained an Interest Rate Agreement shall be deemed to bear interest for the period of time such Interest Rate Agreement is in effect at a net rate that takes into account the regularly scheduled payments made by such Obligated Issuer and the regularly scheduled payments made to or received by such Obligated Issuer on such Interest Rate Agreement; provided that only the portion of such Derivative Indebtedness as corresponds to the notional amount of such Interest Rate Agreement shall be deemed to bear interest at such net rate; and provided, further, that so long as such Derivative Indebtedness is deemed to bear interest at a rate taking into account such Interest

Rate Agreement, any payments made by such Obligated Issuer on such Interest Rate Agreement shall be excluded from the amount of any expenses for purposes of this Master Indenture and any payments received by such Obligated Issuer on such Interest Rate Agreement shall be excluded from the amount of any revenues for purposes of this Master Indenture.

"Derivative Indebtedness" shall mean Indebtedness with respect to which an Obligated Issuer has obtained an Interest Rate Agreement.

"Effective Date" shall mean October 13, 2021.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Master Trustee as available for use in connection with its services hereunder.

"Event of Default" shall have the meaning set forth in Section 6.01 hereof.

"Examination Report" means an examination report resulting from an examination conducted by an Independent Accountant in conformity with generally accepted standards for accountants' services on prospective financial information prepared in accordance with GAAP.

"Excluded Property" shall mean all real and personal property now owned or hereafter acquired by the University and any other Obligated Issuer that is not included in the description of property set forth on Exhibit A attached hereto and made a part hereof.

"Federal Securities" shall mean direct and general obligations of the United States of America, to the payment of which the full faith and credit of the United States of America is pledged, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided, however, investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations, (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations and (c) the underlying United States obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated.

"Fiscal Year" shall mean a period of twelve consecutive months constituting (i) the fiscal year of the University commencing on the first day of July of any year and ending on the last day of June of the following calendar year, both inclusive, or such other period as hereafter may be established from time to time for budgeting and accounting purposes by the University or by the Governing Body of any successor entity to the University, and (ii) the fiscal year of any other Obligated Issuer, if applicable.

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time as promulgated by the Financial Accounting Standards Board and recognized and interpreted by the American Institute of Certified Public Accountants, with

such exceptions as are currently employed by the Obligated Group, or customarily employed in the Obligated Groups' industry.

"General Intangibles" shall mean all general intangibles (as such term is defined in the UCC) of any member of the Obligated Group, including without limitation trademarks, copyrights, patents, contracts, licenses, franchises, trade names, computer programs and other computer software, inventions, designs, trade secrets, goodwill, proprietary rights, customer lists, supplier contacts, sale orders, correspondence and advertising materials.

"Governing Body" shall mean (a) (1) the Board of Trustees of the University, (2) the board of directors, board of trustees, managers, or members of any other Obligated Issuer, if applicable, or if there shall be no such governing body, such Person or body which pursuant to law or the organizational documents of the University or of any other Obligated Issuer, if applicable, is vested with powers similar to those vested in a board of directors or a board of trustees and (b) any committee empowered to act on behalf of the foregoing.

"Governmental Issuer" shall mean any state of the United States of America or any municipal corporation or other political subdivision formed under the laws thereof or any body corporate and politic or any constituted authority or any agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof.

"Guaranty" shall mean, when used in connection with a particular Person, an obligation of such Person guaranteeing or in effect guaranteeing any indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, but not limited to, obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such indebtedness or obligation or any Property or assets constituting security therefor;
- (b) to advance or supply funds:
 - (1) for the purchase or payment of such indebtedness or obligation, or
 - (2) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;
- (c) to lease Property or to purchase securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the primary obligor to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of the indebtedness or obligation of the primary obligor against loss in respect thereof;

provided, however, that, notwithstanding the foregoing, none of the following shall be deemed to constitute a Guaranty: (i) the endorsement in the ordinary course of business of negotiable instruments for deposit or collection, (ii) the discount or sale with recourse of any such Person's notes receivable or accounts receivable, (iii) rentals payable in future years under leases, other than leases properly capitalized under generally accepted accounting principles, (iv) payments required

to be deposited into any reserve funds pursuant to the provisions of any Related Bond Indenture, and (v) any obligation of such Person guaranteeing or in effect guaranteeing any obligation of the primary obligor that does not constitute an obligation for the payment of money.

"Historical Debt Service Coverage Ratio" shall mean, for any Fiscal Year, the ratio of the Obligated Issuers' (a) Net Income Available for Debt Service for such Fiscal Year to (b) Annual Debt Service for such Fiscal Year, determined on a consolidated or combined basis in accordance with GAAP with the elimination of material inter-company balances and transactions.

"Indebtedness" shall mean all obligations, including Guaranties (other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group or a Guaranty of Related Bonds), for the payment of moneys incurred or assumed by the University or any other Obligated Issuer, whether due and payable in all events, or upon the performance of work or possession of property as lessee, except:

- (a) any rentals payable in future years under leases to the extent such leases are not properly capitalized under generally accepted accounting principles;
- (b) any payments required to be deposited into any reserve funds pursuant to the provisions of any Related Bond Indenture;
- (c) any obligations owed by one member of the Obligated Group to any other member or members of the Obligated Group;
- (d) any obligations to reimburse any Person not a member of the Obligated Group for the payment of any Indebtedness to the extent that such Indebtedness is counted as Indebtedness for purposes of the calculations under this Master Indenture or the payment of the principal of or premium, if any, or interest on any Related Bonds secured by an Indebtedness which is counted as Indebtedness for purposes of the calculations under this Master Indenture;
- (e) any obligations of any Obligated Issuer to another Obligated Issuer or guarantees or assumptions by an Obligated Issuer, directly or indirectly, of Indebtedness of another Obligated Issuer;
- (f) any portion of any Indebtedness or any Related Bonds which is deemed to be discharged or defeased in accordance with the terms of the instrument or instruments creating or evidencing such Indebtedness or Related Bonds, as the case may be;
- (g) any liabilities incurred by the endorsement for collection or deposit of checks or drafts received in the ordinary course of business or overdrafts to banks to the extent there are immediately available funds sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business;
- (h) any accounts payable and similar liabilities (other than for the repayment of borrowed money) incurred in the ordinary course of business;
- (i) any liabilities payable out of current payments for the funding of employee pension plans, retiree benefit plans, health plans and other benefit programs, contributions

to self-insurance or pooled-risk insurance programs and estimated long-term self-insurance liability, and the funding of reserves for deferred taxes, deferred revenues, deferred compensation and similar such liabilities;

- (j) any obligations under contracts for supplies, services or pensions allocated to the current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pensions paid;
- (k) any other obligations that do not constitute indebtedness under accounting principles generally accepted in the United States of America; and
- (l) any Interest Rate Agreements, or any Interest Rate Agreement Payments on other obligations thereunder, or any entering into, amendment or termination thereof.

"Independent Accountants" shall mean a firm of certified public accountants which is "independent" of the Obligated Group in accordance with the independence standards and interpretations of the American Institute of Certified Public Accountants, the United States Securities and Exchange Commission or the Public Company Accounting Oversight Board. The Obligated Group Representative shall notify the Master Trustee in writing that such Person has been duly appointed and is duly qualified as an Independent Accountant.

"Independent Appraiser" shall mean a Person appointed by the Obligated Group Representative and experienced in appraising the value of assets similar or identical to the Operating Assets and who is not an employee, director, partner or officer of any member of the Obligated Group and has no direct financial interest or any material indirect financial interest in any member of the Obligated Group, other than the payment to be received under a contract for services to be performed by such Person.

"Independent Consultant" shall mean a firm (a) which shall not have a partner, director, officer or Substantial Stockholder who is either an employee, director or officer of the University or any other Obligated Issuer, or a Subsidiary of any of them, or an employee, director or elected official of any Related Issuer and (b) which shall be appointed by the University or any other Obligated Issuer, shall be satisfactory to the Master Trustee, which approval shall not be withheld unreasonably, and shall be qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the members of the Obligated Group and shall have a favorable national reputation for skill and experience in the financial affairs of such facilities. The Obligated Group Representative shall notify the Master Trustee in writing that a Person has been duly appointed and is duly qualified as an Independent Consultant.

"Independent Insurance Consultant" shall mean a firm (a) which shall not have a partner, director, officer or Substantial Stockholder who is either an employee, director or officer of the University or any other Obligated Issuer, or a Subsidiary of any of them, or an employee, director or elected official of any Related Issuer and (b) which shall be appointed by the University or any other Obligated Issuer, shall be satisfactory to the Master Trustee, which approval shall not be unreasonably withheld, and shall be qualified to survey risks and to recommend insurance coverage for the type or types of activities conducted and facilities operated by the members of the Obligated Group, and which may be a broker or agent with whom the University or any other

Obligated Issuer, or any Subsidiary of any of them, transacts business so long as the other qualifications set forth in this definition are satisfied.

"Insurance Subsidiary" shall mean any Subsidiary which is in the business of providing insurance coverage to the University or any other Obligated Issuer or any Subsidiary of any of them.

"Interest Rate Agreement" shall mean any interest rate swap, basis swap, index swap or option, exchange, cap, collar, option, floor, forward, futures contract or other hedging agreement, arrangement or security, or combination of the foregoing, however denominated, including any option to enter into the foregoing, identified to the Master Trustee in a certificate of the Obligated Group Representative as having been entered into by an Obligated Issuer for the purpose of reducing, modifying, converting or otherwise managing such Obligated Issuer's risk of interest rate or interest rate index changes or interest rate or interest rate index exposures or risk of changes or exposures to prices of commodities, securities, portfolios, products, supplies, goods or services. Any of the foregoing may be treated as an "Interest Rate Agreement" for purposes of this Master Indenture without regard to whether such arrangement qualifies for hedge accounting treatment under GAAP.

"Interest Rate Agreement Payments" means all payment obligations of the Obligated Issuers pursuant to an Interest Rate Agreement that is authenticated as a Note hereunder, or is secured by a Note or Guaranty hereunder. Any reference in this Master Indenture to "interest" on any Note shall include any Interest Rate Agreement Payments.

"Interim Indebtedness" shall mean Indebtedness described in Section 5.08(g) hereof.

"Irrevocable Deposit" shall mean the irrevocable deposit in trust of cash in an amount (and/or Federal Securities the principal of and interest on which will be in an amount) and under terms sufficient to pay all or a portion of the principal of and interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The Master Trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee authorized to act in such capacity.

"Issuer" shall mean the University or any other Obligated Issuer, depending on the context.

"Lien" shall mean any mortgage of, security interest in, lien, charge or encumbrance on or pledge of any Property other than (i) Permitted Encumbrances or (ii) the mortgages, security interests, liens, charges and encumbrances either (a) created solely by and among members of the Obligated Group, (b) granted in favor of the Master Trustee to secure solely the performance of all obligations under this Master Indenture or (c) on a parity with or subordinate to a lien granted to the Master Trustee to secure the performance of obligations under this Master Indenture.

"Long-Term" shall mean (a) when used in connection with Indebtedness (including Notes) other than Guaranties, Indebtedness having an original maturity greater than one year or renewable at the option of the University or any other Obligated Issuer for a period greater than one year from the date of original issuance thereof, but shall not mean Short-Term Indebtedness or Interim Indebtedness, and (b) when used in connection with Indebtedness represented by any Guaranty (other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group), any such Indebtedness; provided, however, that, so long as any

such Guaranty shall constitute a contingent liability under generally accepted accounting principles, for the purposes of any covenants in this Master Indenture or any computation provided for herein, the aggregate annual principal and interest payments on any Long-Term Indebtedness represented by such Guaranty shall be deemed to be equal to twenty percent of the principal and interest which would be payable annually if Long-Term Indebtedness other than a Guaranty were issued, on the date the University or any other Obligated Issuer enters into, or becomes liable in respect of, such Guaranty, in an amount equal to the maximum amount of the Indebtedness or other obligation guaranteed or in effect guaranteed by such Guaranty (less any portion of such maximum amount which is attributable to interest or imputed or implicit interest), which Long-Term Indebtedness would mature over a term of thirty years in approximately equal annual payments of principal and interest and would have an interest rate equal to the Assumed Rate; provided, further, if any principal or interest payment has been made by the guarantor or in connection with such Guaranty within the previous twenty-four months, then the aggregate annual principal and interest payments on Long-Term Indebtedness represented by such Guaranty shall be treated as Long-Term Indebtedness payable by the Obligated Group for purposes of any covenants in this Master Indenture or any computation provided for herein.

"Market Value" means (a) with respect to any Operating Assets, the fair market value of such Operating Assets, as reflected in a written report of an Independent Appraiser delivered to the Master Trustee, increased or decreased to take into account (i) any acquisitions or dispositions of any of such Operating Assets since the date of such report and (ii) any increases or decreases in the Consumer Price Index since the date of such report; and (b) with respect to any other Property, the fair market value of such Property, as evidenced in a manner satisfactory to the Master Trustee.

"Maximum Annual Debt Service" means the highest scheduled debt service due on Long-Term Indebtedness in the then-current or any future Fiscal Year.

"Net Income Available for Debt Service" shall mean, as to any period of time, the sum of (i) total change in unrestricted net assets of the Obligated Group, (ii) plus depreciation, amortization and interest expense of the Obligated Group, (iii) plus non-cash expenses and minus non-cash revenues resultant from the mark-to-market of interest rate swaps and similar derivative products, to the extent included in the calculation of total change in unrestricted net assets, all as determined on a pro forma consolidated or combined basis in accordance with GAAP, with the elimination of material inter-company balances and transactions; provided that notwithstanding anything to the contrary in GAAP or otherwise, proceeds received by the Obligated Group from the sale of assets shall be included in Net Income Available for Debt Service.

"Net Proceeds" shall mean, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all necessary expenses incurred in the collection of such gross proceeds.

"Note" shall mean any Note issued, authenticated and delivered under this Master Indenture. References to Notes of a series or such series of Notes shall mean Notes issued as a separate series of Notes pursuant to a Supplemental Master Indenture.

"Noteholder" or "holder" shall mean (a) when used with reference to any Note or Notes, the Registered Owner of a Note or (b) when used with reference to any Guaranty issued under this Master Indenture, shall mean the Person in whose favor such Guaranty is issued.

"Obligated Group" shall mean the University and each other Obligated Issuer, if any.

"Obligated Group Representative" shall mean the University or any other Person authorized by resolution of the Governing Body of the University.

"Obligated Issuer" shall mean the University or any other Person which has become an Obligated Issuer under this Master Indenture, in accordance with the provisions of Article XI hereof.

"Officer of the Master Trustee" shall mean every Vice President or officer senior thereto, every Assistant Vice President, the Secretary, every Assistant Secretary, the Treasurer, every Assistant Treasurer, every Corporate Trust Officer, every Assistant Corporate Trust Officer, and every other officer and assistant officer of the Master Trustee customarily performing functions similar to those performed by the persons who at the time shall be such an officer, or to whom any corporate trust matter is referred because of the person's knowledge of, and familiarity with, a particular subject; and who shall have power and authority to sign documents on behalf of the Master Trustee.

"Officer's Certificate" shall mean a certificate signed by the Chairman of the Board of Trustees, the President or the Senior Vice President for Finance & Administration/CFO of the University, or by any other duly authorized officer of one or more members of the Obligated Group, or, in case of any Obligated Issuer which is not a corporation, by the managing partner or other person in which the power to act on behalf of such Obligated Issuer is vested by law, the organizational documents of such Obligated Issuer or by subsequent action of its Governing Body.

"Operating Assets" shall mean any or all land, leasehold interests, buildings, machinery, furniture, fixtures, equipment, hardware, supplies and inventory of, or to be acquired by, the University and each other Obligated Issuer; provided, however, that Operating Assets shall not include any Excluded Property.

"Opinion of Bond Counsel" shall mean an opinion in writing signed by legal counsel which shall be nationally recognized as an expert in matters pertaining to the validity of obligations of Governmental Issuers for the financing of higher education facilities and the exclusion from gross income for federal income tax purposes of interest on such obligations.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel who may be an employee of or counsel to the University or any other Obligated Issuer and who shall be satisfactory to the Master Trustee in its reasonable discretion.

"Outstanding" shall mean, when used in connection with Indebtedness (including Notes and Guaranties other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group), as of any time, Indebtedness issued or incurred and not paid, or for which payment has not been provided by deposit of money or securities with the Master Trustee, and shall not include Notes surrendered for exchange pursuant to Sections 3.02 or 3.03 hereof or Notes for which replacement Notes have been issued pursuant to Section 3.05

hereof; and provided that for the purpose of all consents, approvals, waivers and notices required to be obtained or given hereunder, Notes held or owned by any member of the Obligated Group or any person controlling, controlled by or under common control with any member of the Obligated Group, unless such parties own 100% of the Outstanding Notes; provided however, only Notes that a Responsible Officer of the Master Trustee actually knows to be held or owned by any member of the Obligated Group or any person controlling, controlled by or under common control with any member of the Obligated Group shall be disregarded.

"Permitted Encumbrances" shall mean those encumbrances enumerated in Section 5.07(b) hereof.

"Person" shall mean any individual, corporation, partnership, association, joint stock company, joint venture, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Pledged Revenues" shall mean all of the following, other than Restricted Moneys:

(a) all Accounts, Bank Accounts, General Intangibles, Contract Rights, and Related Rights of each member of the Obligated Group;

(b) except as specifically applied in this Master Indenture, all moneys and securities held from time to time by the Master Trustee under this Master Indenture, including without limitation moneys and securities held in the funds and accounts established under this Master Indenture (excluding money or securities held in escrow pursuant to this Master Indenture);

(c) any and all real or personal property of every name and nature from time to time hereafter by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under this Master Indenture by any member of the Obligated Group to the Master Trustee;

(d) all proceeds, cash proceeds, cash equivalents, products, replacements, additions and improvements to, substitutions for and accessions of any and all property described above; and

(e) to the extent not included in (a)-(d) above, all (i) revenues, receipts, accounts receivable and money from tuition, fees, room and board and auxiliary services and programs, (ii) all gifts, grants, bequests and contributions that are unrestricted as to their use for the payment of Notes and Guaranties, (iii) rent received from the leasing of real or tangible personal property, (iv) all unrestricted investment income (including endowment draws but excluding unrestricted unrealized investment gains and losses) which investment income is unrestricted as to its use for the payment of Notes and Guaranties, and (v) proceeds derived from (x) insurance or condemnation awards relating to Property, except to the extent applied towards restoration of Property in accordance with the provisions hereof and (y) any of the items described in clauses (a) - (d).

Any receipts of the University and an Obligated Issuer which may at any time be lawfully pledged to the security of the Notes may be included, or confirmed to be included, in Pledged Revenues by

instrument approved by the Governing Body of the University or such Obligated Issuer, as applicable.

"Principal Office of the Master Trustee" shall mean the office of the Master Trustee specified in or pursuant to Section 14.03 hereof.

"Project Indebtedness" shall mean any Indebtedness of the University or any other Obligated Issuer secured by a Lien, liability for which is effectively limited to the Property subject to such Lien and to revenues from such Property with no recourse, directly or indirectly, to any other Property or Pledged Revenues (other than revenues from such Property) of the University or any other Obligated Issuer but with recourse, directly or indirectly, only to the Property secured by such Lien and the revenues therefrom; provided, however, that such Property shall not be Property the acquisition, construction or installation of which has been financed by Outstanding Unsecured Indebtedness.

"Property" shall mean any and all rights, title and interests of the University in and to any and all property, whether real or personal, tangible or intangible, whether now owned or hereafter acquired, and wherever situated, except that "Property" shall not include any Excluded Property.

"Put Indebtedness" shall mean Indebtedness which is payable or required to be purchased or redeemed, at the option of holder thereof, prior to its stated maturity or which secures Related Bonds which are so payable or required to be purchased or redeemed.

"Refunding Indebtedness" shall mean any Long-Term Additional Indebtedness issued for the purpose of refunding any principal and/or interest of any Outstanding Long-Term Indebtedness.

"Refunding Notes" shall mean any additional Notes that constitute Refunding Indebtedness.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Note shall be registered on the register maintained for that purpose pursuant to Section 3.02 hereof.

"Related Bond Indenture" shall mean any indenture pursuant to which a series of Related Bonds is issued or any supplement to a Related Bond Indenture pursuant to which a series of Related Bonds is issued.

"Related Bond Trustee" shall mean any trustee under any Related Bond Indenture.

"Related Bonds" shall mean obligations issued by any Governmental Issuer, the proceeds of which obligations are loaned or otherwise made available to or for the benefit of (a) the University or any other Obligated Issuer in consideration of the execution, authentication and delivery of a Note or Notes to such Governmental Issuer or Related Bond Trustee or (b) any Person other than the University or any other Obligated Issuer in consideration of issuance to such Governmental Issuer or Related Bond Trustee for such obligations (1) by such Person of any Indebtedness or other obligation of such Person and (2) by the University or any other Obligated Issuer of a Guaranty issued under this Master Indenture in respect of such Indebtedness or other obligation.

"Related Issuer" shall mean the Governmental Issuer of any issue of Related Bonds.

"Related Rights" shall mean all tangible chattel paper, documents and instruments relating to any Accounts, Bank Accounts, General Intangibles or Contract Rights, and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Accounts, Bank Accounts, General Intangibles or Contract Rights or any such chattel papers, documents and instruments.

"Responsible Officer of the Master Trustee" shall mean any officer within the corporate trust department of the Master Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Master Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Master Indenture.

"Restricted Moneys" shall mean the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) to any member of the Obligated Group specifically restricted by the donor or grantor to a special object or purpose which precludes the use by such member of the Obligated Group thereof for debt service or for financing the costs, or for paying the operating, maintenance and repair expenses, of facilities operated by such member of the Obligated Group holding or entitled to such proceeds.

