

RESOLUTION 85-146  
of the  
BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA

A RESOLUTION APPROVING THE ISSUANCE BY ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS (ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,800,000, FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COST OF A PROJECT CONSISTING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A HEALTH CARE FACILITY TO BE LOCATED IN ST. JOHNS COUNTY, FLORIDA, PURSUANT TO CHAPTER 159, PARTS II AND III, FLORIDA STATUTES, AS AMENDED; AND AUTHORIZING APPLICATION FOR CONFIRMATION OF AN ALLOCATION UNDER THE PRIVATE ACTIVITY BOND LIMITATION PURSUANT TO GOVERNOR'S EXECUTIVE ORDER 85-20.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

SECTION 1. Recitals. It is hereby found, ascertained, determined and declared that:

A. St. Johns County Industrial Development Authority (the "Issuer"), a public body corporate and politic of the State of Florida (the "State"), is duly authorized and empowered by Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to provide for the issuance of and to issue and sell its industrial development revenue bonds for the purpose of financing all or any part of the "cost" of any "project," including a "health care facility" (as such terms are defined in the Act), in order to promote and foster the economic growth and development of St. Johns County, Florida (the "County"), and the State, to increase purchasing power and opportunities for gainful employment, to improve living conditions and to advance and improve the health care, economic prosperity, and the welfare of the State and its inhabitants, to foster the industrial and business development of the County, and to otherwise provide for and contribute to the health, safety and welfare of the people of the State.

B. St. Johns Meridian Limited Partnership, a Maryland limited partnership authorized to transact business in the State of Florida (the "Borrower"), has submitted to the Board of County Commissioners a copy of a resolution of the Issuer adopted August 5, 1985 (the "Preliminary Resolution"), and a copy of a Memorandum of Agreement between the Issuer and the Meridian Nursing Centers, Inc., a Florida corporation (the "Lessee"), dated August 5, 1985

(the "Memorandum of Agreement"), with respect to the issuance by the Issuer of its Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), in the aggregate principal amount of not to exceed \$1,800,000 (the "Bonds"), and a copy of a Resolution of the Issuer adopted October 15, 1985 (the "Bond Resolution") authorizing the issuance by the Issuer of the Bonds, for the purpose of financing all or a part of the cost of issuance of the Bonds and of acquiring, constructing and installing a 60-bed nursing home facility (the "Project"), consisting of the acquisition of approximately 6 acres of land, the construction of a building containing approximately 22,000 square feet and the installation of machinery, equipment, fixtures, and furnishings related thereto, to be located in an unincorporated area of the County, to be owned by the Borrower, to be leased by the Borrower to the Lessee, and to be managed and operated by the Lessee, all as more fully described in the Bond Resolution.

C. The Bond Resolution shows that it was adopted by the Issuer after a public hearing duly conducted by the Issuer upon reasonable public notice, and that at such hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the proposed Project and to the issuance of the Bonds.

D. By the Bond Resolution the Issuer has recommended and requested that the Board of County Commissioners approve the issuance of the Bonds, in order to satisfy the requirements of Section 103(k) and 103(n) of the Internal Revenue Code of 1954, as amended (the "Code"), and the Treasury Department Regulations under the Code, whether proposed, temporary or final (the "Regulations"), for the interest on the Bonds to be exempt from federal income taxation under applicable provisions of Section 103 of the Code and the Regulations, the requirements of Sections 159.47(1)(f) and 125.01(1)(z), Florida Statutes, and the requirements of Governor's Executive Order No. 85-20.

E. The Bond Resolution shows that the Issuer has acted in accordance with all requirements of law and has made appropriate provisions for the Bonds to be issued and sold and for the proceeds of the Bonds to be used in accordance with all applicable requirements of law, and that the Project will serve significant public purposes as provided in the Act.

F. The purposes of the Act will be effectively served, and it is necessary and desirable and in the best interest of the County that, the issuance of the Bonds be approved by the Board of County Commissioners.

SECTION 2. Approval of Issuance of Bonds. The issuance of the Bonds as contemplated by the Bond Resolution is hereby approved.

SECTION 3. Application for Confirmation of Allocation. The Chairman of the Board of County Commissioners is hereby authorized and directed to file, pursuant to Governor's Executive Order 85-20, an "Application for Notice of Intent to Issue Bonds and Request for Written Confirmation" in order to obtain confirmation of an allocation for the Bonds, and in connection therewith to execute, deliver and file any and all such forms, certifications and other documents as may be necessary in order to satisfy the requirements of federal and state law with respect to the private activity bond limitation imposed by Section 103(n) of the Code and the Regulations.