"Secured Indebtedness" shall mean Indebtedness (including Notes and Guaranties other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group) secured by a Lien other than a Lien securing Project Indebtedness.

"Series 2021 Note" shall mean the Series 2021 Note issued under Supplemental Master Indenture No. 1.

"Short-Term" shall mean Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the University or any Obligated Issuer for a term greater than one year beyond the date of original issuance.

"State" shall mean the State of Florida.

"Subordinated Indebtedness" shall mean Indebtedness which is evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instruments evidencing such Indebtedness) substantially as set forth in Exhibit B hereto (the term "debentures" being used in the provisions set forth in Exhibit B to designate the instruments issued to evidence subordinated debt and the term "this Master Indenture" to designate the instrument, indenture or other document containing such provisions).

"Subsidiary" shall mean, with respect to each Obligated Issuer, (a) a corporation, association, business trust, joint venture, partnership or similar entity organized on a for-profit basis under the laws of any state of which such Obligated Issuer possesses, directly or indirectly, in excess of fifty percent of the voting rights with respect thereto, provided that the ability to

acquire additional voting rights shall not be counted until such rights are acquired, (b) a corporation, association, business trust, joint venture, partnership or similar entity organized on a nonprofit basis under the laws of any state, the articles of incorporation, code of regulations, by-laws, articles of association or similar organizational documents of which require or expressly permit such Obligated Issuer to exercise control thereof, whether through (1) appointment of officers or employees of such Obligated Issuer or any other Obligated Issuer to such organization's Governing Body on an ex officio basis (with voting rights), (2) appointment of members of such organization's Governing Body by such Obligated Issuer or (3) authority of such Obligated Issuer to remove members of such organization's Governing Body or any other means or (c) any Subsidiary of any of the foregoing.

"Substantial Stockholder" means, as to any Person, any other Person who owns stock representing more than 10% of the total voting power of all stock of such Person.

"Supplemental Master Indenture" shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture for the purpose of creating a particular series of Notes or a particular Guaranty issued hereunder or amending or supplementing the terms hereof.

"Supplemental Master Indenture No. 1" shall mean Supplemental Master Indenture No. 1 dated October 13, 2021, between the University and the Master Trustee, as supplemented and amended.

"Total Operating Revenue" shall mean total operating revenue, gains and other support of the Obligated Group, as reported on the most recent available audited financial statements of the Obligated Group, determined on a pro forma consolidated or combined basis in accordance with generally accepted accounting principles, with the elimination of material inter-company balances and transactions.

"UCC" shall mean the Uniform Commercial Code in effect from time to time in the State.

"Unencumbered" shall mean not subject to any Lien.

"University" shall mean Palm Beach Atlantic University, Inc., a Florida corporation not for profit, and any permitted successor thereto under Section 5.12 hereof.

"Unsecured Indebtedness" shall mean any Indebtedness not secured by any Lien.

Section 1.02. Construction of References. References by number in this Master Indenture to any Article or Section shall be construed as referring to the Articles and Sections contained in this Master Indenture, unless otherwise stated. The words "hereby," "hereof," "hereto" and "hereunder" and any compounds thereof shall be construed as referring to this Master Indenture generally, and not merely to the particular Article, Section or subdivision in which they occur, unless otherwise required by the context.

The term "this Master Indenture" means this instrument as originally executed, as it may from time to time be supplemented and amended by one or more indentures supplemental hereto pursuant to the provisions hereof.

Section 1.03. [Reserved.]

Section 1.04. Separability Clause. If any provision of this Master Indenture shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because any provision conflicts with any constitution, statute, regulation or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute, regulation or rule of public policy.

Section 1.05. Accounting Principles. Where the character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Master Indenture or such agreement, document or certificate. As applied to any entity that operates a college, university, educational institution or other discrete enterprise of a type with respect to which particular accounting principles shall, from time to time, have been generally adapted or modified, the term "generally accepted accounting principles" shall include such adaptations or modifications.

Any provision of this Master Indenture which bases a computation on the most recent Fiscal Year for which annual audited financial statements are available will be deemed to be required to be based on annual audited financial statements required to be delivered in accordance with Section 5.13 hereof.

Where the character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Indenture, this shall be done in accordance with GAAP at the time in effect, applied on a consistent basis from year to year, to the extent applicable, except where such principles are inconsistent with the requirements of this Master Indenture, or such agreement, document or certificate. To the extent that GAAP would require consolidation of certain financial information of entities which are not members of the Obligated Group with financial information of one or more members of the Obligated Group, consolidated financial statements prepared in accordance with GAAP which include information with respect to entities which are not members of the Obligated Group may be delivered in satisfaction of the requirements of this Master Indenture so long as: (a) supplemental information in sufficient detail to separately identify the information with respect to the members of the Obligated Group is delivered to the Master Trustee with the annual audited financial statements; (b) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (c) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection or pursuant to

this Master Indenture. Notwithstanding anything in the foregoing to the contrary, for purposes of determining compliance with the terms of this Master Indenture, data with respect to entities which are not members of the Obligated Group shall be disregarded. Where the application of GAAP shall require that with respect to any Fiscal Year, only a portion of a member of the Obligated Group's income or expenses, or both, incurred during the Fiscal Year be included in any consolidation, combination or other accounting computation required to be made for purposes of this Master Indenture or any agreement, document, or certificate executed and delivered in connection with or pursuant to this Master Indenture, then for all such purposes the amount of such income and expenses so included shall be annualized by being multiplied by 365 (or 366 as appropriate) and divided by the number of days in the Fiscal Year of such member of the Obligated Group determined under GAAP. As applied to any entity that operates a college, university, educational institution or other discrete enterprise of a type with respect to which particular accounting principles shall, from time to time, have been generally adapted or modified, the term "GAAP" shall include such adaptations or modifications.

The treatment of capitalized leases as either an incurrence of indebtedness or disposition of capital assets shall be governed by GAAP in effect at the time of execution and delivery of the capitalized lease. Notwithstanding anything in the foregoing to the contrary, any proposed or future change to GAAP relating to lease accounting (the "Proposed Lease Accounting Change"), which is expected to result in all leases being treated the same as or in a manner similar to capitalized leases, shall be disregarded for purposes of determining compliance with covenants contained in, and for all other purposes under, this Master Indenture. All definitions and covenants contained in this Master Indenture as it relates to leases shall be interpreted using the same accounting policies which are in effect as of the Effective Date (the "Current Lease Accounting"). It is understood that in the event the Proposed Accounting Change becomes GAAP, financial reports delivered by the Obligated Group shall be prepared in accordance with GAAP and shall include the Proposed Lease Accounting Change once it takes effect. In this event and in order to measure covenants contained in this Master Indenture, the Obligated Group shall provide a reconciliation setting forth any discrepancies between (i) such financial reports and (ii) the calculations provided without taking into account the Proposed Lease Accounting Change.

Section 1.06. Headings. Any heading preceding the text of the several articles and sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Master Indenture, nor shall they affect its meaning, construction or effect.

(End of Article I)

ARTICLE II ISSUE, EXECUTION, AUTHENTICATION, FORM AND PAYMENT OF NOTES

Section 2.01. Series and Amounts of Notes. Any member of the Obligated Group that wishes to incur Indebtedness or enter into Interest Rate Agreements secured by this Master Indenture shall do so by executing a Note or Notes in accordance with the terms hereof. The number or series of Notes that may be created under this Master Indenture is not limited. The aggregate principal amount of Notes of each series that may be issued, authenticated and delivered under this Master Indenture is not limited except as may be set forth in the Supplemental Master Indenture corresponding to each such series and as restricted by the provisions of this Master Indenture.

Section 2.02. Designation of Notes. Notes issuable under this Master Indenture shall be issued in such series as may from time to time be created by Supplemental Master Indentures pursuant to this Master Indenture. Each series shall be created by a different Supplemental Master Indenture and shall be designated to differentiate the Notes of such series from the Notes of any other series.

Section 2.03. Execution and Authentication of Notes. The Notes shall be executed (manually or, to the extent permitted by law, by facsimile) in the name and on behalf of the Issuer of such Notes by the officer or officers empowered to do so pursuant to a resolution of the Governing Body of the Issuer, a certified copy of which shall have been delivered by the Issuer to the Master Trustee, and such Notes may or may not bear the Issuer's corporate seal (which may, if used, be printed, engraved or otherwise reproduced thereon by facsimile or otherwise). Each Note shall be endorsed (manually or, to the extent permitted by law, by facsimile) by the Obligated Group Representative. No Notes shall be secured hereby or entitled to the benefit hereof or shall be valid or obligatory for any purpose, unless the certificate of authentication thereon has been duly executed by the Master Trustee; and the certificate of authentication upon any Note shall be conclusive evidence and the only competent evidence that such Note has been authenticated and delivered hereunder. The Master Trustee's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an Officer of the Master Trustee, but it shall not be necessary that the same Officer of the Master Trustee sign the certificate of authentication on all of the Notes issued hereunder or all of the Notes of any one series.

Section 2.04. Provision as to Signing Officers. In case any officer of an Issuer who shall have signed, or whose facsimile signature appears on, any of the Notes shall cease to be such an officer before the Note so signed shall have been authenticated and delivered by the Master Trustee or disposed of by such Issuer, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed or whose facsimile signature appears on such Notes had not ceased to be such an officer of the Issuer; and any Notes may be signed on behalf of the Issuer of such Notes by such persons as, at the actual date of the execution of such Notes, shall be proper officers of the Issuer, although at the date of the execution of this Master Indenture or as of the date of such Notes any such person was not such an officer.

Section 2.05. Compliance with Indenture. Upon satisfaction of and compliance with the requirements and conditions set forth in this Master Indenture and the Supplemental Master Indenture, Notes of a particular series may be executed by the Issuer and delivered to the Master

Trustee for authentication following the execution and delivery of the Supplemental Master Indenture creating such series or from time to time thereafter, and the Master Trustee shall authenticate and deliver Notes of such series upon the written order of the Issuer of such Notes, stating, in effect, that the requirements and conditions set forth in this Master Indenture and the Supplemental Master Indenture have been satisfied and complied with, and signed by an authorized officer of the Issuer, without further action on the part of the University or any Obligated Issuer.

Prior to the authentication and delivery by the Master Trustee of the Notes of any series, there shall be filed with the Master Trustee:

(a) A valid and effective Supplemental Master Indenture providing for the issuance of the Notes of such series and prescribing expressly or by reference with respect to the Notes of such series:

- (1) the principal amount of the Notes of such series;
- (2) the purpose or purposes for which the Notes of such series are to be issued;
- (3) the text of the Notes of such series;
- (4) the maturity date or dates thereof;
- (5) the place or places where principal, premium, if any, and interest are to be paid and where the Notes are registrable, transferable or exchangeable;
- (6) the rate or rates, or the method of establishing the rate or rates, of interest and the date from which, and the date or dates on which, interest is payable;
- (7) provisions, if any, as to redemption;
- (8) provisions, if any, as to exchangeability;
- (9) any other provisions necessary to describe and define such series within the provisions and limitations of this Master Indenture; and
- (10) any other provisions and agreements in respect thereof provided or not prohibited by this Master Indenture;

(b) a joint written order signed by an authorized officer of the Issuer of such Notes and by the Obligated Group Representative stating, in effect, that the requirements and conditions set forth in this Master Indenture and the Supplemental Master Indenture have been satisfied and complied with and requesting that the Master Trustee authenticate and deliver such Notes to the Person or Persons therein specified;

(c) certified copies of the resolutions of the Governing Body of the Issuer of the Notes of such series authorizing the issuance of such Notes and the execution and delivery of the Supplemental Master Indenture under which such Notes were issued; and

(d) an Opinion or Opinions of Counsel acceptable to the Master Trustee to the effect that:

(1) all instruments furnished to the Master Trustee conform to the requirements of this Master Indenture and constitute sufficient authority hereunder for the Master Trustee to authenticate and deliver the Notes of such series;

(2) the Issuer has the corporate power and authority to execute and deliver the Supplemental Master Indenture under which the Notes of such series are issued and to perform its obligations thereunder, and such Supplemental Master Indenture has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally;

(3) the Issuer is empowered and authorized to issue the Notes of such series and has taken all necessary action for that purpose;

(4) the Notes of such series, when issued, will be validly issued and enforceable in accordance with their terms (except (A) that the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of a court of equity and (B) that the enforcement thereof may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally) and will be entitled to the benefit and security of this Master Indenture, equally and ratably with all other Notes and Guaranties theretofore issued and then Outstanding hereunder;

(5) the Notes are exempt from registration and reporting requirements under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended; and

(6) the Master Indenture and the Supplemental Master Indenture providing for such Notes are not required to be qualified under the Trust Indenture Act of 1939, as amended, or any similar state or federal statute or regulation, or, if such qualification is required, that all action necessary for qualification has been taken.

Section 2.06. Forms of Notes. Notes of a particular series shall be dated, shall be payable as to principal, premium, if any, and interest on such date or dates and in such manner, shall be issuable as fully registered Notes without coupons in such denominations, shall be transferable and exchangeable and shall contain other terms and provisions, as shall be established in this Master Indenture and in the Supplemental Master Indenture; provided, however, that any Note issued to a Related Issuer or to a Related Bond Trustee in connection with the issuance of Related Bonds shall be issuable only as a single registered Note without coupons, shall be in a principal amount equal to the aggregate principal amount of such Related Bonds and shall be registered in the name of such Related Issuer or the Related Bond Trustee. Unless Notes of a series have been registered under the Securities Act of 1933, as amended (or similar legislation subsequently enacted), each such Note shall be endorsed with a legend which shall read substantially as follows:

"This Note has not been registered under the Securities Act of 1933 (or such similar subsequent legislation)". Each Note shall also contain a description of the use of the proceeds of the Note, the rate of interest payable on overdue installments of principal, premium, if any, and interest, a description of the terms under which such Note may be redeemed, and a statement that this Master Indenture permits the issuance of additional series of Notes and Guaranties on a parity with the Note. Each Note shall contain a certificate of authentication to be executed by the Master Trustee and an endorsement of the Obligated Group Representative describing the members of the Obligated Group and the joint and several liability of such members with respect to such Note.

Section 2.07. Payment of Notes. Unless other arrangements for payment are provided for in the Supplemental Master Indenture or the Notes, (a) the principal and redemption price of and premium, if any, on the Notes shall be payable at the Principal Office of the Master Trustee or the principal office of any paying agent upon the presentation and surrender thereof as the same become due and payable and (b) the interest payable on Notes shall be paid by the Master Trustee by check mailed to the Registered Owner thereof at such Registered Owner's address as it last appears on the register, or to holders of \$1,000,000 or more in aggregate principal amount of Notes by wire transfer, or by other direct transfer of funds agreed upon in writing by the Master Trustee and such Registered Owner.

Amounts paid to Related Bond Trustees pursuant to loan agreements, financing agreements, installment sale agreements, leases, subleases, guaranties and similar agreements entered into in connection with the issuance of Related Bonds shall be deemed credited against payments required to be made with respect to the Note or Notes which were issued in consideration of the loan or use of proceeds of such Related Bonds.

Notwithstanding the foregoing, in the case of Notes held by a Related Bond Trustee or a Related Issuer, all amounts payable on such Notes to such Related Bond Trustee or such Related Issuer may be paid by the Issuer of such Notes by depositing such amount directly with such Related Bond Trustee or the paying agent designated in the Related Bond Indenture at or prior to the opening of business on the date such amounts are due and payable on such Notes and giving the Master Trustee notice of such payment, specifying the amount paid and identifying the Note or Notes on which payment was made by number, series and Registered Owner.

Principal of and premium, if any, and interest on the Notes shall be payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

Section 2.08. Effect of Issuing Notes. The Obligated Issuer agrees that by executing and delivering a Supplemental Master Indenture and agreeing to the terms of this Master Indenture each Obligated Issuer shall be deemed to have designated the Obligated Group Representative as its agent with full power and authority to sign all Notes on its behalf.

(End of Article II)

ARTICLE III REGISTRATION, TRANSFER, EXCHANGE, CANCELLATION AND OWNERSHIP OF NOTES

Section 3.01. Office for Registration, Transfer and Exchange of Notes. Notes may be presented for payment, for the registration or ownership or for transfer in accordance with their terms at the Principal Office of the Master Trustee.

Section 3.02. Registration and Transfer of Notes. The Master Trustee will cause to be kept a register in which, subject to such reasonable regulations as it may prescribe, it will register the ownership of the Notes and upon which it will register the transfer of such Notes as provided in this Article III.

Upon due presentment for registration of transfer of any Note at the Principal Office of the Master Trustee, the Issuer of such Note shall execute and the Master Trustee shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes of the same series for a like aggregate principal amount. No transfer of any Note so registered shall be valid unless made as aforesaid.

Notes presented for registration of transfer or for exchange, redemption or payment shall (if so required by the Issuer of such Notes or the Master Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Master Trustee duly executed by the Registered Owner or by such Registered Owner's duly authorized attorney.

Neither the University nor any other Obligated Issuer shall be required (a) to issue, register the transfer of or exchange Notes issued by it for a period of fifteen days next preceding any interest payment date, (b) to issue, register the transfer of or exchange Notes issued by it for a period of fifteen days next preceding any date on which notice of redemption of Notes is given or (c) to register the transfer of or exchange any Notes issued by it or portions thereof designated or called for redemption.

Section 3.03. Exchange of Notes. Upon presentment as provided in Section 3.02 hereof, Notes may be exchanged for an equal aggregate principal amount of Notes of the same series and maturity, but in different authorized denominations subject to Section 2.06 hereof. Notes to be exchanged shall be surrendered at the office or agency maintained as provided in Section 3.01 hereof and the Issuer of such Notes shall execute and the Master Trustee shall authenticate and deliver in exchange therefor the Note or Notes which the Noteholder making the exchange shall be entitled to receive.

Section 3.04. Mutilated, Destroyed, Lost or Stolen Notes. If any Note shall become mutilated the Issuer of such Note shall, and if any Note shall be destroyed, lost or stolen, the Issuer of such Note in its discretion may, upon the written request of the Registered Owner, execute, and the Master Trustee shall thereupon authenticate and deliver in replacement thereof, a new Note of the same series bearing a number not contemporaneously outstanding, payable in the same principal amount, same maturity and interest rate and dated the same date as the Note so mutilated, destroyed, lost or stolen.

In each case the applicant for a new Note shall furnish to the Issuer of such Note and the Master Trustee such security or indemnity as may be required by them to save each of them harmless. Also, in each case of loss, theft or destruction, the applicant shall furnish to the Issuer of such Note and the Master Trustee evidence to their satisfaction of the loss, theft or destruction of such Note and the ownership thereof.

Every new Note issued pursuant to the provisions of this Section 3.04 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer of such Note, whether or not the lost, stolen or destroyed Note shall be at any time enforceable, and shall be entitled to all the benefits of this Master Indenture equally and proportionately with all other Notes and Guaranties duly issued and outstanding hereunder. All Notes shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of destroyed, lost or stolen Notes, and shall preclude any and all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted, other than such rights and remedies as may be provided for in any Supplemental Master Indentures of the University or any Obligated Issuer hereafter entered into to the contrary with respect to replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.05. Charges for Exchange, Transfer or Replacement of Notes. Upon every exchange, registration of transfer or replacement of Notes, the Issuer of such Notes may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge in respect thereof required to be paid by such Issuer, and said charge shall be paid by the holder requesting such exchange, registration of transfer or replacement as a condition precedent to the exercise of the privilege of making the same.

Section 3.06. Cancellation of Surrendered Notes. All Notes surrendered for the purpose of payment, redemption or exchange shall be cancelled by or under the direction of the Master Trustee and no Notes shall be issued in lieu thereof, except as expressly required or permitted by any of the provisions of this Master Indenture. Such cancelled Notes shall be destroyed by the Master Trustee, which shall upon a written request furnish the Issuer of such Notes with a proper affidavit or certificate as to such destruction.

Section 3.07. Persons Deemed Owners of Notes. As to any Note, prior to the due presentment thereof for registration of transfer, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest of any such Note shall be made only to or upon the written order of the Registered Owner thereof or such Registered Owner's legal representative duly authorized in writing as herein provided, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability of such Note to the extent of the sum or sums so paid.

Section 3.08. Paying Agents. The Issuer of any series of Notes may appoint a paying agent for such series of Notes other than the Master Trustee and covenants and agrees that upon such appointment it will cause such paying agent to execute and deliver to the Master Trustee an instrument in which it shall agree with the Master Trustee, subject to the provisions of this Section 3.08, that:

(a) Such paying agent shall hold in trust for the benefit of the holders of Notes of such series or of the Master Trustee all sums held by such paying agent for the payment of the principal of and premium, if any, or interest on the Notes of such series;

(b) Such paying agent will give the Master Trustee notice of any payment by the University or any other Obligated Issuer of the principal of and premium, if any, and interest on a Note of such series, specifying the amount paid and identifying each Note on which any payment was made by number, series and the name of the holder, if any, and

(c) At any time during the continuance of any default, upon the written request of the Master Trustee, such paying agent will forthwith pay to the Master Trustee all sums so held in trust by such paying agent.

Anything in this Section 3.08 to the contrary notwithstanding, the University or any other Obligated Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Master Indenture or for any other purpose, cause to be paid to the Master Trustee all sums held in trust by any paying agent as required by this Section 3.08, such sums to be held by the Master Trustee upon the trusts herein contained.

(End of Article III)

ARTICLE IV
REDEMPTION OF NOTES

Section 4.01. Optional and Mandatory Redemption. Notes of each series may be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity as provided in this Master Indenture and the Supplemental Master Indenture creating such series, but not otherwise. Any redemption of any Notes may be subject to any conditions precedent set forth in the notice thereof given in accordance with Section 4.02 hereof.

Section 4.02. Notice of Redemption; Contents of Notice. Unless waived by the holders of all Notes then Outstanding of a series to be redeemed pursuant to this Article and the Supplemental Master Indenture, in order to exercise any option to redeem all Outstanding Notes or Notes of a series in whole or in part pursuant to this Article and the Supplemental Master Indenture, the Issuer of such Notes shall give notice of such redemption by mailing notice of redemption not less than thirty days prior to the date fixed for redemption to the holders of such Notes at their last addresses as they shall appear upon the register maintained as provided in Section 3.02 hereof; provided, however, that failure to give such notice by mailing in the manner herein provided, or any defect therein, shall not affect the validity of any proceedings for the redemption of any such Notes.

Each such notice of redemption shall specify the date fixed for redemption and the redemption price at which such Notes or portions thereof are to be redeemed, shall state any conditions precedent to such redemption, and shall state that payment of the redemption price of such Notes or portions thereof to be redeemed will be made in the manner provided in the Supplemental Master Indenture upon presentation and surrender of such Notes, that interest accrued to the date fixed for redemption will be paid as specified in said notice and that on and after said date interest thereon will cease to accrue. If less than all Notes of a series are to be redeemed, the notice of redemption shall specify the numbers of the Notes to be redeemed as a whole or in part. In case any such Note is to be redeemed in part only, the notice that relates to such Note shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Note, the holder will receive the redemption price in respect of the principal amount thereof called for redemption and, without charge, a new Note or Notes of the same series and the same maturity of authorized denominations for the principal amount thereof remaining unredeemed. After the date fixed for redemption, all Notes or portions thereof so called for redemption shall cease to bear interest thereon (unless the Obligated Group shall default in the payment of such Notes at the redemption price, together with accrued interest thereon to the date fixed for redemption), shall be deemed not to be Outstanding hereunder and shall not be entitled to the benefits of this Master Indenture, other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

If less than all Notes of a series are to be redeemed, the Issuer of such Notes shall give the Master Trustee, at least forty-five days in advance of the date fixed for redemption, written notice of the aggregate principal amount of Notes to be redeemed. Such notice shall identify the Notes or portions of Notes to be redeemed as a whole or in part.

Notwithstanding the foregoing, in the case of any series of Notes issued for the purpose of securing, directly or indirectly, payment of any Related Bonds, the Notes of such series shall be redeemable prior to maturity, to the extent and on the same terms as such Related Bonds (other than by mandatory sinking fund redemption) in accordance with the terms of the Related Bond

Indenture. In such case, publication of notice of redemption of such Related Bonds (other than by mandatory sinking fund redemption), in accordance with terms of the Related Bond Indenture shall, without further notice or action by the Master Trustee or the Issuer of such Notes, constitute notice of redemption of the corresponding amounts of principal on the Notes of such series and the same shall, thereby, become due and payable on the date of redemption of such Related Bonds and at a redemption price equal to the redemption price payable with respect to such Related Bonds.

(End of Article IV)

ARTICLE V
COVENANTS OF THE BORROWER
AND EACH OTHER OBLIGATED ISSUER

Section 5.01. Payment of Principal, Premium, if any, and Interest. The University and each other Obligated Issuer agrees that it shall duly and punctually pay the principal or redemption price of, the premium, if any, and the interest on each Note issued by it, and shall be jointly and severally obligated with each other member of the Obligated Group to duly and punctually pay the principal or redemption price of and the premium if any, and the interest on each Note issued by any other member of the Obligated Group, on the dates, at the times and at the place and in the manner provided in such Notes, the Supplemental Master Indentures and this Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning hereof regardless of whether or not the Note was issued prior to the member becoming a member of the Obligated Group. If any such payment is not so received, the Master Trustee shall notify the Obligated Group Representative by facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth above. To the extent permitted by applicable law, each Note shall bear interest, at the rate specified in the Supplemental Master Indenture, on any part of the principal thereof or the premium, if any, or interest thereon not paid when due for any period when the same shall be overdue.

Section 5.02. Due Authorization of Indenture, Notes and Guaranties. The University is a corporation not-for-profit duly organized and validly existing under the laws of the State, and the University has the power to execute and deliver this Master Indenture and to provide for the creation and issuance of Notes and Guaranties hereunder as permitted by this Master Indenture; and all corporate or company action on the part of the University required by its by-laws, and by the laws of the State for the execution and delivery of this Master Indenture has been taken and, prior to the creation and issuance of Notes of any series or of any Guaranty hereunder, all similar corporate or other action required for the creation and issuance of such Notes or Guaranty will have been duly and effectively taken by the Issuer of such Notes or Guaranty.

Section 5.03. Covenants as to Existence and Maintenance of Properties. The University and each other Obligated Issuer, hereby covenants that:

(a) It shall preserve its existence, subject to the provisions of Sections 5.12 and 11.03 hereof and licenses to the extent necessary in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses (1) no longer used or (2) if used, the surrender of which would not, in the reasonable judgment of its Governing Body, have a material adverse effect upon the ability of the Obligated Group to comply with the terms of this Master Indenture;

(b) It shall at all times cause its business to be carried on and conducted in an efficient manner and its Property to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing

herein contained shall be construed (1) to prevent it from ceasing to operate any portion of its Property if, in the reasonable judgment of its Governing Body, it is advisable not to operate the same for the time being or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such a sale or other disposition or (2) to obligate it to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or, in the reasonable judgment of its Governing Body, no longer deemed useful in the conduct of its business;

(c) It shall conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Property to the extent that the failure to so comply, observe or conform would materially and adversely affect the ability of the Obligated Group to comply with the terms of this Master Indenture; provided, however, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirements so long as the validity thereof shall be contested in good faith by appropriate proceedings which shall operate during the pendency of which to stay or otherwise prevent the enforcement of such law, order, regulation or requirements and the sale, forfeiture or loss of any of its Property in connection therewith;

(d) It shall promptly pay or cause to be paid all lawful taxes, governmental and utility charges and assessments at any time levied, assessed or incurred upon or against or by it or its Property, to the extent that the failure to so pay would materially and adversely affect the ability of the Obligated Group to comply with the terms of this Master Indenture; provided, however, that it shall have the right to contest in good faith and at its cost and expense the amount or validity of any such tax, charge or assessment by appropriate proceedings, or to take other appropriate action with respect thereto, in an appropriate manner or by appropriate proceedings, which shall operate during the pendency thereof to stay or otherwise prevent the collection of or other realization upon the tax, charge or assessment so contested and the sale, forfeiture or loss of any of its Property to satisfy the same; provided further that if any such tax, charge or assessment may be paid in installments, then its obligations under this subsection (d) shall be limited to the payment of such installment by the due date thereof;

(e) It shall promptly pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable to the extent that the failure to so satisfy and discharge would materially and adversely affect the ability of the Obligated Group to comply with the terms of this Master Indenture, other than any obligation or Indebtedness the validity, amount or collectability of which is being contested by it in good faith by appropriate proceedings, or to take other appropriate action with respect thereto, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to stay or otherwise prevent the collection of or other realization upon the item so contested and the sale, forfeiture or loss of any of its Property to satisfy the same;

(f) It shall at all times comply with all terms, covenants and provisions contained in any Liens at such time existing upon its Property or any part thereof securing

any of its Indebtedness (excluding Project Indebtedness) and pay or cause to be paid or to be renewed, refunded or extended all of its Secured Indebtedness (excluding Project Indebtedness) as and when the same shall become due and payable to the extent that the failure to so comply, pay, renew, refund, extend or take up would materially and adversely affect the ability of the Obligated Group to comply with the terms of this Master Indenture;

(g) It shall procure and maintain all necessary licenses and permits; provided, however, that it need not comply with this Section 5.03(g) if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution thereof, that such compliance is no longer in the best interests of such Issuer and that lack of such compliance would not materially impair the ability of such Issuer to pay its Indebtedness when due and to otherwise comply with the terms of this Master Indenture.

The provisions of subsection (b) of this Section 5.03 are subject to the following limitations: if by reason of force majeure the University or any other Obligated Issuer is unable in whole or in part to carry out the agreements on its part contained in said subsection (b), it shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of any state or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the discretion of such Issuer; and such Issuer shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of such Issuer, unfavorable to such Issuer. Nothing contained in this paragraph shall affect the obligations of the University or any other Obligated Issuer under Section 5.01 hereof, which shall be absolute and unconditional.

Section 5.04. Insurance. The University and each other Obligated Issuer agrees that it will maintain, or cause to be maintained, insurance covering such risks and in such amounts as, in its judgment, is adequate to protect it and its Property and operations. Subject to the right to self-insure under Section 5.06 hereof, the insurance required to be maintained pursuant hereto shall be with an insurance company able to underwrite commercial insurance policies and shall be subject to the review of an Independent Insurance Consultant, who shall make such review in light of existing claims of the University and any other Obligated Issuer, as the case may be, and current conditions. The University and each other Obligated Issuer agrees that it will follow any recommendations of the Independent Insurance Consultant to the extent practical and will notify the Master Trustee if such recommendations are not being followed. Such review shall first occur on or before June 30, 2024, and shall occur on or before every third June 30 thereafter. In order to establish compliance with this Section 5.04 and Section 5.06 hereof, the University and each other Obligated Issuer agrees that it will deliver or cause to be delivered to the Master Trustee triennially, on or prior to a date designated by it upon reasonable prior notice to the Master Trustee, a report of the Independent Insurance Consultant setting forth a description of the insurance maintained, or caused to be maintained, by such Issuer pursuant to this Section 5.04 and then in effect and stating whether, in the opinion of the Independent Insurance Consultant, such insurance and any reduction or elimination of the amount of any insurance coverage during the triennial period covered by such

report comply with the requirements of this Section 5.04 and Section 5.06 hereof and adequately protect such Issuer and its Property and operations. Such report shall also set forth any recommendations of the Independent Insurance Consultant as to additional insurance, if any, reasonably required (during the period preceding the next such biennial report) for the protection referred to in the next preceding sentence in light of available insurance coverage practice.

Section 5.05. Minimum Insurance Requirements

(a) The University will keep its Property and operations or cause the same to be kept continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, as recommended by the Independent Insurance Consultant, paying as the same become due all premiums in respect thereto.

(b) To the extent commercially available on reasonable terms, all policies evidencing insurance required by paragraph (a) of this Section 5.05 must provide for payment to the Obligated Group Representative and the Master Trustee as their respective interests may appear, and the policies must name the Master Trustee as additional insured or as loss payee, where and as appropriate, under the then-standard endorsement providing that no act or omission by the named insured will in any way prejudice the rights of the Master Trustee under such policies. A certificate or certificates of the insurers that such insurance is in force and effect will be deposited with the Master Trustee, and prior to the expiration of any such policy the University or other Obligated Issuer will furnish the Master Trustee with evidence reasonably satisfactory to the Master Trustee that the policy has been renewed or replaced or is no longer required by this Master Indenture. In lieu of separate policies, the University or other Obligated Issuer may maintain one or more blanket policies of insurance having the coverage required by paragraph (a) hereof. Unless such an undertaking is unavailable on commercially reasonable terms, as confirmed by a certificate of the Independent Insurance Consultant delivered to the Master Trustee and the University or other Obligated Issuer, all such policies will provide for at least thirty days' written notice to the University or other Obligated Issuer, and the Master Trustee before such insurance is modified adversely to the interests of the University, other Obligated Issuer or the Master Trustee or is canceled.

Section 5.06. Reduction of Insurance Coverage; Self-Insurance. If the University or any other Obligated Issuer has or hereafter obtains any of the types of insurance described in Section 5.05 hereof, whether from an Insurance Subsidiary or other insurer, it must secure the approval of an Independent Insurance Consultant before it may reduce or eliminate the amounts of its insurance coverage.

In making its decision whether to approve such reductions or eliminations, the Independent Insurance Consultant shall (a) make an estimate of the added financial risk, if any, assumed by the University or other Obligated Issuer, as the case may be, as a result of the lower or amended coverage, (b) consider the availability of commercial insurance, the terms upon which such insurance is available and the cost of such available insurance, and the effect of such terms and such cost upon such Issuer's costs and charges for its services and (c) determine whether the additional financial risk, if any, being assumed by such Issuer is prudent in light of the savings to be realized from lowered insurance premiums or in light of the general availability of such coverage.

Before the University or any other Obligated Issuer may enter into a program of self-insurance against any particular risk for which it is not on the date hereof self-insuring, it must receive a certificate from an Independent Insurance Consultant to the effect that adequate reserves created by the University and, if applicable, such other Obligated Issuer, for such self-insurance program are deposited and maintained with an independent corporate trustee (which may be the Master Trustee or any Related Bond Trustee) if recommended by the Independent Insurance Consultant. If the University or any other Obligated Issuer enters into a program of self-insurance, the University or such Obligated Issuer agrees (1) to provide the Master Trustee annually a written evaluation with respect to such self-insurance program by an Independent Insurance Consultant which evaluation shall contain or be accompanied by a recommendation of an independent actuary as to what funding levels will be adequate to protect the University or such Obligated Issuer against such claims, (2) to maintain with an independent corporate trustee such reserves as are recommended by the Independent Insurance Consultant, (3) to provide the Master Trustee an Officer's Certificate showing compliance with clause (2) hereof, and (4) to maintain a risk management and claims management program pursuant to such self-insurance program.

Section 5.07. Restrictions as to Creation of Liens.

(a) The University and each other Obligated Issuer agrees that it will not create or suffer to be created or exist any Lien upon Property, other than Permitted Encumbrances, without effective provision being made, in each instance by the instrument creating such Lien, whereby each series of Notes and each Guaranty issued and Outstanding hereunder are directly secured thereby equally and ratably with the Indebtedness to be issued and secured by such Lien.

(b) Permitted Encumbrances shall consist of the following:

(1) Liens arising by reason of good faith deposits with the University or any other Obligated Issuer in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the University or any other 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;

(2) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the University, any other Obligated Issuer, an Insurance Subsidiary or a Subsidiary to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits for companies participating in such arrangements;

(3) any judgment Lien against the University or any other Obligated Issuer or a Subsidiary so long as the finality of such judgment is being contested and execution thereon is stayed and so long as such judgment Lien will not materially interfere with or impair the operations of the Obligated Group relating to the Operating Assets;

(4) (A) 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, affecting any Property, to (i) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the value thereof or (ii) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property, (B) any Liens on any Property for taxes, assessments, levies, fees, water and sewer rents or resulting from governmental regulations on the use of Property, and other governmental and similar charges and any Liens of mechanics, materialmen and laborers 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 thereof is stayed, (C) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title of any Property which do not materially impair the use of such Property or which do not materially and adversely affect the value thereof, (D) 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, which rights do not materially and adversely affect the use of such Property or the value thereof, and (E) to the extent that it affects title to any Property, this Master Indenture;

(5) any Liens existing on the date hereof, provided that no such Lien may be modified to cover additional Property;

(6) any Lien securing Project Indebtedness;

(7) [reserved];

(8) Liens permitted by Section 11.02(b) hereof, which were not incurred in contemplation of the admission of the Person as a member of the Obligated Group, provided that no such Lien may be extended or renewed or modified to cover additional Property;

(9) any lease permitted under Section 5.11 hereof;

(10) any Lien, encumbrance or security interest created by this Master Indenture;

(11) any Lien or restriction on use, expressed or implied, on Property of an Obligated Issuer received as a gift, pursuant to the terms of such gift;

(12) leases which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases in connection with the operation of educational facilities similar to those operated by the University, such as office space for food service facilities, parking facilities, gift shops, book stores or other retail stores; leases entered into in accordance with the disposition of Property provisions of this Master Indenture; leases, licenses or similar rights to use property to which the University or another Obligated Issuer is a party existing on the date hereof, and any renewals and extensions thereof; and any leases, licenses or similar rights to use Property whereunder an Obligated Issuer is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm's-length transaction;

(13) such Liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof, including without limitation statutory Liens granted to banks or other financial institutions, which Liens have not been specifically granted to secure Indebtedness and which do not apply to Property which has been deposited as part of a plan to secure Indebtedness;

(14) zoning laws and similar restrictions which are not violated by the Property affected thereby;

(15) all right, title and interest of the state where the Property involved is located, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;

(16) Liens on Property due to rights of third party payors for recoupment of excess reimbursement paid;

(17) any security interest in any depreciation reserve, debt service or interest reserve, debt service fund or any similar fund established pursuant to the terms of any Supplemental Master Indenture or Related Bond Indenture in favor of the Master Trustee, a Related Bond Trustee, a Related Issuer or the holder of the Indebtedness issued pursuant to such Supplemental Master Indenture or Related Bond Indenture;

(18) any Lien on any Related Bond or any evidence of Indebtedness of any Obligated Issuer acquired by or on behalf of any Obligated Issuer which secures Commitment Indebtedness and only Commitment Indebtedness;

(19) Liens on Accounts arising as a result of sale of such Accounts without recourse or with recourse but only to the Accounts sold, provided that the principal amount of Indebtedness secured by any such Lien does not exceed the aggregate sales price of such Accounts received by the Obligated Issuer selling the same;

(20) any purchase money security interest in movable tangible personal property;

(21) security interests in funds or securities posted in a collateral account held by a Counterparty or by a third party custodian therefor securing the obligations of an Obligated Issuer under an Interest Rate Agreement other than the obligation to make termination payments, indemnification payments, gross-up payments, payments of expenses, default interest payments or similar non-scheduled payments with respect to an Interest Rate Agreement;

(22) Liens on (A) Accounts securing Short-Term Indebtedness and arising as a result of a pledge or sale of such Accounts with or without recourse, provided that the principal amount of the Indebtedness secured by any such Lien does not (i) with respect to the pledge of Accounts, exceed (x) twenty-five percent of the total dollar amount receivable by the Obligated Issuers under all Accounts payable to the Obligated Issuers or (y) the

Book Value of the Accounts subject to such Liens (net of delinquent or uncollected accounts, contractual adjustments or discounts, and other allowances), or (ii) with respect to the sale of Accounts, exceed the aggregate sales price of such Accounts, or (B) current assets other than Accounts (including inventory, securities or obligations, or pledges of gifts or grants to be received in the future) securing Short-Term Indebtedness in an amount not in excess of five percent of the unrestricted net assets of the Obligated Issuers as of the end of the most recent Fiscal Year;

(23) a Lien on any Excluded Property;

(24) leases of real estate or space within real estate 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 Total Operating Revenue of the Obligated Issuer determined on a consolidated or combined basis 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, or (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 does not exceed three percent of the Book Value of all Property of the Obligated Issuer (other than that financed with the proceeds of Project Indebtedness);

(iv) 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 "arms' length" and (B) either shall have a lease term of one year or less or shall permit the lessor to adjust the rents payable thereunder to satisfy the recommendations of an Independent Consultant; and

(v) leases on real estate acquired by the 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 prior to acquisition of such real

estate by the Obligated Issuer, and (2) the lease was created prior to the decision of the Obligated Issuer to acquire the real estate and was not created for the purpose of enabling the Obligated Issuer to avoid the limitations hereof on creation of leases on real estate;

(25) reservations contained in patents from the United States of America or any state, territory or possession thereof;

(26) Liens existing on Property when received by the Obligated Issuer through gifts, grants or bequests; provided that no such Lien may be extended, renewed or modified by the Obligated Issuer so as to apply to any Property of the Obligated Issuer not previously subject to such Liens, unless such Lien, as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance hereunder;

(27) Liens on moneys deposited by students or others with the Obligated Issuer as security for or as prepayment for the cost of educational services; and

(28) 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 such Lien is limited to Property which has not been acquired using the proceeds of Indebtedness evidenced by Notes.

(c) The Master Trustee shall, upon written request of the Obligated Group Representative, execute any document, instrument or agreement reasonably necessary to cause the lien or security interest created hereby in any Property or any portion thereof to be subordinate to any Permitted Encumbrance on such Property.

Section 5.08. Restrictions as to Incurrence of Additional Indebtedness.

(a) The University and each other Obligated Issuer agrees that it will not incur any Additional Indebtedness other than Additional Indebtedness consisting of one or more of the following:

(1) Long-Term Indebtedness, including Notes and Guaranties, provided that the Obligated Group Representative shall certify to the Master Trustee:

(i) the use or uses and estimated cost of the facilities, if any, to be financed with such Long-Term Indebtedness (if other than a Guaranty); and

(ii) that either

(A) the average of the Debt Service Coverage Ratio (Pro-Forma) for the two most recent Fiscal Years for which annual audited financial statements are available preceding the date of the proposed issuance of such Long-Term Indebtedness, calculated on the assumption that the proposed Long-Term Indebtedness was incurred on the first day of the first of such Fiscal Years and excluding any Indebtedness to be refunded with the proceeds of the proposed Long-Term Indebtedness, is at least 1.20:1.00 as shown in an Officer's Certificate; or

(B) (i) the Debt Service Coverage Ratio (Pro-Forma) (not taking into account the issuance of the proposed Long-Term Indebtedness) for each of the two most recent Fiscal Years for which annual audited financial statements are available preceding the date of the proposed issuance of such Long-Term Indebtedness, is at least 1.15:1.00 as shown in an Officer's Certificate and (ii) the Debt Service Coverage Ratio (Pro-Forma) (after giving effect to the issuance of the proposed Long-Term Indebtedness and excluding any Indebtedness to be refunded with the proceeds of the proposed Long-Term Indebtedness) for each of the two Fiscal Years beginning after the date on which it is estimated that the facilities to be financed with such Long-Term Indebtedness (if other than a Guaranty) will be placed in service (or, in the event none of such Long-Term Indebtedness is being issued to finance capital improvements or in the event of a Guaranty, the Debt Service Coverage Ratio (Pro-Forma) for each of the two Fiscal Years beginning after the date on which such Long-Term Indebtedness is issued), after giving effect to the issuance of such Long-Term Indebtedness and the revenues projected to be generated by the facilities thereby financed, is projected to be at least 1.30:1.00 as shown in a certificate of the Obligated Group Representative confirmed by an Examination Report; provided if the Debt Service Coverage Ratio (Pro-Forma) in clause (ii) are at least 1.40:1.00, an Examination Report is not required to confirm the certificate.