SECTION 4. Repealing Clause. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

SECTION 5. Effective Date. This Resolution shall take effect immediately.

PASSED AND ADOPTED this 22nd day of October, 1985.



Chairman of the Board of County Commissioners of St. Johns County, Florida

(OFFICIAL SEAL)

ATTEST: Carl "Bud" Markel, Clerk

By: Cheryl Kent Deputy Clerk of the Clerk of the Circuit Court of St. Johns County, ex officio Clerk of the Board of County Commissioners of St. Johns County, Florida

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RESOLUTION NO. 856  
of the  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MEMORANDUM OF AGREEMENT WITH MERIDIAN NURSING CENTERS, INC., A MARYLAND CORPORATION AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF FLORIDA, WITH RESPECT TO FINANCING A PROJECT CONSISTING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A HEALTH CARE FACILITY TO BE LOCATED IN ST. JOHNS COUNTY, FLORIDA, TO BE OWNED BY ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, A MARYLAND LIMITED PARTNERSHIP AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF FLORIDA, AND TO BE LEASED TO AND MANAGED AND OPERATED BY SAID CORPORATION; AND THE ISSUANCE AND SALE OF ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY INDUSTRIAL DEVELOPMENT REVENUE BONDS (MERIDIAN NURSING CENTERS, INC. PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$1,800,000 FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COST OF SAID PROJECT; ALL PURSUANT TO CHAPTER 159, PARTS II AND III, FLORIDA STATUTES, AS AMENDED.

BE IT RESOLVED BY THE MEMBERS OF THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended, and other applicable laws.

SECTION 2. FINDINGS. It is hereby found, ascertained, determined and declared that:

A. St. Johns County Industrial Development Authority (the "Issuer") is a public body corporate and politic duly created and existing as a local governmental body and duly constituted as a public instrumentality for the purposes of industrial development, under and by virtue of Chapter 159, Part III, Florida Statutes, and is duly authorized and empowered by such act and by Chapter 159, Part II, Florida Statutes, as amended (collectively, the "Act"), to provide for the issuance of and to issue and sell its industrial development revenue bonds for the purpose of financing all or any part of the "cost" of any "project," including a "health care facility" (as such terms are defined in the Act), in order to promote and foster the economic

growth and development of St. Johns County, Florida (the "County") and of the State of Florida (the "State"), to increase purchasing power and opportunities for gainful employment, to improve living conditions and to advance and improve the health care, the economic prosperity and the welfare of the State and its inhabitants, to foster the industrial and business development of the County, and to otherwise provide for and contribute to the health, safety and welfare of the people of the State.

B. Meridian Nursing Centers, Inc., a Maryland corporation authorized to transact business in the State of Florida (the "Company"), has requested that the Issuer take preliminary official action expressing the Issuer's intention to issue and sell its St. Johns County Industrial Development Authority Meridian Limited Partnership Project) in an aggregate principal amount not to exceed \$1,800,000 (the "Bonds"), that the Issuer request the Board of County Commissioners of the County (the "Board") to approve the Bonds, and to authorize filing for allocation for the Bonds in the amount of \$1,800,000 for calendar year 1985 and to authorize assignment of such allocation to the Issuer, for the purpose of financing all or any part of the cost of issuance of the Bonds and of acquiring, constructing and installing a 60-bed nursing home facility (the "Project"), said Project to consist of the acquisition of approximately 6 acres of land, the construction of a building containing approximately 22,000 square feet, and the installation of machinery, equipment, fixtures and furnishings related thereto, to be owned by St. Johns Meridian Limited Partnership, a Maryland limited partnership authorized to transact business in the State of Florida (the "Borrower"), and to be leased by the Borrower to the Company, and to be managed and operated by the Company. The Project will be located in an unincorporated area of the County. The Company has requested that the Issuer finance the Project under a loan agreement ("financing agreement") with the Borrower, whereby the Borrower will be obligated to operate, repair and maintain the Project at no expense to the Issuer, to make loan payments sufficient to pay the principal of and premium, if any, and interest on the Bonds when and as the same become due, and for the payment of all other costs incurred by the Issuer in connection with the financing, acquisition, construction, installation and administration of the Project which are not paid out of the Bond proceeds or otherwise; the Bonds to be secured by such obligations of the Borrower and the Company and otherwise as shall be determined, and the interest on the Bonds to be exempt from federal income taxation; all as permitted by the Constitution and other laws of the United States and of the State and as authorized by the Act. The Company will enter into a Guaranty Agreement (the "Guaranty Agreement") whereby it will guarantee (i) the prompt completion of the construction and installation of this Project, and (ii) the prompt payment of up

to 20% of the principal of and interest on the Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principals. The Company will enter into an initial five-year lease whereby the Company will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, and to make payment sufficient in the aggregate to pay all of the principal of and interest and redemption premium, if any, on the Bonds during the term of such lease.