(2) Completion Indebtedness in an amount not to exceed ten percent (10%) of the principal amount of Indebtedness previously incurred to finance such facility or project if there is delivered to the Master Trustee: (i) an Officer's Certificate of the University stating that at the time the original Indebtedness for the facility or project to be completed was incurred the University had reason to believe that the proceeds of such Indebtedness, together with other moneys then expected to be available, would provide sufficient moneys for the completion of such facility or project; (b) a statement of an Independent Consultant setting forth the amount estimated to be needed to complete the facility or project; and (c) an Officer's Certificate of the University, stating that the proceeds of such Completion Indebtedness, together with a reasonable estimate of investment income to be earned on such proceeds and the amount of moneys, if any, committed to such completion by the University, the Obligated Group or through enumerated bank loans (including letter or lines of credit) or through federal or state grants, will be in an amount not less than the amount set forth in the Officer's Certificate referred to in (b).

(3) Refunding Indebtedness, provided if the issuance of such Refunding Indebtedness will result in an increase in the annual scheduled debt service in any subsequent Fiscal Year, including the Fiscal Year of the final maturity of the Refunding Indebtedness, over the annual scheduled debt service requirements for any such Fiscal Year prior to the issuance of such Refunding Indebtedness, then prior to the issuance of such Refunding Indebtedness, there shall be delivered to the Master Trustee a certificate of the Obligated Group Representative as required by Section 5.08(a)(1)(ii).

(4) Short-Term Indebtedness, provided that the outstanding funded principal amount of such Indebtedness shall be limited to fifteen percent of Total Operating Revenue of the Obligated Group as reported on the most recent available combined revenue and expense statement of the Obligated Group.

(5) Project Indebtedness.

(6) Subordinated Indebtedness.

(7) Interim Indebtedness incurred in anticipation of the issuance of additional Long-Term Indebtedness, provided that at the time such Interim Indebtedness is incurred or renewed (1) the anticipated refinancing thereof by the issuance of Long-Term Indebtedness is reasonably expected to be completed within the following sixty months and (2) the Obligated Group Representative shall certify that all requirements of 5.08(a)(1)(ii) above would be satisfied if such Indebtedness were being incurred with substantially equal annual payments to be paid for principal and interest over a term of thirty years with an interest rate equal to the Assumed Rate.

(8) Balloon Indebtedness, so long as the Obligated Group Representative certifies that all requirements of 5.08(a)(1)(ii) above would be satisfied if the maturity or maturities constituting the balloon payment had been issued over a term of thirty years at an interest rate equal to the Assumed Rate and was payable in approximately equal annual payments of principal and interest.

(9) Put Indebtedness, so long as the Obligated Group Representative certifies that all requirements of 5.08(a)(1)(ii) above would be satisfied if the Indebtedness had been issued over a term of thirty years at an interest rate equal to the Assumed Rate and was payable in approximately equal annual payments of principal and interest.

(10) Commitment Indebtedness.

(11) Indebtedness consisting of accounts payable incurred in the ordinary course of business, or other Indebtedness, not incurred or assumed primarily to assure the repayment of money borrowed or credit extended, which is incurred in the ordinary course of business.

(12) Indebtedness incurred in connection with a sale of Accounts with or without recourse by any Obligated Issuer in an arms-length transaction consisting of an obligation to repurchase all or a portion of such Accounts upon certain conditions, provided that the principal amount of such Indebtedness permitted hereby shall not exceed the face amount of such Accounts received by such Obligated Issuer, and subject to the twenty-five percent limitation of Section 5.07(b)(22).

(b) It is agreed and understood by the parties hereto that various types of Indebtedness may be incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsection are met and need not be incurred under only a subsection specifically referring to such type of Indebtedness.

(c) No debt service shall be deemed payable with respect to Commitment Indebtedness until such time as funding occurs under the commitment which gave rise to such Commitment Indebtedness. From and after such funding, the amount of such debt service shall be calculated in accordance with the actual amount required to be repaid on such Commitment Indebtedness and the actual interest rate and amortization schedule applicable thereto. No Additional Indebtedness shall be deemed to arise when any funding occurs under any such commitment or any such

commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal. In addition, no Additional Indebtedness shall be deemed to arise when Indebtedness which bears interest at a variable rate of interest is converted to Indebtedness which bears interest at a fixed rate or the method of computing the variable rate on such Indebtedness is changed or the terms upon which Indebtedness, if Put Indebtedness, may be or is required to be tendered for purchase are changed, if such conversion or change is in accordance with the provisions applicable to such variable rate Indebtedness or Put Indebtedness in effect immediately prior to such conversion or change.

(d) Each Obligated Issuer may elect to have Indebtedness issued pursuant to one provision of this Section 5.08 reclassified as having been incurred under another provision of Section 5.08, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision including the certification of any applicable Assumed Rate. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

Section 5.09. Historical Debt Service Coverage Ratio. Commencing with the Fiscal Year beginning July 1, 2022, the University and all other Obligated Issuers shall endeavor to maintain a Historical Debt Service Coverage Ratio, calculated as of the end of each Fiscal Year for the twelve months then ending, of not be less than 1.10:1.00.

In the event the Historical Debt Service Coverage Ratio, calculated as of the end of any Fiscal Year commencing on or after July 1, 2022, is less than 1.10:1.00, the Obligated Issuers shall retain an Independent Consultant to make recommendations to increase the Historical Debt Service Coverage Ratio for subsequent Fiscal Years to at least 1.10:1.00, or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Obligated Issuers agree that they will follow the recommendations of the Independent Consultant, to the extent feasible, and that promptly upon receipt of such recommendations, subject to existing law and applicable agreements, shall take such action as shall be in conformity with such recommendations; provided, however, that if the Obligated Group is not lawfully able to follow the recommendations of the Independent Consultant, the Obligated Group Representative shall provide to the Master Trustee an Opinion of Counsel stating the legal reasons therefor. Provided that the Obligated Issuers comply with the provisions of this paragraph, failure to maintain a Historical Debt Service Coverage Ratio of less than 1.10:1.00 for a Fiscal Year shall not constitute an Event of Default, but if the Historical Debt Service Coverage Ratio calculated at the end of both of any two consecutive Fiscal Years commencing on or after July 1, 2022 is below 1.10:1.00, the same shall constitute an Event of Default under this Master Indenture.

Section 5.10. Reserved.

Section 5.11. Sale, Lease or Other Disposition of Cash, Securities and Operating Assets.

(a) The University and each other Obligated Issuer agrees that it will not sell, lease or otherwise dispose of any of its cash, securities or other cash equivalents, or Operating Assets, other than in the ordinary course of business or as hereinafter permitted by this Section 5.11, unless the University or each such other Obligated Issuer shall deliver

to the Master Trustee an Officer's Certificate, accompanied by such additional evidence as the Master Trustee may reasonably request, to the effect that:

(1) with respect to the sale, lease or disposition of Operating Assets, in the reasonable judgment of the University or such other Obligated Issuer such Operating Assets have, or within the next succeeding twenty-four calendar months are reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary, provided the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Operating Assets; or

(2) such sale, lease or disposition is solely from the University and/or any other Obligated Issuer or Issuers to the University and/or any other Obligated Issuer or Issuers; or

(3) either (but in either case only if the sale, lease or disposition will not impair the structural soundness, efficiency or economic value of the remaining Operating Assets) (A) the leasing of all or any part of its Operating Assets is pursuant to the reasonable requirements of the University or such other Obligated Issuer and upon terms no less favorable to the University or such other Obligated Issuer than are obtainable in a comparable arms' length transaction or (B) the sale or disposition of all or any part of its Operating Assets is pursuant to the reasonable requirements of the University or such Obligated Issuer and for consideration, which shall take the form of cash, securities or real or personal property, having a Market Value at least equal to the Market Value of such Operating Assets sold or disposed of; or

(4) immediately after such transaction, either:

(A) the Historical Debt Service Coverage Ratio for the most recent Fiscal Year for which annual audited financial statements are available preceding the proposed date of such transaction, assuming such transaction actually occurred at the beginning of such period, would have been equal to or greater than 1.10:1.00 or would not have been reduced; or

(B) the Historical Debt Service Coverage Ratio for each of the two Fiscal Years beginning immediately following the proposed date of such transaction is projected to be: (i) equal to or greater than 1.10:1.00 or (ii) equal to or higher than it would have been had such transactions not been effected; provided, however, an Independent Consultant must confirm such projection; or

(5) such sale, lease or disposition involves only Excluded Property.

(b) The University or any other Obligated Issuer may sell, lease or otherwise dispose of its cash, securities or other cash equivalents, or Operating Assets (other than in the ordinary course of business), without satisfying the conditions that must be certified pursuant to subsection (a) of this Section 5.11, if such cash, securities or other cash equivalents, or Operating Assets are sold, leased, conveyed, transferred or otherwise

disposed of pursuant to this Section 5.11 and the face value of the cash, securities and other cash equivalents disposed of and the aggregate Book Value of the Operating Assets sold, leased or otherwise disposed of pursuant to this Section in any one Fiscal Year does not exceed five percent of the aggregate Book Value of all Property of the Obligated Group as reflected on the most recent available annual audited financial statements of the Obligated Group, and such sale, lease or disposition will not result in the violation of any covenants of the University or Obligated Group as to liquidity or cash on hand.

For purposes of this Section 5.11, the term "lease" shall mean only a transaction in which the University or any other Obligated Issuer is the lessor.

None of the foregoing provisions of this Section 5.11 shall limit the transfer of funds from the endowment funds of the University to the general operating account of the University by the Governing Body of the University.

Section 5.12. Consolidation, Merger, Sale or Conveyance.

(a) The University and each Obligated Issuer covenants that it will not merge or consolidate with any other corporation not a member of the Obligated Group or sell or convey all or substantially all of its assets to any person not a member of the Obligated Group unless (1)(A) either such Issuer shall be the continuing corporation, or (B) the successor corporation if other than such Issuer (the "Successor Corporation") shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such Successor Corporation shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on all Outstanding Notes and Guaranties, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Master Indenture to be performed or observed by such Issuer by a Supplemental Master Indenture satisfactory to the Master Trustee, executed and delivered to the Master Trustee by such Successor Corporation; (2)(A) such Issuer or such Successor Corporation, as the case may be, immediately after such merger or consolidation, or such sale or conveyance, would not be in default in the performance or observance of any such covenants or conditions of this Master Indenture and (B) the conditions described in Subsection (a)(2) of Section 5.08 would be met for the incurrence of one dollar of Long-Term Additional Indebtedness by such Issuer or Successor Corporation after giving effect to the proposed transaction; and (3) there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such merger, consolidation, sale or conveyance would not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on any issue of tax-exempt Related Bonds then outstanding under a Related Bond Indenture.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the Successor Corporation, the Successor Corporation shall succeed to and be substituted for such Issuer, with the same effect as if it had been named herein as the University or an Obligated Issuer, as the case may be. The Successor Corporation thereupon may cause to be signed, and may issue in its own name, Notes or Guaranties issuable hereunder; and upon the order of the Successor Corporation, instead of such Issuer, and subject to all the terms, conditions and limitations in this Master Indenture prescribed,

the Master Trustee shall authenticate and deliver Notes that the Successor Corporation shall have caused to be signed and delivered to the Master Trustee. All Outstanding Notes so issued and all Outstanding Guaranties issued by the Successor Corporation hereunder shall in all respects have the same legal rank and benefit under this Master Indenture as Outstanding Notes or Guaranties theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Notes and Guaranties had been issued hereunder at the date of the execution hereof.

(c) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in Notes thereafter to be issued as may be appropriate.

(d) The Master Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section 5.12 and that it is proper for the Master Trustee under the provisions of Article IX and of this Section 5.12 to join in the execution of any Supplemental Master Indenture provided for in this Section 5.12.

Section 5.13. Filing of Financial Statements, Certificates of No Default, and Other Information. The University and each other Obligated Issuer covenants that it will:

(a) As soon as practicable, but in no event later than five months after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee, and with each Noteholder who may have so requested, (1) a revenue and expense statement of such Obligated Issuer (or of any consolidated group of companies of which such Obligated Issuer is a member) for such Fiscal Year and (2) a balance sheet of such Obligated Issuer (or of any consolidated group of companies of which such Obligated Issuer is a member) as of the end of such Fiscal Year, each accompanied by the audit report of the Independent Accountants;

(b) As soon as practicable, but in no event later than five months after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee, and with each Noteholder who may have so requested, (1) a combined revenue and expense statement of the University and each other Obligated Issuer presenting each separately and combined, along with combining entries eliminating material inter-company balances and transactions, for such Fiscal Year and (2) a combined balance sheet presented on the basis described in (1) above as of the end of such Fiscal Year, each accompanied by the audit report of the Independent Accountants;

(c) As soon as practicable, but in no event later than [five months] after the end of each Fiscal Year, file with the Master Trustee, and with each Noteholder who may have so requested, an Officer's Certificate of such Obligated Issuer stating whether or not, to the best knowledge of the signer, such Obligated Issuer is in default in the performance of any covenant contained in this Master Indenture or a Supplemental Master Indenture and, if so, specifying each such default of which the signer may have knowledge;

(d) If an Event of Default shall have occurred and be continuing, (1) file with the Master Trustee other financial statements and information concerning the operations and financial affairs of such Obligated Issuer (or of any consolidated group of companies of which such Obligated Issuer is a member) as the Master Trustee may from time to time reasonably request, excluding specifically donor records, student records, personnel records, staff records, staff committee records, and any other records the confidentiality of which may be protected by law and materials protected by the attorney-client privilege, and (2) provide access to the facilities of such Obligated Issuer for the purpose of inspection by the Master Trustee or its authorized agents during regular business hours or at such other times as the Master Trustee may reasonably request; and

(e) Within ten days after such Obligated Issuer's receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Indenture requires to be prepared by an Independent Consultant or an Independent Insurance Consultant.

The Master Trustee shall have no duty to review or analyze any financial statements delivered to it or to verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the holders of the Notes; the Master Trustee shall not be deemed to have notice of any information contained therein or event of default which may be disclosed therein in any manner.

Section 5.14. Restrictions on Guaranties. The University and each Obligated Issuer agrees that it will not enter into, or become liable after the date of this Master Indenture in respect of, any Guaranty unless (a) such Guaranty could then be incurred as Long-Term Indebtedness under Section 5.08(a) (calculating the amount of indebtedness represented by such Guaranty as provided for in the definition of "Long-Term") or (b) such Guaranty is of Indebtedness of another member of the Obligated Group or of Related Bonds.

Section 5.15. Damage, Destruction and Condemnation.

(a) Damage to or Destruction or Taking of Operating Assets. In case of any damage to, destruction of, or the taking of any portion or temporary use by the exercise of the power of eminent domain of all or any portion of the Operating Assets having a fair market value in excess of \$500,000.00, the Obligated Group Representative will promptly give or cause to be given written notice thereof to the Master Trustee, generally describing the nature and extent of such damage, destruction or taking.

(b) Use of Proceeds. Subject to paragraph (c), below, unless the Obligated Group Representative exercises the option to direct the redemption of Notes pursuant to a Supplemental Master Indenture (or the redemption of Related Bond pursuant to a Related Bond Indenture), the Obligated Group Representative shall, whether or not the Net Proceeds related to any damage to, destruction of, or the taking of any portion of any Operating Assets, if any, received on account of such damage, destruction or taking shall be sufficient for such purpose, promptly commence and complete or cause to be commenced and completed, the repair or restoration of the Operating Assets as nearly as practicable to the value, condition and character thereof existing immediately prior to such damage or destruction, with such changes or alterations, however, as the Obligated Group Representative may deem necessary for proper operation of the Operating Assets. In connection with the repair or restoration of Operating Assets pursuant to this paragraph (b), Net

Proceeds not in excess of five percent of the aggregate Book Value of all Property then owned by the members of the Obligated Group, as reported on the most recent annual audited financial statements of the Obligated Group, and not affecting more than five percent of Total Operating Revenue, as reported on the most recent annual audited financial statements of the Obligated Group, shall be paid as directed by the Obligated Group Representative. If the Net Proceeds are greater than such amount, then the Net Proceeds shall be paid to and held by the Master Trustee in a separate insurance loss account (the "Insurance Loss Account") (which the Master Trustee is hereby directed to open at such time), for application of as much as may be necessary of the Net Proceeds to the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed in writing by the Obligated Group Representative; the form for such written request shall be in substantially the form attached hereto as Exhibit C. Funds held in any such Insurance Loss Account shall be held uninvested and without liability for interest. The Master Trustee may, prior to making payment from such Insurance Loss Account, require the Obligated Group Representative to certify that, including depositing with the Master Trustee moneys to be placed in such Insurance Loss Account sufficient so that, there will be adequate moneys available for such repair and restoration. The Master Trustee shall not be obliged to make any payment from such Insurance Loss Account if there exists an Event of Default hereunder. Any balance of the Net Proceeds held by the Master Trustee remaining after payment of all costs of such repair, rebuilding or restoration shall be paid as directed in writing by the Obligated Group Representative.

If, in lieu of repair or restoration, the Obligated Group Representative has exercised the option to direct the redemption of Notes pursuant to the provisions of one or more Supplemental Master Indentures, an amount equal to any Net Proceeds received by the Master Trustee prior to such redemption shall (together with any investment income therefrom) be credited against the amount payable by the Obligated Group pursuant to such Supplemental Master Indentures designated by the Obligated Group Representative to effect such redemption and such Net Proceeds together with any investment income therefrom shall be applied in accordance with the applicable Supplemental Master Indentures; provided, however, that such redemption shall be made pro rata in accordance with the outstanding principal amount of the Notes.

(c) Notwithstanding paragraph (b) above, to the extent that the Operating Assets that were the subject of the damage, destruction or taking could have been disposed of by the University in compliance with Section 5.11 hereof at the time of such damage, destruction or taking (had the same not occurred), then the provisions of paragraph (b) shall not apply to such Net Proceeds.

(End of Article V)

ARTICLE VI REMEDIES OF THE MASTER TRUSTEE AND NOTEHOLDERS IN EVENT OF DEFAULT

Section 6.01. Events of Default. As used herein, "Event of Default" shall mean any of the following events, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or shall come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) The University or any other Obligated Issuer shall fail to make any payment of the principal or the premium, if any, or interest on any Note or Notes or on any Indebtedness collateralized or secured by any Note or Notes or shall fail to make any payment on any Guaranty issued and Outstanding hereunder when and as the same shall become due and payable, whether by maturity, by acceleration or otherwise, in accordance with the terms thereof or of this Master Indenture or any Supplemental Master Indenture, and such default continues beyond the period of grace, if any, set forth in any Supplemental Master Indenture (or in the case of a Note or Notes collateralizing or securing an issue of Related Bonds, the Related Bond Indenture);

(b) The University or any other Obligated Issuer shall fail to observe or perform any other covenant or agreement on the part of such Issuer contained in this Master Indenture or in any Supplemental Master Indenture to which the University or such other Obligated Issuer is a party for a period of thirty days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the members of the Obligated Group, the Related Bond Trustees and the Obligated Group Representative by the Master Trustee, or to the Obligated Group Representative and the Master Trustee by the holders of at least twenty-five percent in aggregate principal amount of Notes then Outstanding; provided that if any such default can be cured by the University or such other Obligated Issuer but cannot be cured within the thirty day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by the University or such other Obligated Issuer within such thirty day period and diligently pursued until the default is corrected;

(c) The University or any other Obligated Issuer shall default in the payment of any Indebtedness (other than Project Indebtedness, Notes or Guaranties issued and Outstanding hereunder) then Outstanding in an amount exceeding \$500,000.00 (adjusted proportionately for each increase or decrease in the Consumer Price Index from the Consumer Price Index in effect as of the date hereof), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default, as defined in any Lien, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness then Outstanding in an amount exceeding \$500,000.00 (adjusted proportionately for each increase or decrease in the Consumer Price Index from the Consumer Price Index in effect as of the date hereof), whether such Indebtedness now exists or shall hereafter be created, 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; provided that any such failure by any Obligated Issuer will not

be an Event of Default under this paragraph if such Obligated Issuer is diligently contesting in good faith its obligation to pay such Indebtedness after such Indebtedness has been adjudged due and payable;

(d) The University or any other Obligated Issuer shall (1) admit in writing its inability to pay its debts generally as they become due, (2) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, (3) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days, (4) make an assignment for the benefit of creditors or (5) have a receiver or trustee appointed for it or for the whole or any substantial part of its property, provided that any of such occurrences shall not be an Event of Default under this paragraph unless the other members of the Obligated Group shall have failed to deposit with the Master Trustee one or more Notes of one or more members of the Obligated Group in substitution for the Notes of the Obligated Issuer in default under this paragraph;

(e) Any representation or warranty of any member of the Obligated Group set forth herein proves untrue in any material respect as of the date of issuance or making thereof and shall not be corrected within thirty days after written notice thereof to the Obligated Group Representative by the Master Trustee; or

(f) (1) Any judgment, writ or warrant of attachment or of any similar process in an amount in excess of \$500,000.00 (adjusted proportionately for each increase or decrease in the Consumer Price Index from the Consumer Price Index in effect as of the date hereof) shall be entered or filed against the University or any other Obligated Issuer or against any of its Property and remains unvacated, unpaid, unbonded, uninsured or unstayed for a period of sixty days and (2) the Obligated Group shall have failed to deposit with the Master Trustee within fifteen calendar days of the Obligated Group Representative's receipt of written notice from the Master Trustee that an event described in this subparagraph (f) has occurred, an amount sufficient to pay such judgment, writ or warrant of attachment or similar process in full.

Upon the occurrence and continuation of an Event of Default, then and in each and every such case, unless the principal of Notes shall have already become due and payable, the Master Trustee may, and if requested in writing by the holders of, or one or more Related Bond Trustees acting on behalf of, not less than twenty-five percent in aggregate principal amount of (a) the Notes of any series then Outstanding, if such Event of Default arises by reason of the failure of any Obligated Issuer to pay the principal of or premium or interest on any Note of such series or by reason of the acceleration of the maturity of any Indebtedness evidenced, collateralized or secured by any Note of such series or (b) all Notes then Outstanding, if such Event of Default arises for any other reason, the Master Trustee shall, by notice in writing to the members of the Obligated Group, declare the principal of the Notes of such series or all Notes, as the case may be, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Master Indenture or in the Notes contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of all Notes shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as

hereinafter provided, the members of the Obligated Group shall pay or shall 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 Supplemental Master Indenture under which such Notes were issued) and the expenses of the Master Trustee, and any and all Events of Default under this Master Indenture, other than the nonpayment of principal of and accrued interest on such Notes that shall have become due by acceleration, shall have been remedied, the Master Trustee may, and upon the written request of the holders of (a) a majority of the aggregate principal amount of Notes of each series then Outstanding in respect of which default in the payment of principal, premium or interest occurred (other than by reason of acceleration) either on such Notes or any Indebtedness evidenced, collateralized or secured by such Notes or (b) the holders of a majority in aggregate principal amount of all Notes then Outstanding, in the case of any other default, the Master Trustee shall, waive all Events of Default and rescind and annul such declaration and its consequences and shall use the funds so deposited 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 Supplemental Master Indenture under which such Notes were issued); 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.

Section 6.02. Payment of Notes and Guaranties on Default. Each Obligated Issuer covenants that (a) in case default shall be made in the payment of any installment of interest on any Note as and when the same shall become due and payable, (b) in case default shall be made in the payment of the principal of any Note when the same shall have become due and payable, whether upon maturity of such Note or upon redemption or upon acceleration or otherwise or (c) in case default shall be made in any payment required by a Guaranty issued and Outstanding hereunder, then, in each such case and upon demand of the Master Trustee, it shall pay to the Master Trustee, for the benefit of the holders of such Note or Guaranty, the whole amount that then shall have become due and payable on all such Notes or Guaranties for principal or interest, or both, as the case may be, with interest on the overdue principal and installments of interest (to the extent permitted by law) at the rate of interest provided in the Supplemental Master Indenture under which such Notes were issued and, in addition thereto, such further amount (to the extent permitted by law) as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Master Trustee, its agents, attorneys and counsel, and any expenses incurred by the Master Trustee other than as a result of its gross negligence or willful misconduct.

Section 6.03. Suit for Moneys Due; Receivership. In case any Obligated Issuer shall fail forthwith to pay the amounts due under Section 6.02 hereof within five Business Days of demand therefor, the Master Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid and may prosecute any such actions or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the University and each other Obligated Issuer, and collect in the manner provided by law out of the Property of the University and each other Obligated Issuer wherever situated the moneys adjudged or decreed to be payable. The Master Trustee, upon the bringing of any action or proceeding at law or in equity under this Section 6.03, as a matter of right, without notice and without giving bond to any member of the Obligated Group, may, to the extent permitted by law, have a receiver appointed of all of the

Property of the University and of each other Obligated Issuer pending such action or proceeding, with such powers as the court making such appointment shall confer.

Section 6.04. Proceedings in Bankruptcy. In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of any member of the Obligated Group under any federal or state bankruptcy, insolvency, reorganization or other similar law or any other applicable law relative to any member of the Obligated Group, its creditors or its Property, or in case a receiver or trustee shall have been appointed for its Property, the Master Trustee, irrespective of whether the principal of the Notes of any series then Outstanding shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand pursuant to the provisions of Section 6.02 hereof, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Notes of all series, and, in case of any judicial proceedings, to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Master Trustee and of the holders of the Notes allowed in such judicial proceedings relative to such member of the Obligated Group, its creditors or its Property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of such holders to make such payments to the Master Trustee, and, in the event that the Master Trustee shall consent to the making of such payments directly to such holders, to pay to the Master Trustee any amount due it for compensation and expenses, including counsel fees, costs and expenses incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other Property which the holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise. When the Master Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 6.05. Suit by Trustee. All rights of action and rights to assert claims under any Note may be enforced by the Master Trustee without the possession of such Note in any trial or other proceedings instituted by the Master Trustee. In any proceedings brought by the Master Trustee (and also any proceedings involving the interpretation of any provision of this Master Indenture to which the Master Trustee shall be a party) the Master Trustee shall be held to represent all the holders of Notes, and it shall not be necessary to make any holders of Notes parties to such proceedings.

Section 6.06. Application of Moneys Collected. Upon the occurrence and continuation of an Event of Default, any amounts collected by the Master Trustee pursuant to Sections 6.02, 6.03 or 6.04 hereof shall be applied for the equal and ratable benefit of the holders of Notes of all series (except any Notes issued with respect to Subordinated Indebtedness) and any Guaranties issued hereunder 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 Guaranties, 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 Section 6.02 hereof, and of all amounts payable to the Master Trustee under Section 7.06 hereof, including reasonable attorneys' fees, costs and expenses;

(b) In case no principal 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 on 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 Supplemental Master Indenture under which each such Note was issued, together with any sums due and unpaid under any such Guaranty not otherwise satisfied, such payments to be made ratably to the persons entitled thereto, without discrimination or preference within maturities;

(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 Supplemental Master Indenture under which each such Note was issued, together with any sums due under any such Guaranty not otherwise satisfied, and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon such Notes or such Guaranty, 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) The payment of the remainder, if any, shall be made to the members of the Obligated Group, their successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Section 6.07. Suit by Noteholders. No holder of a Note shall have any right by virtue or by availing of any provision of this Master Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Master Indenture or for the appointment of a receiver or trustee, or any other remedy hereunder, unless such holder previously shall have given to the Master Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also (a) the holders of not less than twenty-five percent in aggregate principal amount of the Notes of any series then Outstanding, if such Event of Default arises by reason of the failure of the University or any Obligated Issuer to pay the principal of or premium or interest on any Note of such series, or (b) the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding, if such Event of Default arises for any other reason, shall have made written request upon the Master Trustee to institute such action, suit or proceeding in its own name as Master Trustee hereunder and shall have offered to the Master Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Master Trustee, for thirty 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 pursuant to Section 6.08 hereof; it being understood and intended, and being expressly covenanted by the taker and holder of any Note with every other taker and holder of any Note and the Master Trustee, that no one or more holders of any Notes shall have any right in any manner whatever by virtue or by availing of any provision of this Master Indenture to affect, disturb or prejudice the rights of any other holder of any Note or to obtain or seek to obtain priority or preference to any other such holder, or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Notes on a parity with the Note of such holder. For the protection and enforcement of the provisions of this Section, each and every holder of any Note and the Master Trustee shall be entitled to such relief as can be given either at law or in equity.

To the extent permitted by applicable law, the holder of any Note instituting a suit, action or proceeding in compliance with the provisions of this Section 6.07 shall be entitled in such suit, action or proceeding to recover such amounts as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to its attorneys.

Notwithstanding any other provisions in this Master Indenture, the right of a holder of any Note to receive payment of the principal of and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

Section 6.08. Direction of Proceedings and Waiver of Defaults by Noteholders. The holders of a majority in aggregate principal amount of the Notes then Outstanding shall have the right to direct in writing the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred on the Master Trustee; provided, however, that, subject to Section 7.02 hereof, the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken, or if the Master Trustee in good faith shall, by a Responsible Officer or Officers of the Master Trustee, determine that the proceedings so directed would be illegal or involve it in personal liability, and provided further that nothing in this Master Indenture shall impair the right of the Master Trustee in its discretion to take any action deemed proper by the Master Trustee and which is not inconsistent with such direction by the Noteholders. Prior to the acceleration of the maturity of Notes as provided in Section 6.01 hereof, the holders of a majority in aggregate principal amount of the Notes then Outstanding may on behalf of the holders of all Notes waive any past Event of Default and its consequences, except a default in the payment of the principal of or interest on any Notes of any series then Outstanding or in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of all holders of such Notes then Outstanding. In the case of any such waiver, the University, each Obligated Issuer, the Master Trustee and the holders of the Notes of all series shall be restored to their respective former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 6.09. Delay or Omission of Trustee. No delay or omission of the Master Trustee, or of any holder of any Note, to exercise any right or power accruing upon any Event of Default, occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of such Event of Default or an acquiescence therein, nor shall the action of the

Master Trustee or of the holders of any Notes in case of any Event of Default, or in case of any Event of Default and the subsequent waiver of such Event of Default, affect or impair the rights of the Master Trustee or of such holders in respect of any subsequent Event of Default or impair any right resulting therefrom; and every power and remedy given by this Master Indenture to the Master Trustee or to such holders may be exercised from time to time and as often as may be deemed expedient by it or by them.

Section 6.10. Remedies Cumulative. No remedy herein conferred upon or reserved to the Master Trustee or the holders of any Notes or Guaranties entitled to the benefits hereof is intended to be exclusive of any other remedy, but 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 or in equity or by statute; and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent employment of any other appropriate remedy or remedies.

Section 6.11. Notice of Default. The Master Trustee shall, within thirty days after the occurrence and continuation of any Event of Default, mail to all holders of the Notes, as the names and addresses of such holders appear upon the register or registers maintained pursuant to Section 3.02 hereof, notice of such Event of Default actually known to a Responsible Officer of the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice.

(End of Article VI)

ARTICLE VII
CONCERNING THE MASTER TRUSTEE

Section 7.01. Duties and Liabilities of Trustee. The Master Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations shall be read into this Master Indenture against the Trustee. If any Event of Default under this Master Indenture shall have occurred and be continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, provided, however, that:

(a) in the absence of bad faith on the part of the Master Trustee, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Master Trustee and substantially conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Master Indenture;

(b) The Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Master Trustee, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(c) The Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture. The provisions contained in this Master Indenture shall not require the Master Trustee to expend or risk its funds or otherwise incur personal financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

Section 7.02. Reliance on Documents, Indemnification, Etc. Except as otherwise provided in Section 7.01:

(a) The Master Trustee shall conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request, direction, order, demand, determination or judgment of any Obligated Issuer or its Governing Body mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof is herein specifically prescribed); and any resolution of the Governing Body of any Obligated Issuer may be evidenced to the Master Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of such Obligated Issuer;

(c) The Master Trustee may consult with counsel and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice;

(d) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request, order or direction of any of the holders of Notes pursuant to the provisions of this Master Indenture, unless such holders shall have provided to the Master Trustee security or indemnity, reasonably satisfactory to the Master Trustee, with respect to the costs, expenses and liabilities (including but not limited to attorney's fees, costs and expenses) which may be incurred therein or thereby;

(e) The Master Trustee shall not be liable for any action taken or omitted by it within the reasonable exercise of its discretion or rights or powers conferred upon it by this Master Indenture;

(f) Prior to the occurrence of an Event of Default hereunder, and after the curing of all Events of Default, the Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture or other paper or document, unless requested in writing so to do by the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding; provided, however, that if the payment within a reasonable time to the Master Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Master Trustee, not reasonably assured to the Master Trustee by the security afforded to it by the terms of this Master Indenture, the Master Trustee may require indemnity, reasonably satisfactory to the Master Trustee, with respect to the costs, expenses and liabilities which may be incurred therein or thereby as a condition to so proceeding; provided further, that nothing in this subparagraph (f) shall require the Master Trustee to give such holders any notice other than that required by Section 6.11 hereof; and provided, further, the reasonable expense of every such investigation shall be paid by the members of the Obligated Group or, if paid by the Master Trustee, shall be repaid by the members of the Obligated Group upon demand;

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care;

(h) The Master Trustee shall be under no responsibility for the approval by it in good faith of any expert for any of the purposes expressed in this Master Indenture; and

(i) The Master Trustee in determining whether the rights of the Noteholders will be adversely affected by any action taken pursuant to the terms and provisions of this Master Indenture shall consider the effect on the Noteholders as if no bond insurance, letter of credit or other credit enhancement instrument were then in effect with respect to Related Bonds or Notes.

(j) The Master Trustee shall not be accountable for the use or application Notes or the proceeds thereof or for the use or application of any money paid over by the Master Trustee in accordance with the provisions of this Master Indenture.

(k) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(l) The Master Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Notes or any Related Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Notes or any Related Bonds.

(m) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Master Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(n) The Master Trustee may open such temporary accounts as it may deem desirable in connection with the administration of the trusts hereby created. The Master Trustee shall hold any funds in such temporary accounts uninvested, without liability for interest thereon, unless otherwise expressly provided herein to the contrary.

Section 7.03. Responsibility For Recitals, Validity of Indenture, Proceeds of Notes. The recitals contained herein, in each Supplemental Master Indenture and in the Notes (other than the certificate of authentication on such Notes) shall be taken as the statements of an Obligated Issuer and the Master Trustee assumes no responsibility for the correctness of the same.

The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Notes. The Master Trustee shall not be accountable for the use or application by any Obligated Issuer of any of the Notes or of the proceeds of such Notes, or for the use or application of any moneys paid over by the Master Trustee in accordance with any provision of this Master Indenture.

Section 7.04. Master Trustee May Own Notes. The Master Trustee, in its individual or any other capacity, may become the owner or pledgee of any Notes with the same rights it would have if it were not Master Trustee.

Section 7.05. Moneys to Be Held in Trust. All moneys received by the Master Trustee shall, until used or applied as herein provided (including payment of moneys to any Obligated Issuer under Section 12.03 hereof), be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

Section 7.06. Compensation and Expenses of Trustee. Subject to the provisions of any other agreement between any Obligated Issuer and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Issuer covenants and agrees to pay to the Master Trustee from time to time, and the Master Trustee shall be entitled to, reasonable compensation, and each Obligated Issuer will pay or reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in connection with the acceptance or administration of its trust under this Master Indenture (including the reasonable compensation and the costs and expenses and disbursements of its counsel), except any such expense, disbursement or advance as may arise from its negligence or bad faith. Each Obligated Issuer also covenants to indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the part of the Master Trustee and arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses (including, without limitation, reasonable compensation to its attorneys) of defending itself against any claim of liability. The respective obligations of each Obligated Issuer under this Section to compensate the Master Trustee, to pay or reimburse the Master Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Master Trustee shall survive the satisfaction and discharge of this Master Indenture or the sooner resignation or removal of the Master Trustee. As security for the payment and performance of such obligations, the Master Trustee shall have a Lien prior to all Notes and Guaranties issued and outstanding under this Master Indenture upon the Pledged Revenues and all moneys and securities collected or held in trust for the benefit of the holders of particular Notes or Guaranties. Payments to the Master Trustee due hereunder which are not paid when due shall thereafter bear interest at a rate per annum equal to the prime rate of interest designated as such from time to time by the bank or trust company then serving as Master Trustee hereunder.

Section 7.07. Officer's Certificate as Evidence. Except as otherwise provided in Section 7.01 hereof, whenever in the administration of the provisions of this Master Indenture the Master Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Master Trustee, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Master Trustee, and such Officer's Certificate, in the absence of negligence or willful misconduct on the part of the Master Trustee, shall be full warrant to the Master Trustee for any action taken, suffered or omitted by it under the provisions of this Master Indenture upon the faith thereof.

Section 7.08. Resignation and Removal of Trustee, Successor Trustee. The Master Trustee may resign at any time without cause by giving at least thirty days' prior written notice to the members of the Obligated Group and to each holder of any Note then Outstanding, as the

names and addresses of such holders appear on the register or registers maintained pursuant to Section 3.02 hereof, such resignation to be effective upon the acceptance of such trusteeship by a successor. In addition, the Master Trustee may be removed without cause upon thirty days' prior notice at the written direction of the holders of not less than a majority in aggregate principal amount of Notes then Outstanding, delivered to the Obligated Group Representative, each member of the Obligated Group and the Master Trustee, and the Master Trustee shall promptly give notice thereof in writing to each holder of any Note then Outstanding as provided above. In the case of the resignation or removal of the Master Trustee, a successor trustee may be appointed at the written direction of the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding. If a successor trustee shall not have been appointed within thirty days after such notice of resignation or removal, the Master Trustee, the Obligated Group Representative, any Obligated Issuer or any holder of any Note then Outstanding may apply to any court of competent jurisdiction to appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided.

Section 7.09. Acceptance by Successor Trustee. Any successor trustee, however appointed, shall execute and deliver to its predecessor, to the Obligated Group Representative and to each member of the Obligated Group an instrument accepting such appointment and certifying that it is eligible to serve as successor Master Trustee hereunder, and thereupon such successor, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor hereunder in the trusts under this Master Indenture applicable to it with like effect as if originally named the Master Trustee; but, nevertheless, upon the reasonable written request of such successor trustee, and upon payment of the compensation and expenses due to the predecessor under Section 7.06 hereof, its predecessor shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor under this Master Indenture, and such predecessor shall duly assign, transfer, deliver and pay over to such successor trustee all moneys or other property then held by such predecessor under this Master Indenture.

Section 7.10. Qualifications of Successor Trustee. Any successor trustee, however appointed, shall be a bank or trust company authorized to exercise trust power and having a combined capital and surplus of at least \$50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Master Trustee hereunder upon reasonable or customary terms.

Section 7.11. Successor by Merger. Any corporation into which the Master Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Master Trustee shall be a party, or any corporation to which substantially all of the corporate trust business of the Master Trustee may be transferred, shall, subject to the terms of Section 7.10 hereof, be the Master Trustee under this Master Indenture without further act.

(End of Article VII)

ARTICLE VIII CONCERNING THE NOTEHOLDERS

Section 8.01. Evidence of Action by Noteholders. Whenever in this Master Indenture it is provided that the holders of a specified percentage in aggregate principal amount of any Notes of any series then Outstanding may take any action (including the making of any demand or request, the giving of any notice, consent, or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein shall be evidenced by any instrument or any number of instruments of similar tenor executed by such holders in person or by agent or proxy appointed in writing.

Section 8.02. Proof of Execution of Instruments and Ownership of Notes. Subject to the provisions of Sections 7.02, 8.01 and 8.05 hereof, proof of the execution of any instrument by any Noteholder or his agent or proxy and proof of the holding by any person of any Notes shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any state within the United States, that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. If such execution is by an officer of a corporation, association or trust, trustee of a trust or a member of a partnership on behalf of such corporation, association, trust or partnership, such certificate or affidavit shall constitute sufficient proof of his authority.

(b) The ownership of any Notes may be proved by the registers of such Notes or by a certificate of the registrar thereof.

The Master Trustee shall not be bound to recognize any Person as the holder of any Note unless and until such Person's title to such Note is proved in the manner in this Article VIII provided.

The Master Trustee may accept such other proof or require such additional proof of any matter referred to in this Section as it shall deem reasonable.

Section 8.03. Notes Owned by Members of the Obligated Group. In determining whether the holders of the requisite aggregate principal amount of all Notes or Notes of any series then Outstanding have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Notes or Guaranties that are owned by any member of the Obligated Group or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Issuer shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Notes or Guaranties which a Responsible Officer of the Master Trustee actually knows are so owned shall be disregarded. Any Notes so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Notes and that the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common

control with any member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

Section 8.04. Instruments Executed by Noteholders Binding Future Noteholders. At any time prior to (but not after) the time the Master Trustee shall act in reliance upon the evidencing to the Master Trustee, as provided in Section 8.01 hereof, of the taking of any action by the holders of the percentage in aggregate principal amount of any Notes of any series specified in this Master Indenture in connection with such action, any holder of any such Note that is shown by the evidence to be one of the Noteholders which has consented to such action may, by filing written notice with the Master Trustee at the Principal Office of the Master Trustee and upon proof of ownership of such Note as provided in Section 8.02 hereof, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the holder of any Note of any series and any direction, demand, request, waiver, consent, vote or other action of the holder of any Note of any series which by any provision of this Master Indenture is required or permitted to be given shall be conclusive and binding upon such holder and upon all future holders and owners of such Note, and of any Note issued in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Note. Any action taken by the holders of the percentage in aggregate principal amount of any Notes of any series specified in this Master Indenture in connection with such action shall be conclusively binding upon each member of the Obligated Group, the Master Trustee and the holders of all of such Notes of any series, subject, however, to the provisions of Section 7.01 hereof.

Section 8.05. Attribution of Ownership of Notes Where Related Bonds Are Issued. For purposes of determining whether (a) pursuant to Section 6.08 hereof, holders of the requisite percentage in aggregate principal amount of any Notes of any series then Outstanding shall have directed the time, method and place of conducting any proceeding referred to therein or shall have waived any Event of Default or its consequences, (b) pursuant to Section 6.01 or 6.07 hereof, holders of the requisite percentage in aggregate principal amount of any Notes of any series then Outstanding shall have requested or demanded that the Master Trustee take any action described therein or (c) pursuant to any other provision of this Master Indenture, holders of the requisite percentage in aggregate principal amount of any Notes of any series then Outstanding shall have requested, demanded or consented to the taking of action described in such provision, or shall have requested or demanded that such action not be taken or shall have consented to the failure to take such action, the following attribution principles shall apply where any Notes and Related Bonds shall have been issued: (1) each holder of any Related Bond which is fully registered (other than to bearer) or registered only as to principal (other than to bearer) shall be deemed to own directly that percentage of the aggregate principal amount of such Notes as the aggregate principal amount of the Related Bonds then Outstanding which are owned by such holder bears to the aggregate principal amount of all Related Bonds then Outstanding and (2) the Related Bond Trustee shall be deemed to own directly that percentage of the aggregate principal amount of such Notes as the aggregate principal amount of the Related Bonds then Outstanding which are coupon bonds or which are registered to bearer bears to the aggregate principal amount of all Related Bonds then Outstanding.