C. Upon consideration of the information furnished by the Company and other available information, including the information and views presented to the Issuer in public meeting, the Issuer has made the following findings and determinations:

(1) The Project and the financing of all or a portion of the cost of the Project by the Issuer will be in furtherance of the purposes of the Act in that it will encourage the location of the Project in the County, it will enhance health care in the County, it will alleviate unemployment in the County by creating approximately 51 additional, new jobs within a period of one year after beginning construction of the Project, and will foster the economic development and the business development of the County.

(2) The Project is appropriate to the needs and circumstances of and shall make significant contributions to the economic growth of the County, shall provide gainful employment and shall serve a public purpose by advancing the public health, the economic prosperity, and the general welfare of the State and its people as stated in Section 159.26, Florida Statutes, as amended.

(3) The County and other local agencies will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increase in population or other circumstances resulting therefrom.

(4) The Company has requested satisfactory expressions of intention from the Issuer that, upon the satisfaction of all requirements of law and all conditions to be met by it, including but not limited to confirmation of an allocation under the applicable volume limits under Section 103(n) of the Internal Revenue Code of 1954, as amended (together with the Regulations promulgated under such Code,

whether proposed, temporary or final, the "Code"), the Bonds will be issued and sold and the proceeds thereof will be made available to finance the cost of the Project within the meaning of the Act, to the extent of such proceeds, and such expressions will be a substantial and important factor in the Company's decision to proceed with the Project.

(5) A negotiated sale of the Bonds is required and necessary, and is in the best interest of the Issuer, for the following reasons: the Bonds will be special and limited obligations of the Issuer payable solely out of revenues and proceeds derived by the Issuer pursuant to the financing agreement, and the Borrower will be obligated for the payment of all costs of the Issuer in connection with the financing, construction and administration of the Project which are not paid out of the Bond proceeds or otherwise and for operation and maintenance of the Project at no expense to the Issuer; the cost of issuance of the Bonds, which will be borne directly or indirectly by the Borrower, could be greater if the Bonds are sold at public sale by competitive bids than if the Bonds are sold at negotiated sale, and a public sale by competitive bids would cause undue delay in the financing of the Project; industrial development revenue bonds having the characteristics of the Bonds are typically and usually sold at negotiated sale; the Borrower has requested that a negotiated sale of the Bonds be authorized by the Issuer; and authorization of a negotiated sale of the Bonds is necessary in order to serve the purposes of the Act.

(6) The Issuer has not made any findings pursuant to Section 159.29(2), Florida Statutes, as amended, with respect to the financial responsibility of the Borrower or the Company, and the Memorandum of Agreement provides that the Borrower and the Company must submit to the Issuer prior to the consideration by the Issuer of any resolution authorizing the issuance of the Bonds, evidence of the financial responsibility of the Borrower and the Company which shall be sufficient, in the sole opinion of the Issuer, to permit the Issuer to make the determinations required to be made by the Issuer pursuant to Section 159.29(2), Florida Statutes, as amended.

(7) It is proposed that the Issuer and the Company enter into a memorandum of agreement in the form presented at this meeting (the "Memorandum of Agreement"), providing for the Borrower as independent contractor, and not as agent for the Issuer, to proceed with the acquisition, construction, installation and completion of the Project, all at no cost to the Issuer pending the issuance and sale of the Bonds; and providing among other things for the Bonds to be issued and sold at negotiated sale upon the terms and con-

ditions hereof and thereof; for the use and application of the proceeds of sale of the Bonds to pay all or any part of, the "cost" (as defined in the Act) of the Project, to the extent of such proceeds; for a loan agreement between the Issuer and the Borrower providing for an initial five-year lease in favor of the Company whereby the Company will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, to make payments sufficient in the aggregate to pay all of the principal of and interest and redemption premiums, if any, on the Bonds during the term of such lease, and to pay all other costs incurred by the Issuer in connection with the financing, acquisition, construction, installation and administration of the Project which are not paid out of the Bond proceeds or otherwise; and for such other financing agreements, indentures, and related agreements as shall be necessary or appropriate.

(8) The purposes of the Act will be more effectively served if, and it is necessary and desirable and in the best interest of the Issuer that, the Memorandum of Agreement be executed and delivered by and on behalf of the Issuer.