The Related Bond Trustee shall certify to the Master Trustee the percentage of the aggregate principal amount of the Notes deemed owned by the Related Bond Trustee and by the Holders of the Related Bonds pursuant to the first paragraph of this Section 8.05 and the Master

Trustee may conclusively rely upon such certification. Notwithstanding the foregoing, any provider of any bond insurance, surety bond, letter of credit or other credit enhancement for a series of Related Bonds may be treated as the owner of the Notes securing the Related Bonds to the extent and in the manner provided in the Supplemental Master Indenture pursuant to which such Note is issued.

(End of Article VIII)

ARTICLE IX
SUPPLEMENTS AND AMENDMENTS NOT CREATING
A NEW SERIES OF NOTES OR A GUARANTY

Section 9.01. Supplemental Indentures Without Consent of Noteholders. In addition to Supplemental Master Indentures permitted pursuant to Article X hereof, without the consent of any Noteholders, each Obligated Issuer, when authorized by a resolution of its Governing Body, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental or amendatory hereto for one or more of the following purposes:

(a) To evidence the succession of another corporation to the University or any other Obligated Issuer, or successive successions, as permitted hereunder, and the assumption by the successor corporation of the covenants, agreements and obligations of the University or such other Obligated Issuer pursuant to this Master Indenture;

(b) To add (with the prior written consent of the Obligated Group Representative) to the covenants of the University or any other Obligated Issuer such further covenants, restrictions or conditions as its Governing Body and the Master Trustee shall consider to be for the protection of the holders of any Notes and Guaranties issued hereunder, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Master Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Master Trustee upon such default;

(c) To cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Master Indenture or any indenture supplemental hereto as shall not be inconsistent with this Master Indenture or any indenture supplemental hereto and shall not impair the security of this Master Indenture or adversely affect the interests of the holders of any Notes of any series or of any Guaranty issued hereunder;

(d) To modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the University and each other Obligated Issuer undertake such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Indenture or in any indenture supplemental hereto provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(e) To evidence additions to, or withdrawals from, membership in the Obligated Group in accordance with the provisions of Article XI hereof;

(f) To substitute Trustees pursuant to Section 7.08 hereof;

(g) If an Opinion of Bond Counsel is obtained to the effect that the issuance of Notes in coupon form will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on tax-exempt Related Bonds, to provide for the issuance of coupon Notes;

(h) To evidence the grant, mortgage, pledge or assignment of any Property as additional security for the Notes; and

(i) To make any changes hereto which, in the judgment of the Master Trustee, which may be based upon an Opinion of Counsel, do not materially and adversely affect the Master Trustee or the holders of the Notes.

The Master Trustee is hereby authorized to join with the University and each Obligated Issuer in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, mortgage, pledge or assignment of any Property thereunder, but the Master Trustee shall not be obligated to enter into any such supplemental indenture that affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by each Obligated Issuer and the Master Trustee without the consent of the holders of any Notes then Outstanding or any Guaranties issued hereunder, notwithstanding any of the provisions of Section 9.02 hereof.

Section 9.02. Modification of Indenture With Consent of Noteholders. Upon making of all required federal, state and local filings and with the consent (evidenced as provided in Section 8.01 hereof) of the holders of not less than a majority in aggregate principal amount of the Notes then Outstanding, the University and each other Obligated Issuer, when authorized by a resolution of its Governing Body, and the Master Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of any Notes; provided, however, that no such supplemental indenture shall (a) effect a change in the times, amounts or currency of payment of the principal of or premium, if any, or interest on any Note or a reduction in the principal amount or redemption price of any Note or the rate of interest thereon, without the written consent of the holder of such Note, (b)(1) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture or (2) 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 written consent of the holders of all Notes then Outstanding or (c) modify the right of the holders of not less than twenty-five percent in aggregate principal amount of any series of Notes in default as to payment of principal, premium or interest to compel the Master Trustee to declare the principal of all Notes 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.

Upon the written request of the Obligated Group Representative and of each Obligated Issuer, accompanied by a copy of a resolution of its Governing Body certified by the Secretary or an Assistant Secretary of such Obligated Issuer authorizing the execution of any such supplemental indenture, and upon the filing with the Master Trustee of evidence of the consent of Noteholders as aforesaid, the Master Trustee shall join with each Obligated Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise, in which case the Master Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 9.03. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Master Indenture shall, with respect to each series of Notes and each Guaranty issued hereunder, be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Master Indenture of the Master Trustee, the University, each Obligated Issuer and the holders of any Notes and Guaranties issued hereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Master Indenture.

The Master Trustee, subject to the provisions of Section 7.01 hereof, may receive an Opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the provisions of this Article.

Section 9.04. Notes May Bear Notation of Changes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation in form approved by the Master Trustee as to any matter provided for in such supplemental indenture. If the Issuer of any series of Notes then Outstanding or the Master Trustee shall so determine, new Notes of any series so modified as to conform, in the opinion of the Master Trustee and the Governing Body of such Issuer, to any modification of this Master Indenture contained in any such supplemental indenture may be prepared by such Issuer, authenticated by the Master Trustee and delivered in exchange for Notes of the same series then Outstanding, which Notes so exchanged shall be stamped by the Master Trustee "cancelled" and returned by the Master Trustee to the Issuer thereof.

(End of Article IX)

ARTICLE X SUPPLEMENTAL INDENTURES CREATING SERIES OF NOTES OR A GUARANTY

Section 10.01. Supplemental Indentures Creating Series of Notes. The University or any other Obligated Issuer, when authorized by a resolution of its Governing Body and with the prior written consent of the Obligated Group Representative, may from time to time enter into a Supplemental Master Indenture with the Master Trustee in order to create any series of Notes. Such Supplemental Master Indenture shall, with respect to the series of Notes created thereby, set forth the date thereof, the date or dates upon which principal of and premium, if any, and interest on such Notes shall be payable, and any other terms and provisions as shall be established in the Supplemental Master Indenture.

Section 10.02. Conditions to Issue of Notes. With respect to each series of any Notes, simultaneously with or prior to the execution, authentication and delivery of such Notes pursuant to this Master Indenture all requirements and conditions to the issuance of such Notes, if any, set forth in this Master Indenture and in the Supplemental Master Indenture shall have been complied with or satisfied, including, without limitation, the conditions set forth in Section 2.05 hereof.

Section 10.03. Supplemental Indentures Creating a Guaranty Issued Under this Master Indenture. The University or any other Obligated Issuer, when authorized by a resolution of its Governing Body, and the Master Trustee may from time to time enter into a Supplemental Master Indenture in order to create a Guaranty issued under this Master Indenture. Such Supplemental Master Indenture shall, with respect to the Guaranty created thereby, provide for the form of such Guaranty and shall contain such terms and provisions with respect to such Guaranty as shall be established in such Supplemental Master Indenture. Notwithstanding the foregoing, the University or any other Obligated Issuer may create any Guaranty or Guaranties in any one Fiscal Year without entering into any Supplemental Master Indenture, provided that (a) the maximum amount of indebtedness or other obligation guaranteed or in effect guaranteed by such Guaranty or Guaranties does not exceed one percent of the aggregate Book Value of the Unencumbered Property of the Obligated Group as reported on the most recent available annual audited financial statements of the Obligated Group, (b) the requirements of Section 5.14 have been met and (c) an Officer's Certificate describing the nature and extent of such Guaranty or Guaranties and the fact of compliance with the requirements of Section 5.14 has been delivered to the Master Trustee.

Section 10.04. Conditions to Issue of Guaranty Hereunder. With respect to each Guaranty issued under this Master Indenture, simultaneously with or prior to the execution and delivery of such Guaranty under this Master Indenture:

(a) All requirements and conditions to the issuance of such Guaranty, if any, set forth in this Master Indenture and in the Supplemental Master Indenture under which such Guaranty is issued shall have been complied with and satisfied;

(b) The Issuer of such Guaranty shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Guaranty under the Securities Act of 1933, as amended, is not required or, if such registration is required, that the members of the Obligated Group have complied with all applicable provisions of said Act, (2) qualification of this Master Indenture under the Trust Indenture Act of 1939, as then

amended, or under any similar federal or state statute or regulation, is not required or, if such qualification is required, that all action necessary for qualification is taken and (3) the Issuer has the corporate power and authority to execute and deliver such Guaranty and to perform its obligations thereunder and such Guaranty has been duly authorized, executed and delivered by such Issuer and constitutes a valid and binding obligation of such Issuer, enforceable against such Issuer in accordance with its terms, except as limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally; and

(c) Certified copies of the resolutions of the Governing Body of the Issuer of such Guaranty authorizing the issuance of such Guaranty and the execution and delivery of the Supplemental Master Indenture under which such Guaranty is issued.

(End of Article X)

ARTICLE XI MEMBERSHIP IN THE OBLIGATED GROUP

Section 11.01. Becoming a Member of the Obligated Group.

(a) Any Person shall become an Obligated Issuer if it elects, with the consent of the Obligated Group Representative, to become an Obligated Issuer.

(b) To become an Obligated Issuer, pursuant to subsection (a) of this Section, such Person shall execute and deliver to the Master Trustee an appropriate instrument, reasonably satisfactory to the Master Trustee, containing an agreement of such Person (1) to become an Obligated Issuer under this Master Indenture and thereby subject to compliance with all provisions of this Master Indenture pertaining to an Obligated Issuer, including the performance and obligations of an Obligated Issuer hereunder and (2) agreeing to be jointly and severally obligated to pay all Indebtedness evidenced by all Notes and all Guaranties theretofore or thereafter issued and then Outstanding hereunder in accordance with the terms thereof and of this Master Indenture, when due. Such Person shall also furnish to the Master Trustee a certified copy of the written consent of the Obligated Group Representative. Each instrument executed and delivered to the Master Trustee in accordance with this Section 11.01(b) shall be accompanied by an Opinion of Counsel, addressed to the Master Trustee, (1) to the effect that such instrument has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as limited by bankruptcy laws, insolvency laws and other laws affecting creditors' rights generally, (2) to the effect that this Master Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended, or any similar successor statute or that, if required, such qualification has been achieved and (3) as to such matters incidental to the transactions contemplated by this Section 11.01 as the Master Trustee may deem necessary.

(c) It shall be a condition precedent to the consummation of any transaction involving an instrument to be executed and delivered to the Master Trustee in accordance with Section 11.01(b) hereof that the Master Trustee shall also have received (1) a report by an Independent Consultant which demonstrates that, immediately upon any such Person's becoming an Obligated Issuer as part of such transaction, the University and each other Obligated Issuer, considered as a pro forma consolidated or combined group for purposes of this Master Indenture, with the elimination of material inter-company balances and transactions, would not be in default in the performance or observance of any covenant or condition to be performed or observed by the University or any other Obligated Issuer, and any member of the Obligated Group would meet the conditions described in subsection (a)(2) of Section 5.08 hereof for the incurrence of one dollar of Long-Term Additional Indebtedness, (2) an Opinion of Counsel that all provisions of federal and state securities laws relating to the transaction have been complied with, (3) an Opinion of Bond Counsel to the effect that the consummation of such transaction would not adversely affect the exclusion for federal income tax purposes of interest payable on any issue of Related Bonds then outstanding under any Related Bond Indenture, and (4) there shall have been delivered to the Master Trustee an Opinion of Counsel to the effect that the articles of incorporation,

charter, by-laws or other governing document of such new member of the Obligated Group shall not preclude it from complying with all of the provisions of this Master Indenture.

Section 11.02. Effects of Membership in the Obligated Group. Upon any Person's becoming an Obligated Issuer pursuant to Section 11.01(a) hereof:

(a) All Notes thereafter issued and any Supplemental Master Indentures subsequently entered into may be executed and delivered by the University or any other Obligated Issuer;

(b) (1) The provisions of Sections 5.07 and 5.08 hereof shall not apply to Liens given by, or Indebtedness of, any member of the Obligated Group to another member of the Obligated Group or Guaranties by any member of the Obligated Group to other members of the Obligated Group and (2) the computations provided for in any provision of this Master Indenture shall be made on a pro forma consolidated or combined basis for the University and each Obligated Issuer in accordance with GAAP consistently applied, with the elimination of material inter-company balances and transactions;

(c) By virtue of the joint and several liability of all members of the Obligated Group, the Master Trustee may pursue any remedies consequent upon the occurrence and continuation of an Event of Default against any Obligated Issuer or all or any combination of them without notice to or demand upon (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times;

(d) Except where otherwise specifically provided herein, any obligation, covenant, duty or liability of any Obligated Issuer hereunder shall be deemed to have been satisfied and discharged upon due performance, satisfaction and discharge by any member of the Obligated Group;

(e) Each member of the Obligated Group hereby designates and grants unto each other member of the Obligated Group a power of attorney to perform, satisfy and discharge each such obligation, covenant, duty or liability; and

(f) Any covenant contained herein obligating any Obligated Issuer to perform any matter with respect to its Property or its operations shall be deemed to obligate such Obligated Issuer to perform such matter with respect to Property owned by it or its operations.

Section 11.03. Withdrawal From the Obligated Group.

(a) Any Obligated Issuer, excluding the University, may, upon thirty days' prior written notice to the Master Trustee, withdraw from the Obligated Group and in such event the Master Trustee, if so requested by such Obligated Issuer and at such Obligated Issuer's expense, shall execute and deliver an appropriate instrument releasing such Obligated Issuer from any liability or obligation under the provisions of this Master Indenture and any Supplemental Master Indenture, provided that prior to such release the Master Trustee shall be furnished with:

(1) evidence that, immediately upon any such Person's withdrawing as an Obligated Issuer as part of such transaction, the University and each other remaining Obligated Issuer, considered as a pro forma consolidated or combined group for purposes of this Master Indenture, with the elimination of material inter-company balances and transactions, would not be in default in the performance or observance of any covenant or condition to be performed or observed by the University or any other Obligated Issuer and would meet the conditions described in subsection (a)(2) of Section 5.08 hereof for the incurrence of one dollar of Long-Term Additional Indebtedness;

(2) a certificate of an Independent Consultant that the Historical Debt Service Coverage Ratio for the Fiscal Year immediately following such withdrawal is projected to be (A) greater than 1.10:1.00 or (B) or equal to or higher than it would have been had such withdrawal not been effected (measured as if any withdrawals from the Obligated Group occurring in the same Fiscal Year but prior to the withdrawal in question had not occurred);

(3) a certified copy of the resolution of the Governing Body of such Obligated Issuer requesting such release;

(4) certified copies of the resolutions of the Governing Bodies of all remaining members of the Obligated Group consenting to such release and reaffirming their continuing joint and several liability under any Notes or Guaranties issued by the withdrawing Obligated Issuer; and

(5) an Opinion of Bond Counsel to the effect that such withdrawal does not affect the exclusion from gross income for federal income tax purposes of interest on any then Outstanding tax-exempt Related Bonds.

(b) Any Obligated Issuer, except the University, may withdraw from the Obligated Group without satisfying the conditions set forth in clauses (1) through (4) above if the Obligated Group Representative delivers to the Master Trustee a certificate consenting to such withdrawal and evidencing that the conditions specified in Section 5.11(a)(4) hereof are complied with, together with the report of an Independent Consultant if required by Section 5.11(a)(4).

(c) Promptly after any such withdrawal and release pursuant to this Section, the Master Trustee shall give written notice thereof by first class mail postage prepaid to each Related Bond Trustee and to all holders of Notes and Guaranties issued hereunder. Any Obligated Issuer that has withdrawn from the Obligated Group may again become a member of the Obligated Group in accordance with the provisions of Section 11.01 hereof.

Section 11.04. No Withdrawal of Palm Beach Atlantic University, Inc. Notwithstanding anything herein to the contrary, the University may not under any circumstances withdraw from the Obligated Group.

(End of Article XI)

ARTICLE XII
SATISFACTION AND DISCHARGE OF INDENTURE;
UNCLAIMED MONEYS

Section 12.01. Satisfaction and Discharge of Indenture. If, when the Notes secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Master Indenture and the whole amount of the principal of and premium, if any, and interest due and payable upon all of the Notes shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder, and if there is no Outstanding Guaranty issued under this Master Indenture or if the terms of all Guaranties Outstanding shall have been satisfied, then the right, title and interest of the Master Trustee to the property pledged hereby and all covenants, agreements and other obligations of the University and other Obligated Issuers to the holders of the Notes and Guaranties issued hereunder shall thereupon cease, terminate and become void, discharged and satisfied. In such event, upon the written request and at the expense of the Obligated Group Representative, the Master Trustee shall execute such documents as may be reasonably required by the Obligated Group Representative to accomplish and evidence such satisfaction and discharge.

All Outstanding Notes of any one or more series and any corresponding Guaranty issued hereunder shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if (a) in case said Notes are to be redeemed on any date prior to their maturity, the Obligated Group Representative shall have given to the Master Trustee in form satisfactory to it irrevocable written instructions to give on any date in accordance with the provisions of Section 4.02 hereof notice of redemption of such Notes on such redemption date, such notice to be given in accordance with the provisions of Section 4.02 hereof, (b) there shall have been deposited with the Master Trustee either moneys in an amount which shall be sufficient, or Federal Securities, 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 and premium, if any, and interest due and to become due on such Notes on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Notes are not by their terms subject to redemption within the next thirty days, the Obligated Group Representative shall have given the Master Trustee in form satisfactory to it irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 4.02 hereof, a notice to the holders of such Notes that the deposit required by (b) above has been made with the Master Trustee and that such Notes are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on such Notes; provided, however, that no Outstanding Note shall be deemed to have been so paid unless any Related Bonds with respect to such Note shall no longer be deemed to be outstanding under the Related Bond Indenture or the Related Bond Trustee shall have certified that the Lien of the Related Bond Indenture secured by such Notes has been released and discharged pursuant to its terms. The Master Trustee shall create a separate escrow account for the payment or redemption of such Notes, shall, unless all Notes are being refunded, establish sub-accounts within such escrow account with respect to particular series of Notes, and shall deposit all moneys received pursuant to this Section 12.01 for the payment or redemption of such Notes in such escrow account and to the proper sub-account therein pending the investment of such moneys in Federal Securities, pursuant hereto. Federal Securities deposited with the Master Trustee, or purchased by the Master Trustee pending such payment or redemption, shall be held in

separate custodial accounts by the Master Trustee as security for its obligations to effect such payment or redemption. Neither the Federal Securities nor moneys deposited with the Master Trustee pursuant to this Section nor principal or interest payment on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on such Notes of such series; provided, however, that any cash received from such principal or interest payments on such Federal Securities deposited with the Master Trustee shall, at the written direction of the Obligated Group Representative, either (1) if such cash is not then needed for such purpose, be reinvested in Federal Securities maturing at the times and in amounts necessary to pay when due the principal of and premium, if any, and interest to become due on such Notes on or prior to such redemption date or maturity date thereof, as the case may be, or (2) if such cash will never be needed for such purpose, be (A) used to pay principal or interest on any other Indebtedness of the members of the Obligated Group issued to pay or provide for the payment of the principal of or premium, if any, or interest on any one or more series of any Notes as the Obligated Group Representative shall direct in writing or (B) remitted to the member of the Obligated Group which deposited such amount or Federal Securities. At such time as any Note shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Master Indenture, except for the purpose of payment from such moneys or Federal Securities deposited with the Master Trustee and for the purpose of transfer pursuant to Section 3.02 hereof.

The release of the obligations of the members of the Obligated Group under this Section shall be without prejudice to the rights of the Master Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

The Master Trustee shall be provided with and shall be fully protected in conclusively relying upon a certificate or verification report of an independent certified public accountant or verification agent to the effect that a deposit will be sufficient to defease such Notes as provided in this Section 12.01.

Section 12.02. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Master Indenture as it relates to any Notes, upon demand of the University or any other Obligated Issuer all moneys then held by any paying agent under the provisions of this Master Indenture as it relates to such Notes shall, to the extent permitted by applicable law, be paid to the Master Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

Section 12.03. Repayment of Moneys Held by Trustee. Any moneys deposited with the Master Trustee for the payment of the principal of or interest on any Notes and not applied but remaining unclaimed by the holders of such Notes for four years after the date upon which such payment shall have become due shall, to the extent permitted by applicable law, be repaid by the Master Trustee on demand to the Obligated Group Representative for distribution among the members of the Obligated Group; and, upon such repayment, the holder of such Notes entitled to receive such payment shall thereafter look only to the members of the Obligated Group for the payment thereof.

Section 12.04. Survival of Certain Provisions. Notwithstanding the foregoing, those provisions of this Master Indenture relating to the maturity of Notes, interest payments and dates thereof, optional and mandatory redemptions, credit against mandatory sinking fund requirements, exchange, transfer and registration of Notes, replacement of mutilated, destroyed, lost or stolen Notes, the safekeeping and cancellation of Notes, non-presentment of Notes, the holding of moneys in trust and the duties of the Master Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Master Trustee and the Noteholders notwithstanding the release and discharge of the Lien of this Master Indenture. The provisions of this Article shall survive the release and discharge of this Master Indenture.

(End of Article XII)

ARTICLE XIII
IMMUNITY OF INCORPORATORS, MEMBERS, OFFICERS,
DIRECTORS, TRUSTEES, EMPLOYEES AND AGENTS

Section 13.01. Incorporators, Members, Officers, Directors, Trustees, Employees and Agents of University or Obligated Issuers Exempt from Individual Liability. No recourse under or upon any obligation, covenant or agreement of this Master Indenture, any Supplemental Master Indenture or any Notes or Guaranties issued hereunder, or for any claim based thereon, or otherwise in respect thereof, shall be had against any incorporator, member, officer, director, trustee, employee or agent, as such, past, present or future, of the University or any other Obligated Issuer, or of any successor corporation, either directly or through the University or such other Obligated Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Master Indenture and the obligations incurred hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, officers, members, directors, trustees, employees or agents, as such, of the University or any other Obligated Issuer or any successor corporation, or any of them, because of the creation of the Indebtedness hereby authorized or under or by reason of the obligations, covenants or agreements contained in this Master Indenture, any Supplemental Master Indenture or any Notes or Guaranties issued hereunder or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, member, director, trustee, employee or agent, as such, past, present or future, because of the creation of the Indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture, any Supplemental Master Indenture or any Notes or Guaranties issued hereunder or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Indenture and the issuance of such Notes or Guaranties.

So long as the Obligated Group Representative performs his or her duties under this Master Indenture in good faith and with reasonable prudence, the Obligated Group Representative shall not be held personally liable for any action taken, or failure to take any action, pursuant to this Master Indenture; provided further that the Obligated Group Representative shall not be personally liable for any Indebtedness or Guaranties issued pursuant to this Master Indenture.

(End of Article XIII)

ARTICLE XIV
MISCELLANEOUS PROVISIONS

Section 14.01. Successors and Assigns of Obligated Issuers and the Master Trustee Bound by Indenture. All the covenants, stipulations, promises and agreements in this Master Indenture contained by or on behalf of any Obligated Issuer or the Master Trustee shall inure, subject to the provisions hereof, to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

Section 14.02. Official Acts by Successor to University. Any act or proceeding by any provision of this Master Indenture authorized or required to be done or performed by any board, committee or officer of the University or any other Obligated Issuer shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the University or such other Obligated Issuer.

Section 14.03. Notice or Demand Served by Mail. With respect to each series of Notes, unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing, delivered in person or by overnight courier service or mailed by first-class mail, postage prepaid, and (a) if to the University or any other Obligated Issuer, addressed to it at Palm Beach Atlantic University, Inc., 901 S. Flagler Drive, West Palm Beach, FL 33401 Attn: Senior Vice President for Finance/CFO; (b) if to the Master Trustee, addressed to it at 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256, Attn: Corporate Trust; (c) if to any Registered Owner of a Note, addressed to such owner at the address set forth in the register kept pursuant to Section 3.01 of this Master Indenture; and (d) if to the University or any other Obligated Issuer or the Master Trustee, such address other than those set forth in the preceding clauses (a) or (b) as the University or such other Obligated Issuer or the Master Trustee shall from time to time designate by notice in writing to the others. Whenever any notice in writing is required to be given by any Obligated Issuer, the Master Trustee or any Registered Owner of a Note to any of the other of them, such notice shall be deemed given and such requirement satisfied if such notice is mailed by first-class mail, postage prepaid, addressed as provided above.

Section 14.04. Laws of State Govern. This Master Indenture, the Notes and the Guaranties shall be deemed to be a contract made under the laws of the State, and for all purposes shall be construed in accordance with the laws of the State, without regard to conflict of laws principles.

Section 14.05. Legal Holidays. Except as otherwise provided in any Supplemental Master Indenture or Note, in any case where the date of maturity of interest or premium on or principal of such Note or the date fixed for redemption of such Note shall be on a day on which banking institutions at the place of payment are authorized by law to remain closed and are closed or the payment system of the Federal Reserve is not operational, then payment of such interest, premium or principal need not be made on such date but may be made on the next succeeding day that is not a day on which banking institutions are authorized by law to remain closed and are closed or the payment system of the Federal Reserve is not operational with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 14.06. Trustee as Paying Agent and Registrar. The Master Trustee is hereby designated and agrees to act as paying agent and registrar for and in respect to the Notes.

Section 14.07. Benefits of Provisions of Indenture and Other Instruments. Nothing in this Master Indenture, any Supplemental Master Indenture or any Notes or Guaranties issued hereunder, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the parties hereto and the holders of such Notes or Guaranties, any legal or equitable right, remedy or claim under or in respect hereof or thereof, or under any covenant, condition or provision herein or therein contained; all such covenants, conditions and provisions being for the sole benefit of the parties hereto and of the holders of such Notes and Guaranties.

Section 14.08. Execution in Counterparts. This Master Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 14.09. Electronic Means. The Master Trustee shall have the right to accept and act upon directions or instructions, including funds transfer instructions (collectively, "Instructions"), given pursuant to this Master Indenture or any other document reasonably relating hereto and delivered using Electronic Means; provided, however, that the Issuer or the University, as the case may be, shall provide to the Master Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the University elects to give the Master Trustee Instructions using Electronic Means and the Master Trustee in its discretion elects to act upon such Instructions, the Master Trustee's understanding of such Instructions shall be deemed controlling. The Issuer and the University each understands and agrees that the Master Trustee cannot determine the identity of the actual sender of such Instructions and that the Master Trustee shall conclusively presume that Instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Issuer and the University, as the case may be, shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Master Trustee and that the Issuer, the University and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Issuer and/or the University, as applicable. The Master Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such Instructions notwithstanding such Instructions conflict or are inconsistent with a subsequent written direction or written instruction. Each of the Issuer and the University agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Master Trustee and that there may be more secure methods of transmitting Instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(End of Article XIV)

IN WITNESS WHEREOF, the parties hereunto have duly authorized and executed this Master Indenture, as of the date and year first written above.

PALM BEACH ATLANTIC UNIVERSITY, INC.

By: _____
Name: Debra A. Schwinn, M.D.
Title: President

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Master Trustee**

By: _____
Name: Mark A. Golder
Title: Vice President

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EXHIBIT A

Included Property

- All Accounts, Bank Accounts, General Intangibles, Contract Rights and Related Rights of each Member of the Obligated Group, but excluding Restricted Moneys.
- Any and all real or personal property of every name and nature from time to time hereafter by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Master Indenture by any member of the Obligated Group to the Master Trustee, but excluding Restricted Moneys.
- All proceeds, cash proceeds, cash equivalents, products, replacements, additions and improvements to, substitutions for and accessions of any and all property described above, but excluding Restricted Moneys.
- All real estate and personal property located or affixed thereon, as described below:

All land the fee simple title to which is owned on the date of this Master Trust Indenture by Palm Beach Atlantic University, Inc., other than (i) the property commonly known as 1030 Charlotte Avenue, West Palm Beach, Florida, being the same property conveyed to Palm Beach Atlantic University, Inc. by deed dated June 2, 1997 and recorded in Official Records Book 9835, Page 549, Official Records of Palm Beach County, Florida, and (ii) the property commonly known as 508 Fern Street, West Palm Beach, Florida, being the same property conveyed to Palm Beach Atlantic University, Inc. by Trustee's Deed dated November 2, 2009 and recorded in Official Records Book 23567, Page 1504 (CFN 20090415930), Official Records of Palm Beach County, Florida. The ownership interest of Palm Beach Atlantic University, Inc. in D and L Land, Inc., a Florida corporation, and any property owned by D and L Land, Inc., is not part of the included property.

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EXHIBIT B

Provisions for Subordinated Indebtedness

All Subordinated Indebtedness shall contain provisions for the subordination of such Indebtedness substantially as follows:

All debentures issued under this Master Indenture shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions.

All debentures issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Superior Indebtedness as defined in this Section. For all purposes of this Section the term "Superior Indebtedness" shall mean all Notes and Guaranties now or hereafter issued and outstanding under that certain Master Trust Indenture, dated October 13, 2021 by and between Palm Beach Atlantic University, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Master Trustee"), as supplemented and modified to the date hereof, or as such may hereafter from time to time be further supplemented and modified (the "Master Indenture").

No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness has been made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (a) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Superior Indebtedness or (b) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof and written notice of such occurrence shall have been given to the issuer of the debentures pursuant to the instrument under which such Superior Indebtedness is outstanding and such event of default shall not have been cured or waived or shall not have ceased to exist.

Upon (a) any acceleration or maturity of the principal amount due on the debentures or (b) any payment or distribution of any kind or character, whether in cash, property or securities, as a result of any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of the issuer of the debentures, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, principal, premium, if any, and interest due or to become due upon all Superior Indebtedness shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Indebtedness, before any payment is made on account of the principal, premium, if any, or interest on the indebtedness evidenced by the debentures, and upon any such

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dissolution or winding up or liquidation, reorganization or arrangement, any payment or distribution of any kind or character, whether in cash, property or securities, to which the holders of the debentures or the Master Trustee under this Master Indenture would be entitled, except for the provisions hereof, shall be paid by the issuer of the debentures, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Master Trustee to the extent necessary to pay all Superior Indebtedness in full after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of Superior Indebtedness, before any payment or distribution is made to the holders of the indebtedness evidenced by the debentures or to the Master Trustee under this Master Indenture.

In the event that, in violation of any of the foregoing provisions, any payment or distribution of any kind or character, whether in cash, property or securities, shall be received by the Master Trustee under this Master Indenture or by the holders of the debentures before all Superior Indebtedness is paid in full or provision made for such payment in accordance with the terms of such Superior Indebtedness, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to the Master Trustee for application to the payment of, all Superior Indebtedness remaining unpaid to the extent necessary to pay all such Superior Indebtedness in full in accordance with its terms, after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of such Superior Indebtedness.

No present or future holder of Superior Indebtedness shall be prejudiced in his right to enforce subordination of the indebtedness evidenced by the debentures by any act or failure to act on the part of the issuer of the debentures or anyone in custody of its assets or property.

The foregoing subordination provisions shall be for the benefit of the holders of Superior Indebtedness and may be enforced by the Master Trustee against the holders of debentures or any trustee therefor.

Provided, however, that the indentures or other instruments creating or evidencing subordinated debt or pursuant to which any subordinated debt is issued shall provide: (a) that the foregoing provisions are solely for the purpose of defining the relative rights of the holders of "Superior Indebtedness" (as defined therein) on the one hand and the holders of the subordinated debt on the other hand, and that nothing therein shall impair, as between the issuer of the debentures and the holders of the subordinated debt, the obligation of the issuer of the debentures, which is unconditional and absolute, to pay to the holders thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the subordinated debt or any trustee on their behalf from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights set forth above of the holders of "Superior Indebtedness" to receive cash, property or securities otherwise payable or deliverable to the holders of the subordinated debt, (b) that upon payment or distribution of assets of the issuer of the debentures of the character referred to in the fourth paragraph of the foregoing provisions, the Master Trustee under any indenture relating to subordinated debt shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding-up, liquidation, reorganization or arrangement proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to said trustee for the purpose of ascertaining

the persons entitled to participate in such distribution, the holders of "Superior Indebtedness" and other indebtedness of the issuer of the debentures, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to the foregoing provisions and (c) that the Master Trustee under any indenture relating to subordinated debt and any paying agent therefor shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by such trustee or such paying agent, unless and until such trustee or such paying agent, as the case may be, shall have received written notice thereof from the issuer of the debentures or from one or more holders of "Superior Indebtedness" or from the Master Trustee.

EXHIBIT C

FORM OF REQUEST FOR DISBURSEMENT FROM INSURANCE LOSS ACCOUNT

_____, 20__

The Bank of New York Mellon Trust Company, N.A., as Master Trustee

Ladies and Gentlemen:

Pursuant to Section 515(b) of the Master Trust Indenture dated October 13, 2021 (the "Master Indenture"), by and between the Palm Beach Atlantic University, Inc. (the "University") and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), you are hereby requested to disburse from the Insurance Loss Account and make payment(s) in the amount(s) and to the payee(s) named on Schedule A hereto. In connection therewith, the University certifies the following:

1. that the obligation(s) stated on Schedule A hereto constitute(s) proper charges against the Insurance Loss Fund; and
2. the amount on deposit in the Insurance Loss Account is sufficient to complete the repair or restoration of the affected Operating Assets as nearly as practicable to the value, condition and character thereof existing immediately prior to the relevant damage or destruction, with such changes or alterations, however, as the Obligated Group Representative may deem necessary for proper operation of the Operating Assets.

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PALM BEACH ATLANTIC UNIVERSITY, INC.

By: _____
Authorized Representative

Supplemental Master Indenture No. 2

SUPPLEMENTAL MASTER INDENTURE NO. 2

dated

March 1, 2024

between

PALM BEACH ATLANTIC UNIVERSITY, INC.

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee**

**\$45,000,000
REVENUE BONDS
(PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024**

SUPPLEMENTAL MASTER INDENTURE NO. 2

This Supplemental Master Indenture No. 2 (this "Supplement"), is dated as of March 1, 2024, and is between PALM BEACH ATLANTIC UNIVERSITY, INC., a Florida corporation not-for-profit (the "Obligated Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, as master trustee (the "Master Trustee");

WITNESSETH:

WHEREAS, the Obligated Issuer and the Master Trustee have entered into a Master Trust Indenture, dated October 13, 2021 (as amended and supplemented from time to time, including without limitation by this Supplement, the "Master Indenture"); and

WHEREAS, the Obligated Issuer has concurrently herewith entered into a Loan Agreement dated as of the date hereof (the "Loan Agreement") with the Palm Beach County Educational Facilities Authority (the "Issuer"), a Related Issuer under and as defined in the Master Indenture, which Loan Agreement provides for the loan (the "Loan") by the Issuer to the Obligated Issuer of the proceeds from the sale of the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Bonds") and the obligation of the Obligated Issuer to repay the Loan; and

WHEREAS, the Bonds are being issued pursuant to a Bond Trust Indenture dated as of the date hereof (the "Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee thereunder (the "Bond Trustee"), for the purpose of providing funds for the purposes described therein and in the Loan Agreement; and

WHEREAS, the Obligated Issuer is the sole member of the Obligated Group within the meaning of the Master Indenture and is authorized by law and the Master Indenture, and deems it necessary and desirable, to issue, authenticate and deliver a Note pursuant to the Master Indenture and this Supplement in order to secure the obligations of the Obligated Issuer under the Loan Agreement including the Obligated Issuer's obligation to pay the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, all acts and things necessary to make the Series 2024 Note created by this Supplement, when executed by the Obligated Issuer and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplement, the legal, valid and binding obligations of the Obligated Issuer, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement in accordance with its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplement and the issuance hereunder and under the Master Indenture of the Series 2024 Note created by this Supplement have in all respects been duly authorized, and the Obligated Issuer, in the exercise of the legal right and power vested in

it, executes this Supplement and proposes to make, execute, issue and deliver the Series 2024 Note created hereby;

NOW, THEREFORE, in order to declare the terms and conditions upon which the Series 2024 Note created hereby is authenticated, issued and delivered and to secure all payments to be made by the Obligated Issuer pursuant to the Series 2024 Note, and in consideration of the premises, the acquisition and acceptance of the Series 2024 Note created hereby by the holder thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligated Issuer covenants and agrees with the Master Trustee as follows:

SECTION 1.01. DEFINITIONS. The terms used in this Supplement and not otherwise defined herein shall, unless the context clearly otherwise requires, have the meanings assigned to them in the Master Indenture.

SECTION 1.02. CREATION; DESIGNATION. There is hereby created a promissory note to be known as and entitled "Palm Beach Atlantic University, Inc. Series 2024 Note" (the "Series 2024 Note"). The Series 2024 Note shall be issued in substantially the form set forth in EXHIBIT A attached hereto, to the Bond Trustee as one registered Note without coupons in the principal amount of \$45,000,000, shall be registered in the name of the Bond Trustee, or its successors in trust, and shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

SECTION 1.03. DATING; PAYMENT. The Series 2024 Note shall be dated the date of delivery thereof. The principal of the Series 2024 Note shall be payable on the dates, and the unpaid principal of the Series 2024 Note shall bear interest from the date of the Series 2024 Note at the rates, payable on the dates, all as set forth in EXHIBIT A attached hereto.

SECTION 1.04. CREDIT AGAINST AMOUNTS DUE. The Obligated Issuer shall receive a credit against amounts due on the Series 2024 Note to the extent payments are made by the Obligated Issuer under the Loan Agreement.

SECTION 1.05. INTEREST RATE FOR ADVANCES. The Series 2024 Note shall bear interest on any overdue installments of principal, premium, if any, or interest, to the extent permitted by law, at the highest rate of interest borne by any Bond under the Bond Indenture with respect to the installment of principal for which such payment is overdue.

SECTION 1.06. DEFEASANCE. Upon payment by the Obligated Issuer of a sum, in cash or obligations, or both (and with respect to the Bonds, together with any other cash and obligations held by the Bond Trustee and available for such purpose), sufficient to cause the Bonds to be deemed to have been paid within the meaning of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture,

through the provision for the payment of the Bonds, the Series 2024 Note shall be deemed to have been paid and to be no longer outstanding under the Master Indenture.

SECTION 1.07. REDEMPTION. The Series 2024 Note shall be subject to redemption prior to maturity or purchase in lieu of redemption, to the extent and with respect to the corresponding payments of principal and at the applicable redemption premium, if any, that the Bonds are subject to redemption, purchase or prepayment in accordance with the terms of the Loan Agreement. Giving of notice of any such redemption, purchase or prepayment in accordance with the Bond Indenture, without further notice or action by the Obligated Issuer, shall constitute notice of redemption or purchase of the corresponding amounts of principal due on the Series 2024 Note and the same shall thereby become due and payable on the date of redemption, purchase or prepayment of the Bonds and at a redemption, purchase or prepayment price, including premium, if any, equal to the redemption, purchase or prepayment price payable with respect to the Bonds. Any redemption or purchase of the Series 2024 Note may be subject to any conditions precedent to such redemption or purchase set forth in the notice thereof.

SECTION 1.08. MEMBERSHIP IN OBLIGATED GROUP. The Obligated Issuer hereby represents and warrants that it is a member of the Obligated Group under the Master Indenture and thereby subject to compliance with all provisions of the Master Indenture pertaining to an Obligated Issuer thereunder. The Obligated Issuer, as of the date hereof, is the only member of the Obligated Group.

SECTION 1.09. JOINT AND SEVERAL OBLIGATION. The Obligated Issuer hereby agrees with the Master Trustee, and with any Person that may hereafter become a member of the Obligated Group, that the Obligated Issuer shall, upon the execution and delivery of this Supplement, become and be jointly and severally obligated with the members of the Obligated Group for the payment of all Notes hereafter issued by the Obligated Issuer or any Obligated Issuer and at any time Outstanding and shall guarantee that such Notes shall be paid in accordance with the terms thereof, and of the Master Indenture, when due.

SECTION 1.10. REFERENCES TO THIS SUPPLEMENT. Pursuant to Section 9.03 of the Master Indenture, all the terms and conditions of this Supplement, including all exhibits hereof, shall be and be deemed to be part of the terms and conditions of the Master Indenture.

SECTION 1.11. EFFECT. Except as expressly supplemented or amended hereby, the Master Indenture shall, from and after the date hereof, remain in full force and effect.

[Signature page to follow]

[OBLIGATED ISSUER'S SIGNATURE PAGE TO SUPPLEMENTAL
MASTER INDENTURE NO. 2]

IN WITNESS WHEREOF, the Obligated Issuer has caused this Supplement to be duly executed in its name and on its behalf by its duly authorized officer, and the Master Trustee, in token of its acceptance of the trusts created hereunder, has caused this Supplement to be executed in its name by its duly authorized officer all as of the day and year first above written.

**PALM BEACH ATLANTIC UNIVERSITY,
INC.,** as Obligated Issuer

By: _____
Name: Dr. Stacie A. Bowie
Title: Vice President for Finance &
Administration/Chief Financial Officer

[MASTER TRUSTEE'S SIGNATURE PAGE TO SUPPLEMENTAL
MASTER INDENTURE NO. 2]

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**, as Master Trustee

By: _____
Name: _____
Title: _____

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EXHIBIT A

[FORM OF SERIES 2024 NOTE]

**PALM BEACH ATLANTIC UNIVERSITY, INC.
SERIES 2024 NOTE**

Palm Beach Atlantic University, Inc., a Florida corporation not-for-profit (the "Obligated Issuer"), for value received, hereby promises to pay to The Bank of New York Mellon Trust Company, N.A. as bond trustee (the "Bond Trustee") under the Bond Indenture (as hereinafter defined), or its registered assigns, the principal sum of \$45,000,000 together with interest thereon, as follows.

Payments of principal and interest on this promissory note (this "Note") shall be made in the amounts and on the dates as principal and interest are required to be paid pursuant to the Loan Agreement dated of even date herewith (the "Loan Agreement") between the Obligated Issuer and the Palm Beach County Educational Facilities Authority (the "Issuer"), and the Bond Trust Indenture dated as of March 1, 2024 (the "Bond Indenture"), between the Issuer and the Bond Trustee, and shall be sufficient in all respects to timely make all required payments with respect to the Issuer's Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Bonds").

Payments shall be made in lawful money of the United States of America at the designated corporate trust office of the Bond Trustee. Payments hereon shall be payable by wire or other transfer of immediately available funds or by payment of clearing house funds by the Obligated Issuer depositing the same with or to the account of the Bond Trustee on or prior to the day such payments shall become due and payable.

In addition to the payments of principal and interest specified above, the Obligated Issuer shall also pay such additional amounts, if any, that, (a) it is required to pay pursuant to the terms of the Master Indenture (as hereinafter defined), the Bond Indenture and the Loan Agreement, and (b) together with other moneys available therefor pursuant to the Bond Indenture, may be necessary to enable the Bond Trustee to make the payments and transfers required by the Bond Indenture, including, without limitation, the payments when due for principal of (whether at maturity, by acceleration or call for redemption, or otherwise), premium, if any, and interest on the Bonds.

This Series 2024 Note is subject to prepayment by the Obligated Issuer from time to time in the manner and under the circumstances set forth in the Master Indenture and to the extent of permitted prepayments under the Loan Agreement.