**SECTION 3. AUTHORIZATION OF MEMORANDUM OF AGREEMENT.** The Memorandum of Agreement in the form and with the contents presented at and filed with the minutes of this meeting, be and the same is hereby approved, and the Chairman or Vice Chairman of the Issuer is hereby authorized and directed, in the name and on behalf of the Issuer, to execute and deliver said Memorandum of Agreement, and the Secretary or Assistant Secretary of the Issuer is hereby authorized and directed to attest the same and to affix thereto the official seal of the Issuer.

**SECTION 4. EFFECT OF RESOLUTION.** This resolution is intended to and shall constitute a "bond resolution or some other similar official action" of the Issuer for purposes of Section 103(b) of the Code, as amended, and the related regulations, rulings and decisions thereunder.

**SECTION 5. PRIORITY.** Nothing herein shall be deemed to restrict the Issuer or the State of Florida or any agency or political subdivision thereof in determining the order or priority of the issuance of bonds or to require the Issuer or the State of Florida or any agency or political subdivision thereof to give the Bonds priority as to issuance or allocation or as to the time of issuance over any other bonds previously or subsequently approved for issuance.

**SECTION 6. REPEALING CLAUSE.** All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.



SECTION 7. EFFECTIVE DATE. This resolution shall take effect immediately.

PASSED AND ADOPTED this 5th day of August, 1985.

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

*Ross S. Mickey*

(OFFICIAL SEAL)

Chairman of St. Johns County  
Industrial Development Authority

ATTEST:

*Anthony J. ...*

Assistant Secretary of St. Johns  
County Industrial Development  
Authority

## MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT between ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic duly created and existing under the laws of the State of Florida (the "Issuer"), and MERIDIAN NURSING CENTERS, INC., a Maryland corporation authorized to transact business in the State of Florida (the "Company").

1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this Memorandum of Agreement are the following:

(a) The Issuer is a public body corporate and politic duly created and existing as a local governmental body and duly constituted as a public instrumentality for the purposes of industrial development, under and by virtue of Chapter 159, Part III, Florida Statutes, as amended and is duly authorized and empowered by such Act and by Chapter 159, Part II, Florida Statutes, as amended (collectively, the "Act"), to provide for the issuance of and to issue and sell its industrial development revenue bonds for the purpose of financing all or any part of the "cost" of any "project," including a "health care facility" (as such terms are defined in the Act).

(b) The Company proposes that the Issuer finance the cost of a 60-bed nursing home facility to be located on approximately 6 acres in St. Johns County, Florida (the "County"), consisting of the acquisition of such land, the construction of thereon of a building containing approximately 22,000 square feet, and the installation of machinery, equipment, fixtures and furnishings related thereto (the "Project"), to be owned by St. Johns Meridian Limited Partnership, a Maryland limited partnership authorized to transact business in the State of Florida (the "Borrower"), and to be leased by the Borrower to the Company, and to be managed and operated by the Company.

(c) The Company represents that the capital cost of the Project, including the cost of issuance of the Bonds (as hereinafter defined), will not be less than \$1,620,000 nor more than \$1,980,000.

(d) The Company represents that the Project constitutes a capital project for a "health care facility" and a "project" within the meaning of the Act; that the Project will alleviate unemployment in the County by creating approximately 51 new jobs within a period of one year after beginning construction of the Project; and that the Company has obtained a certificate of need for the Project as required by Sections 381.493-381.499 and Section 400.071, Florida Statutes, as amended.

(e) The Company represents that neither it nor any "related person" (as such term is used in Section 103(b)(6) of the Internal Revenue Code of 1954, as amended) has, directly or indirectly, commenced or entered into any binding contracts for the acquisition or construction of the Project or for the purchase of machinery or equipment for the Project, and that it is essential that it immediately make commitments for such purposes.

(f) The Company proposes that the Issuer express its intention to issue its Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project) in an aggregate principal amount not to exceed \$1,800,000 (the "Bonds"), and that the Issuer request the Board of County Commissioners of the County (the "Board") to approve the Bonds, and to authorize filing for an allocation for the Bonds in the amount of \$1,800,000 for calendar year 1985 and to authorize assignment of such allocation to the Issuer, for the purpose of financing all or part of the "cost" (as defined in the Act) of the Project, and to enter into a loan agreement between the Issuer and the Borrower, whereby the Borrower will be unconditionally obligated to operate, repair and maintain the Project, to make loan payments sufficient to pay the debt service on the Bonds and to pay all other costs incurred by the Issuer in connection with the financing, the acquisition, construction and installation, and the administration of the Project, which are not paid out of the Bond proceeds or otherwise; the Bonds to be secured by such obligations of Borrower and the Company and by a first mortgage lien upon and a security interest in the Project; and the interest on the Bonds to be exempt from federal income taxation under the laws of the United States of America. The Company will enter into a Guaranty Agreement (the "Guaranty Agreement") whereby it will guarantee (i) the prompt completion of the construction and installation of the Project and, (ii) the prompt payment of up to 20% of the principal of and interest on the Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with generally accepted accounting principles. The Company will enter into an initial five-year lease whereby the Company will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, and to make payments sufficient in the aggregate to pay all of the principal of and interest and redemption premiums, if any, on the Bonds during the term of such lease.

(g) The Issuer, by resolution (the "Resolution") duly passed and adopted, has made certain findings and determinations and has duly approved and authorized the execution and delivery of this Memorandum of Agreement.

(h) This Memorandum of Agreement is entered into to permit the Company to proceed with commitments for the Project and to incur costs in connection with various phases of the Project (including the costs of the acquisition, construction and installation of the Project and related expenses) and to provide an expression of intention by the Issuer, prior to the issuance of the Bonds, to issue and sell the Bonds and make the proceeds thereof available to finance all or part of the cost of the Project, to the extent of such proceeds, all in accordance with and subject to the provisions of the Constitution and other laws of the State of Florida, including the Act, the Code, Executive Order No. 85-20 of the Governor of the State of Florida (the "Executive Order"), Chapter 85-282, Laws of Florida (the "Florida Private Activity Bond Allocation Act"), and this Memorandum of Agreement.

2. Intentions on the Part of the Issuer. Pursuant to and in accordance with and subject to the limitations of the Constitution and other laws of the State of Florida, including the Act, the Code, the Executive Order and the Florida Private Activity Bond Allocation Act, and upon the conditions hereinabove and hereinafter stated, the Issuer intends as follows:

(a) It will authorize the issuance and sale of one or more series of the Bonds, pursuant to the terms of the Act as then in force, for the purpose of financing all or a portion of the cost of the Project.

(b) It will, at the proper time and subject in all respects to the prior advice, consent and approval of the Borrower and the Company, adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of the Bonds, the acquisition, construction and installation of the Project and the financing of the Project, all as shall be provided for or permitted by the Code, the Executive Order and the Florida Private Activity Bond Allocation Act, authorized by the Act and mutually satisfactory to the Issuer, the Borrower and the Company. The Bonds are to be issued under a trust indenture between the Issuer and a trust company, bank or other qualified trustee having trust powers (which shall be qualified to serve as trustee under such indenture, under all applicable laws, and be designated by the Borrower with the approval of the Issuer), as Trustee, pursuant to which the Trustee shall receive and disburse the proceeds from the sale of Bonds, collect payments under the financing agreements and enforce the obligations the Borrower and of the Company under the financing agreements. The Bonds shall not be deemed to constitute a debt, liability or obligation, or a pledge of the faith and credit or taxing power, of the Issuer or of the State of Florida or of any political subdivision thereof, but the Bonds shall be payable solely from the revenues and proceeds to

be derived by the Issuer under the financing agreements. The Bonds shall bear interest at such rate or rates, shall be payable at such times and places, shall be in such forms and denominations, shall be sold in such manner, at such price and at such time or times, shall have such provisions for redemption, shall be executed, and shall be secured by the Project, the revenues and proceeds derived therefrom and the obligations of the Borrower, as hereafter may be requested by the Borrower and determined or provided for by the Issuer, all on terms complying with the Code, authorized by the Act and mutually satisfactory to the Issuer, the Borrower and the Company, subject to an allocation for the Bonds, in an amount not less than 90% nor more than 110% of the amount of the Bonds actually issued pursuant to Section 103(n) of the Code, the Executive Order and the Florida Private Activity Bond Allocation Act or other applicable law then in effect.

(c) The interest on the Bonds shall be exempt from federal income taxation, as determined by the Issuer on the basis of an opinion of Bond Counsel approved by the Issuer.

(d) The Bonds shall be sold at negotiated sale to one or a limited number of substantial and responsible, local institutional investors, such as banks, savings and loan associations, insurance companies or investment firms, to be designated by the Borrower and the Company with the approval of the Issuer, in a private placement for such investors' own portfolios and not for distribution to the public, unless the Issuer otherwise approves by adoption of a subsequent resolution.

3. Agreements of the Company. Subject to the conditions hereinabove and hereafter stated, the Company agrees as follows:

(a) If the Company proceeds with the Project, it or the Borrower will generally arrange for, manage and carry out the acquisition, construction and installation of the Project, will advance funds for such purpose as herein provided and, to the extent that the proceeds derived from the sale of the Bonds are not sufficient to complete the Project and to pay all costs incurred in connection therewith and with the financing and administration of the Project, will supply all additional funds which are necessary therefor.

(b) The Company and the Borrower will cooperate with the Issuer in making arrangements for the sale of the Bonds and shall be responsible for compliance with all applicable securities laws, including any disclosure obligations, in connection with the offering and sale thereof.

(c) Prior to the consideration by the Issuer of any resolution authorizing the issuance of the Bonds, the Borrower

and the Company will submit to the Issuer evidence of the financial responsibility of the Borrower and the Company which shall be sufficient, in the sole opinion of the Issuer, to permit the Issuer to make the determinations required to be made by the Issuer pursuant to Section 159.29(2), Florida Statutes, as amended.

(d) Contemporaneously with the delivery of the Bonds, the Borrower and the Company will enter into the lease agreement, the financing agreement and such other agreements and related documents as shall be necessary or appropriate so that the Company and/or Borrower will be obligated to operate, maintain and repair the Project at its own expense, to pay for the account of the Issuer sums sufficient in the aggregate to pay all of the principal of and interest and redemption premiums, if any, on the Bonds when and as the same shall become due and payable, and to pay all other costs incurred by the Issuer in connection with the financing, construction and administration of the Project, except as may be paid out of the Bond proceeds or otherwise, and the Company will enter into the Guaranty Agreement in favor of the Trustee.

(e) Contemporaneously with the delivery of the Bonds, the Company and the Borrower will furnish to the Issuer, satisfactory title insurance insuring the Issuer as a first mortgagee holder on the property, a survey showing that the location of the Project is as described in the published TEFRA Notice, and such other documents and assurances as the Issuer may require.

(f) The Company and the Borrower will take such further action and adopt such proceedings as may be required to implement its undertakings hereunder.

#### 4. General Provisions.

(a) Since it is anticipated that the acquisition, construction and installation of the Project will commence prior to the sale of the Bonds and the Company knows and acknowledges that the Issuer will have no funds available to pay the cost of the Project other than funds derived from the sale of the Bonds, the Company agrees to advance from time to time all funds necessary for the acquisition, construction and installation of the Project, and any such funds when so advanced shall be deemed funds advanced on behalf of the Issuer; provided, however, that the Issuer shall not by virtue of such advances or otherwise through this Memorandum of Agreement acquire any property interest in the Project whatsoever. To the extent that the net proceeds derived from the sale of the Bonds are sufficient for such purpose, the Issuer agrees to reimburse the Company from such net proceeds after the issuance of the Bonds for costs of the Project incurred by the Company prior to the issuance of the

Bonds (subject to any limitations imposed by Section 103(b)(6) of the Code).

(b) The Issuer agrees that the Borrower may enter into one or more agreements with a private lender or lenders to provide temporary construction financing and obtain commitments for permanent financing for the Project without vitiating in any manner the terms of this Agreement.

(c) The Borrower shall act as independent contractor, and not as agent for the Issuer, for the acquisition, construction, installation and completion of the Project, and shall provide all services incident to the acquisition, construction and installation of the Project, including, without limitation, the preparation of plans, specifications and contract documents, the award of contracts, the inspection and supervision of work performed, the employment of engineers, architects, builders and other contractors, the obtaining of utility services, and the provision of money to pay the cost thereof pending reimbursement by the Issuer from the Bond proceeds, and the Issuer shall have no responsibility for the provision of any such services.

(d) The Borrower may engage the services of an underwriter or financial consultant or adviser and the services of bond counsel or other legal counsel in connection with the offering and sale of the Bonds; provided, however, that the Issuer shall have no liability for the payment of any such firm's compensation or expenses if the Bonds are not sold and issued, and if the Bonds are sold and issued the Issuer shall be liable for the payment thereof only out of the proceeds of sale of the Bonds.

(e) James G. Sisco, Esquire, St. Augustine, Florida, shall serve as counsel for the Issuer and Foley & Lardner, Jacksonville, Florida, shall serve as Bond Counsel. The Company or the Borrower shall be responsible for the payment of all fees, costs and expenses of counsel for the Issuer and for the payment of all fees, costs and expenses of Bond Counsel, and shall pay the same whether or not the Bonds are issued and sold, provided that if the Bonds are issued and sold such fees, costs and expenses may be paid or reimbursed out of the proceeds of the sale of the Bonds.

(f) The Bonds shall be validated pursuant to the provisions of Chapter 75, Florida Statutes, if such validation shall be deemed advisable or shall be required by counsel to the Issuer, Bond Counsel or the initial purchaser of the Bonds.

(g) Confirmation of an allocation for the Bonds for calendar year 1985, in an amount not less than 90% nor more than 110% of the amount of Bonds actually issued, and assignment

thereof from an appropriate governmental unit or units, under Section 103(n) of the Code, the Executive Order, the Florida Private Activity Bond Allocation Act and other applicable law then in effect, and, if required by the Issuer or its counsel, the Borrower or its counsel, or Bond Counsel, such other rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to each of them, with respect to the Bonds, the Project, this Memorandum of Agreement, the financing agreements, the trust indenture or any other instrument or act contemplated hereby, shall be obtained from such governmental, as well as nongovernmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto, and the same shall be in full force and effect at the time of issuance of the Bonds.

(h) The intentions of the Issuer to issue the Bonds pursuant to this Memorandum of Agreement and to use the proceeds thereof as herein contemplated are subject to the conditions that (i) the issuance of the Bonds by the Issuer shall have been approved after a public hearing thereon by the Board of County Commissioners of the County pursuant to Section 103(k) of the Code; (ii) an amount equal to not less than 90% nor more than 110% of the amount of the Bonds to be actually issued shall have been allocated for the issuance of the Bonds by the Issuer for calendar year 1985, and an assignment of such allocation from the Board of County Commissioners of the County or other appropriate governmental unit or units, pursuant to Section 103(n) of the Code and pursuant to the Executive Order and the Florida Private Activity Bond Allocation Act or any subsequently applicable legislative enactment, governor's proclamation or order, laws, ordinances, regulations, rules and policies now or hereafter adopted by the State of Florida or any department, division, office, board, bureau, political subdivision, municipality, authority, instrumentality or agency of the State of Florida or of any local governmental body in said state ("State Provisions"), which allocation shall be in full force and effect on the closing date for the issuance of the Bonds, and (iii) on or before one year from the date hereof (or such later date as shall be mutually satisfactory to the Issuer and the Borrower), the Issuer and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions for the financing agreements and other agreements and documents referred to in Sections 2(b) and 3(c) and the proceedings referred to in Sections 2 and 3 hereof and the Bonds shall have been issued, sold and delivered; provided, however, that the Bonds may not be issued more than one year after the date on which the entire Project shall have been first placed in service or acquired (whichever occurs last) or after the allocation referred to in clause (ii) shall have expired, elapsed or become ineffective under Section 103(n) of the Code and the State Provisions.



(i) If the events set forth in paragraph (h) of this Section do not take place within the times set forth therein or any extensions thereof and the Bonds are not issued as herein contemplated, the Company agrees to pay all costs and expenses incurred pursuant to this Memorandum of Agreement by the Company and the Borrower, the fees and expenses of any underwriter, financial consultant or adviser engaged by the Company or the Borrower, the out-of-pocket costs and expenses of counsel for the Issuer, the fees, costs and expenses of Bond Counsel, and any necessary and reasonable out-of-pocket costs and expenses incurred pursuant to this Memorandum of Agreement by the Issuer, whereupon this Memorandum of Agreement shall terminate.

(j) So long as this Memorandum of Agreement is in effect, all risk of loss to the Project will be borne by the Borrower.

(k) It is expressly agreed that any pecuniary liability or obligation of the Issuer hereunder shall be limited solely to the revenues and other funds derived by the Issuer from the sale, operation or leasing of the Project, including payments received under the financing agreements, and nothing contained in this Memorandum of Agreement shall ever be construed to constitute a personal or pecuniary liability or charge against any member, officer, commissioner, employee or agent of the Issuer or its governing body, and in the event of a breach of any undertaking on the part of the Issuer contained in this Memorandum of Agreement, no personal or pecuniary liability or charge payable directly or indirectly from any funds or property of the Issuer shall arise therefrom. The Company hereby releases the Issuer from and agrees that the Issuer shall not be liable for, and agrees to defend, indemnify and hold the Issuer harmless against any liabilities, obligations, claims, damages, litigation, costs and expenses (including but not limited to attorneys' fees and expenses) imposed on, incurred by or asserted against the Issuer for any cause whatsoever pertaining to the Project, the Bonds or this Memorandum of Agreement, or any transaction contemplated hereby; provided, however, that the scope and amount of the liability of the Company under this sentence shall never exceed the scope and amount of the Issuer's liability, costs and expenses (including attorneys' fees). The provisions of this paragraph shall survive any termination of this Agreement.

(l) If at any time prior to the issuance and sale of the Bonds the Issuer shall determine that the business, operations or financial condition of the Company are not satisfactory or that the Borrower is not proceeding diligently with the acquisition, construction and installation of the Project or the financing thereof as contemplated hereby, the Issuer may, at its option, terminate this agreement and any allocation for the Bonds by written notice to the Company. The Issuer shall be discharged

of its undertakings under this Memorandum of Agreement if the Company shall not provide at the closing for the issuance of the Bonds assurances satisfactory to the Issuer that no material adverse change has occurred in the representations of the Company herein or in the business, operations or financial condition of the Company.

(m) Except as otherwise provided in paragraphs (r) and (l) of this Section, the provisions of this Memorandum of Agreement shall be superseded by any financing agreement entered into by the Issuer and the Borrower in accordance with Sections 2(b) and 3(c) of this Agreement and shall, upon the execution and delivery of such financing agreements, terminate and be of no effect.

(n) The Issuer will request that the Board authorize filing for an allocation for the Bonds for calendar year 1985 in the amount of \$1,800,000 and an assignment of such allocation to the Issuer. The Company acknowledges and agrees that, except as expressly stated in the preceding sentence, neither the Resolution nor this Memorandum of Agreement constitutes an allocation or agreement to seek an allocation, and that the Issuer does not guarantee the availability of an allocation for the Bonds or that an allocation will be applied for, confirmed or assigned, either for 1985 or any subsequent year, or any renewal or subsequent allocation for the Bonds in the event the issue is not closed prior to expiration of the initial allocation, or any increase in the amount of the initial allocation or any subsequent allocation for any additional series of the Bonds. If an allocation for the Bonds is confirmed for 1985 and assigned to the Issuer, the Issuer will use its best efforts to cause the Bond issue, in an aggregate face amount not less than 90% nor more than 100% of the amount of such allocation, to be closed in 1985, prior to the expiration of such allocation. The Issuer shall have no obligation to seek confirmation of an allocation under the 1986 volume limitation if the issue of the Bonds is not closed in 1985. The Issuer's execution and delivery of this Memorandum of Agreement shall in no way assure or guarantee any allocation of available financing or assign any priority to the Bonds over any other bonds authorized or approved prior to or after such execution and delivery, as to such allocation. The Issuer reserves the right to use the allocation to be allocated for this bond issue and all other allocations for other bond issues on a first bond issue to close basis or any other basis which the Issuer shall deem to be in the best interest of the County or of the State, with the possible result that there may be no bond allocation available for the Borrower when and if the Borrower shall be ready to close.

(o) The Company acknowledges and agrees that it or its certified public accountants will forward to the Issuer, prior to

the issuance of the Bonds, a fully completed Internal Revenue Service Form 8038, as required by Section 103(1) of the Code, signed by its certified public accountants as the preparer thereof.

(p) This Memorandum of Agreement shall become effective when executed and delivered by the Issuer and the Company.

IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement as of the 5th day of August, 1985.

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

(OFFICIAL SEAL)

By Ross S. Mackey  
Chairman

ATTEST:

[Signature]  
Assistant Secretary

Signed this 5th day of August,  
1985

MERIDIAN NURSING CENTERS, INC.

(CORPORATE SEAL)

By [Signature]  
James W. Jeffcoat, Vice  
President of Development

ATTEST:

[Signature]  
Its Secretary

Signed this 5th day of August,  
1985.

RESOLUTION NO. 85-7  
of the  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

A RESOLUTION PROVIDING FOR FINANCING BY ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ALL OR PART OF THE COST OF A CAPITAL PROJECT FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A HEALTH CARE FACILITY TO BE LOCATED WITHIN AN UNINCORPORATED AREA OF ST. JOHNS COUNTY FLORIDA, TO BE OWNED BY ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, A MARYLAND LIMITED PARTNERSHIP, AND LEASED TO MERIDIAN NURSING CENTER, INC., A MARYLAND CORPORATION; PROVIDING FOR THE ISSUANCE BY THE AUTHORITY OF NOT TO EXCEED \$1,800,000 PRINCIPAL AMOUNT OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS, AND FOR A LOAN OR LOANS BY THE AUTHORITY TO SAID BORROWER IN A PRINCIPAL AMOUNT EQUAL TO THE PRINCIPAL AMOUNT OF SUCH BONDS, TO FINANCE ALL OR A PORTION OF THE COST OF SUCH PROJECT; PROVIDING FOR THE RIGHTS OF THE OWNERS OF SUCH BONDS AND FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AUTHORIZING A NEGOTIATED SALE OF SUCH BONDS; AND AWARDING SUCH BONDS TO THE PURCHASER THEREOF.

BE IT RESOLVED BY THE MEMBERS OF THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Words importing the singular shall include the plural, words importing the plural shall include the singular, and words importing persons shall include corporations and other entities or associations.

"Act" means Chapter 159, Parts II and III, Florida Statutes, as amended from time to time.

"Additional Bonds" means Bonds issued or to be issued under the Indenture in accordance with Article XII thereof pursuant to the request of the Borrower and the authorization of the