All the terms, conditions and provisions of the Master Indenture are, by this reference thereto, incorporated herein as a part of this Note, to all of which the Obligated Issuer and the Holder hereof, by acceptance of this Note, assent.

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This Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Note shall have been authenticated by the execution by the Master Trustee, or its successor as Master Trustee, on the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Issuer has caused this Series 2024 Note to be executed in its name and on its behalf by the manual signature of the undersigned duly authorized officer as of March 13, 2024.

**PALM BEACH ATLANTIC UNIVERSITY,
INC., as Obligated Issuer**

By: _____
Name: Dr. Stacie A. Bowie
Title: Vice President for Finance &
Administration/Chief Financial Officer

MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Series 2024 Note is one of the Notes described in the within-mentioned Master Indenture.

Date of Authentication: March 13, 2024

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Master Trustee**

By: _____
Authorized Representative

ENDORSEMENT BY OBLIGATED GROUP REPRESENTATIVE

The undersigned Obligated Group Representative (as defined in the within-mentioned Master Indenture) certifies that, pursuant to the provisions of the Master Indenture, Palm Beach Atlantic University, Inc. (the "Obligated Issuer"), which is issuing this Series 2024 Note, is obligated hereon and all other members of the Obligated Group referred to and defined in the Master Indenture are jointly and severally obligated hereon. The sole member of the Obligated Group as of the date of execution and delivery of this Series 2024 Note is the Obligated Issuer.

**PALM BEACH ATLANTIC UNIVERSITY,
INC.**, as Obligated Group Representative

By: _____

Name: Dr. Stacie A. Bowie

Title: Vice President for Finance &
Administration/Chief Financial Officer

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.
WITH RESPECT TO THE SERIES 2024 BONDS**

Upon delivery of the Series 2024 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2024 Bonds in substantially the following form:

(Date of Closing)

Palm Beach County Educational
Facilities Authority
West Palm Beach, Florida

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Palm Beach County Educational Facilities Authority (the "Issuer") of its \$45,000,000 aggregate principal amount of Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024 (the "Series 2024 Bonds"). The Series 2024 Bonds are issued under the authority of the laws of the State of Florida, including Part I, Chapter 243, Florida Statutes, as amended and other applicable provisions of law (collectively, the "Act") and pursuant to a resolution adopted by the Issuer on November 14, 2023 (the "Resolution") and a Bond Trust Indenture, dated as of March 1, 2024 (the "Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"). Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned such terms in the Bond Indenture.

The Series 2024 Bonds are being issued for the principal purposes of financing, including through reimbursement: (i) a new classroom/office building consisting of six stories and approximately 125,000 square feet to be built on the Borrower's main campus to be used primarily for the existing Rinker School of Business located at 901 South Flagler Drive, West Palm Beach, Florida, and any other capital improvements to its educational facilities located on such campus; and (ii) certain costs of issuance of the Series 2024 Bonds.

The Series 2024 Bonds are payable from and secured solely by a pledge of and lien upon the Trust Estate (as defined in the Bond Indenture), including loan repayments made by Palm Beach Atlantic University, Inc., a Florida nonprofit corporation and an

organization described in Section 501(c)(3) of the Code (the "Borrower"), to the Issuer pursuant to that certain Loan Agreement, dated as of March 1, 2024, between the Issuer and the Borrower (the "Loan Agreement"). Pursuant to the Loan Agreement, the Borrower agrees to make loan payments sufficient to pay, among other obligations, the principal of and interest on the Series 2024 Bonds, when due, and to make any required deposits into certain funds and accounts established by the Bond Indenture.

The Borrower, as the sole member of the Obligated Group (as such term is defined in the herein defined Master Indenture), has, in order to secure its obligations under the Loan Agreement with respect to the Series 2024 Bonds, issued a promissory note securing the Series 2024 Bonds dated March 13, 2024 (the "Series 2024 Master Note"), in a principal amount equal to the aggregate principal amount of the Series 2024 Bonds. The Series 2024 Master Note is being issued pursuant to a Master Trust Indenture, dated October 13, 2021, between The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), and the Borrower, as amended and supplemented (the "Master Indenture"). The Series 2024 Master Note is being issued on parity with the other Notes (as defined in the Master Indenture) issued, or to be issued, and outstanding under the terms of the Master Indenture and are secured by a pledge of and lien upon the Gross Revenues (as defined in the Master Indenture) of the Obligated Group, which currently only includes the Borrower.

None of the Issuer, Palm Beach County, Florida (the "County"), the State of Florida (the "State"), or any political subdivision or agency of the State shall in any event be liable for the payment of the principal of, premium, if any, or interest on the Series 2024 Bonds or for the performance of any pledge, obligation or agreement undertaken by the Issuer, except to the extent that the Trust Estate created under the Bond Indenture is sufficient therefor. No owner of any Bond has the right to compel any exercise of the taxing power of the Issuer, the County, the State or any political subdivision or agency thereof to pay the Series 2024 Bonds or the interest thereon, and the Series 2024 Bonds do not constitute an indebtedness of the Issuer or a loan of credit thereof within the meaning of any constitutional or statutory provision or limitation. The Issuer has no taxing power.

The Series 2024 Bonds are dated and shall bear interest from their dated date, except as otherwise provided in the Bond Indenture. The Series 2024 Bonds will mature on the dates and in the principal amounts and will bear interest at the respective rates per annum, as provided in the Bond Indenture. Interest on the Series 2024 Bonds shall be payable on April 1 and October 1 of each year, commencing October 1, 2024. The Series 2024 Bonds are subject to redemption prior to maturity in accordance with the terms of the Bond Indenture. The Series 2024 Bonds are in the form of fully registered bonds in initial denominations of \$5,000 and integral multiples in excess thereof.

Reference is made to our opinion of even date as special corporate counsel to the Borrower, with respect to various matters, including, (i) the status of the Borrower as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the corporate power of the Borrower to enter into and perform its obligations under the Loan Agreement and the other documents and agreements executed by it in connection with the Series 2024 Bonds (collectively, the "Borrower Documents"), and (iii) the authorization, execution and delivery of the Borrower Documents.

As to questions of fact material to our opinion we have relied upon representations of the Issuer, the Borrower and the Bond Trustee and the certified proceedings and other certifications of appropriate officials of the Issuer, the Borrower and the Bond Trustee furnished to us (including certifications as to the use of the proceeds of the Series 2024 Bonds), without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Bond Indenture and the Borrower Documents. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Series 2024 Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The Issuer is a public body corporate and politic and an educational facilities authority duly created and validly existing under the laws of the State and has full power and authority to adopt the Resolution and enter into, execute and deliver the Bond Indenture and the Loan Agreement and to issue and sell the Series 2024 Bonds.
2. The Resolution has been duly adopted by the Issuer, and no further action of the Issuer is required for its continued validity.
3. The Bond Indenture and the Loan Agreement have each been duly authorized and approved by the Issuer, have each been duly executed and delivered by the Issuer and, assuming the due authorization, execution and delivery of such documents by the other parties thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.
4. The Series 2024 Bonds have been duly authorized by all necessary action on the part of the Issuer, have been duly executed and issued by the Issuer, and constitute

legal, valid and binding limited and special obligations of the Issuer enforceable in accordance with their terms, and are entitled to the benefit, protection and security of the Trust Estate created pursuant to the Bond Indenture and the provisions, covenants, and agreements contained in the Bond Indenture. The Bond Indenture creates a valid lien upon the Trust Estate for the security of the Series 2024 Bonds. The Series 2024 Bonds are payable solely from the Trust Estate in the manner and to the extent provided in the Bond Indenture and the Loan Agreement.

5. The Series 2024 Bonds and interest thereon are exempt from taxation under the laws of the State, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2024 Bonds is taken into account in determining the annual adjusted financial statement income for purposes computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2024 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2024 Bonds. The Issuer and the Borrower each have covenanted to comply with all such requirements. Ownership of the Series 2024 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such collateral federal tax consequences arising with respect to the Series 2024 Bonds.

7. Registration of the Series 2024 Bonds and the Series 2024 Master Note under the Securities Act of 1933, as amended, and qualification of the Bond Indenture or the Master Indenture under the Trust Indenture Act of 1939, as amended, is not required.

Except as may expressly be set forth in an opinion delivered by us to the underwriter of the Series 2024 Bonds on the date hereof (upon which only it may rely), (1) we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Official Statement or other offering material relating to the Series 2024 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2024 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 3 and 4 hereof are qualified to the extent that the enforceability of the Loan Agreement, the Bond Indenture, and the Series 2024 Bonds, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity and public policy.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State and the federal income laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

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.

We have examined the form of the Series 2024 Bonds and, in our opinion, the form of the Series 2024 Bonds is regular and proper.

Respectfully submitted,

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APPENDIX E

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, the Participants and the Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds 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 an S&P Global Ratings 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 the 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 the 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 the 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 University 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 the 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 University 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 nor the University, 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 University or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to 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 University 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 University 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 UNIVERSITY 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 the 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 University 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 may enter into amendments to the 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.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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\$45,000,000
PALM BEACH COUNTY EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS (PALM BEACH ATLANTIC UNIVERSITY, INC.),
SERIES 2024

CONTINUING DISCLOSURE AGREEMENT

March 13, 2024

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by Palm Beach Atlantic University, Inc. (the “University”), a not-for-profit institution of higher education within the State of Florida, and Digital Assurance Certification, LLC, as dissemination agent (the “Dissemination Agent”), as of March 13, 2024. The University and the Dissemination Agent covenant and agree as follows:

SECTION 1. Definitions.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the hereinafter described Master Indenture. The following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Bond Indenture**” shall mean the Bond Trust Indenture dated as of March 1, 2024 between the Issuer and the Bond Trustee.

“**Bond Trustee**” shall mean The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as bond trustee, and its successors and assigns.

“**Bondholders**” shall mean the owners and beneficial owners from time to time of the Bonds.

“**Bonds**” shall mean the Issuer’s \$45,000,000 Revenue Bonds (Palm Beach Atlantic University, Inc.), Series 2024.

“**Disclosure Agreement**” shall mean this Continuing Disclosure Agreement.

“**Disclosure Representative**” shall mean the Vice President for Finance & Chief Financial Officer of the University or his or her designee, or such other officer or employee as the University shall designate in writing to the Dissemination Agent, if any, from time to time.

“**Dissemination Agent**” shall mean Digital Assurance Certification, LLC, or any successor dissemination agent designated as such in writing by the University and which has filed with the University a written acceptance of such designation, and such agent’s successors and assigns.

“**EMMA**” shall mean the Electronic Municipal Market Access of the MSRB accessible at <http://emma.msrb.org> or at such website as may be determined by the SEC from time to time.

“Financial Obligation” shall have the meaning assigned in Section 5(a)(15) of this Disclosure Agreement.

“Issuer” means Palm Beach County Educational Facilities Authority.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Loan Agreement” shall mean the Loan Agreement, dated as of March 1, 2024 between the Issuer and the University.

“Master Indenture” shall mean the Master Trust Indenture, dated October 13, 2021 between the University and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as master trustee, as supplemented by Supplemental Master Indenture No. 1, dated October 13, 2021 and by Supplemental Master Trust Indenture No. 2, dated as of March 1, 2024.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor entity as described in the Rule.

“Offering Document” shall mean the Official Statement, dated February 28, 2024 describing the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Underwriter” shall mean B.C. Ziegler and Company, or any additional purchaser of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“University” shall mean Palm Beach Atlantic University, Inc.

SECTION 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Bondholders to assist the Underwriter in complying with the Rule in connection with the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The University shall, not later than January 31 after the close of each fiscal year (beginning with its fiscal year ending June 30, 2024), provide or cause to be provided to EMMA an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement; provided, however, that if the audited financial statements are not available by that date, they may be submitted separately, when available.

(b) If the University is unable to provide to EMMA an Annual Report by the date required in this Section 3, the University shall send or cause to be sent a notice of such fact to EMMA or the MSRB.

(c) An Annual Report may be submitted as a single document or as a package comprising separate documents. Any or all of the items constituting an Annual Report may be incorporated by reference from other documents that have been submitted to EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so incorporated by reference.

(d) The University acknowledges that it, and not the Dissemination Agent, is solely responsible for the accuracy, completeness and timeliness of its Annual Reports and the notices required by Section 4 below.

(e) The University will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the University; provided that the University will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Content of Annual Reports.

(a) An Annual Report to be delivered under Section 3(a) shall consist of an update of the “ANNUAL DEBT SERVICE REQUIREMENTS” table in the front part of the Offering Document, a calculation of the Historical Debt Service Coverage Ratio covenant required under the Master Indenture, an update of the information relating to the University of the type included in APPENDIX A to the Offering Document under the headings entitled “UNIVERSITY LEADERSHIP - Administration,” “ACADEMIC PROGRAMMING,” “ENROLLMENT – Student Enrollment,” “– Admissions and Retention,” “– Tuition and Fees,” “– Financial Assistance,” “UNIVERSITY FINANCES – Discussion of Recent Financial Results of Operation,” “– Plant Assets,” “– Insurance,” “– Current Outstanding Indebtedness,” “– Financial Covenant Forecast,” “– Capital Expenditures and Future Indebtedness,” and “LITIGATION,” as well as anything that management of the University deems to be a material change to the information contained under the heading “PROFILE OF THE UNIVERSITY – University Facilities.”

(b) The annual audited financial statements of the University prepared in accordance with generally accepted accounting principles in a format similar to the audited financial statements set forth in APPENDIX B to the Offering Document.

SECTION 5. Reporting of Certain Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Any unscheduled draw on debt service reserves reflecting financial difficulties;

(4) Any unscheduled draw on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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 Bonds or other material events affecting the tax status of the Bonds.

(7) Modifications to rights of Bondholders, if material.

(8) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) 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);

(13) 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence by the University of a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii),

excluding municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule (each, a “Financial Obligation”), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

The SEC requires the listing of events (1) through (16) above although some of such events may not be applicable to the Bonds.

(b) If an event listed above (each a “Listed Event”) occurs and the University determines that such Listed Event is material, or if there is no materiality requirement for such Listed Event, the University shall file a notice of such occurrence with EMMA within 10 business days of such occurrence. Notice of Listed Events described in (8) and (9) above need not be given any earlier than the notice (if any) of the underlying event is given to affected Bondholders if it is required pursuant to the Bond Indenture. If the University determines that it failed to give notice as required hereunder, it is required to promptly file a notice of such determination in the same manner.

(c) Nothing in this Disclosure Agreement is intended to modify or limit the right of the University to provide notices and other information to Bondholders and such other parties as it deems necessary or appropriate.

SECTION 6. Termination of Reporting Obligation. The University’s obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds or if the Rule shall be revoked or rescinded by the SEC or declared invalid by a final decision of a court of competent jurisdiction.

SECTION 7. Amendment; Waiver; Modification. The University and the Dissemination Agent, if any, may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its agreement to amend this Disclosure Agreement of so requested by the University), and any provision of this Disclosure Agreement may be waived by the Dissemination Agent, if any, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, 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 or adjudication of the Rule by a final decision of a court of competent jurisdiction. The University may modify from time to time the specific types of information provided in an Annual Report to add information or to modify, to the extent necessary, as a result of a change in legal requirements, change in law or change in the nature of the University or its businesses, provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Dissemination Agent, if any, or the Underwriter, materially impair the interests of the Bondholders.

SECTION 8. Appointment of Dissemination Agent: Duties, Immunities and Liabilities of Dissemination Agent.

(a) The University hereby appoints Digital Assurance Certification, LLC as the exclusive Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement. The University may discharge the Dissemination Agent and any successor Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) The University may, in its sole discretion, discharge the Dissemination Agent by giving at least thirty (30) days written notice to the Dissemination Agent prior to such termination, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Disclosure Agreement. If at any time there is not any designated Dissemination Agent, the University shall perform all duties and obligations of the "Dissemination Agent" under this Disclosure Agreement.

(c) The Dissemination Agent shall have only such duties in its capacity as such as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent.

(d) The University agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless from and against any losses, costs, expenses or other liabilities which it (or they) may incur arising out of or in the exercise or performance of its (or their) powers and duties hereunder, including, without limitation, the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities arising out of the Dissemination Agent's negligence or willful misconduct. The obligations of the University under this Section 8 shall survive resignation or removal of the Dissemination Agent and any defeasance of the Bonds.

(e) The Dissemination Agent shall be under no obligation to institute any suit, or to take any proceeding under this Disclosure Agreement, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the duties hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and expenses and other reasonable disbursements, and against all liability; the Dissemination Agent may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Dissemination Agent, without indemnity, and in such case the University shall reimburse the Dissemination Agent upon demand for all costs and expenses, outlays and reasonable counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith.

(f) In case at any time it shall be necessary or desirable for the Dissemination Agent to make any investigation respecting any fact preparatory to taking or not taking any

action or doing or not doing anything as such Dissemination Agent, and in any case in which this Disclosure Agreement provides for permitting or taking any action, the Dissemination Agent may rely upon any certificate required or permitted to be filed with it under the provisions of this Disclosure Agreement, and any such certificate shall be evidence of such fact to protect the Dissemination Agent in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Disclosure Agreement, any request, notice or other instrument from the University to the Dissemination Agent shall be deemed to have been signed by the proper party or parties if signed by the Disclosure Representative of such party, and the Dissemination Agent may accept a certificate signed by an individual who represents to the Dissemination Agent in writing that he or she is an authorized officer of the University as to any action taken by the University.

(g) The Dissemination Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Disclosure Agreement, or upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement, or upon the written opinion of any attorney or accountant, and the Dissemination Agent shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument or opinion, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Dissemination Agent may execute any of the power hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of laws and its duty hereunder, and the Dissemination Agent shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement or for anything whatever in connection with the performance of its duties hereunder, except only for its own willful misconduct or negligence. For purposes of this Disclosure Agreement, matters shall not be deemed to be known to the Dissemination Agent unless they are known by a responsible officer in the Dissemination Agent's corporate trust group.

(h) The Dissemination Agent may resign and thereby become discharged from the duties as such under this Disclosure Agreement by notice in writing mailed postage prepaid to the University, such resignation to become effective on the thirtieth (30th) business day following the University's receipt of notice thereof (or at such different later date and time as stated in such notice). Any such resignation shall take effect immediately upon the appointment of a new Dissemination Agent hereunder, if such new Dissemination Agent shall be appointed before the time stated in such notice (if any) and shall then accept the duties of Dissemination Agent hereunder.

(i) The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the University and shall not

be deemed to be acting in any fiduciary capacity for the University, the Bondholders of the Bonds or any other party.

SECTION 9. Additional Information. The University may from time to time choose to disseminate other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or include other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Master Indenture, the Loan Agreement or the Bond Indenture, and the sole remedy of Bondholders under this Disclosure Agreement in the event of any failure of the University to comply with this Disclosure Agreement shall be an action filed in a court of competent jurisdiction to compel performance.

SECTION 11. Filing by Dissemination Agent. At the written request of the University and upon being furnished by the University in a timely manner with its Annual Report and information respecting Listed Events, the Dissemination Agent will, on behalf of the University cause such Annual Report to be submitted or filed and such Listed Events to be reported to the MSRB in such format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB, all in accordance with the Rule. If the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the University irrevocably directs the Dissemination Agent to immediately send a notice of such fact to EMMA (or such other repository as may be prescribed by the MSRB and approved by the SEC in the future).

SECTION 12. Compensation of Dissemination Agent. The University shall pay or reimburse the Dissemination Agent (within thirty (30) days after notice) for all its reasonable expenses, charges and other disbursements, including, without limitation the fees and costs of its officers, directors, attorneys, agents and employees incurred in and about the administration and execution of the duties created by this Disclosure Agreement and the performance of its powers and duties hereunder, as specified in a separate fee agreement between the University and the Dissemination Agent, and shall indemnify and save the Dissemination Agent and its officers, directors, attorneys, agents and employees pursuant to Paragraph 8(d) hereof. Notwithstanding any replacement or appointment of a successor Dissemination Agent, the University shall remain liable to the Dissemination Agent until payment in full for any and all sums owed and payable to the Dissemination Agent.

SECTION 13. Beneficiaries. The University and the Dissemination Agent, if any, intend to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall

inure solely to the benefit of the Dissemination Agent, the Underwriter and the Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Responsible Officers. The University's Disclosure Representative (or similar successor position with charge over financial matters of the University) shall be the officer, agency, or agent of the University responsible for providing Annual Reports and giving notice of Listed Events, to the extent required hereunder, and any inquiries regarding this Disclosure Agreement should be directed to the University, to the attention of its Disclosure Representative.

SECTION 15. Notices. Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Agreement if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by telecopy with confirmation of receipt, addressed:

To the Dissemination Agent at:

Digital Assurance Certification, LLC
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
Telephone: (407) 515-1100
Facsimile: (407) 515-6513

To the University at:

Palm Beach Atlantic University, Inc.
901 South Flagler Drive
West Palm Beach, Florida 33401
Attention: Vice President for Finance & Chief Financial Officer
Telephone: (561) 803-2084

or such other addresses as may be designated in writing to all parties hereto. If a new Dissemination Agent is appointed, the University will inform the current Dissemination Agent of the name and address thereof.

SECTION 16. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the University or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 17. Governing Law. This Agreement shall be governed by the laws of the State of Florida.

SECTION 18. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the University and the Dissemination Agent have caused this Disclosure Agreement to be executed by their duly authorized officers as of the date first set forth above.

PALM BEACH ATLANTIC UNIVERSITY, INC.

By: _____

Name: _____

Title: _____

**DIGITAL ASSURANCE CERTIFICATION,
LLC, as Dissemination Agent**

By: _____

Name: _____

Title: _____

[Signature Page to Continuing Disclosure Agreement]

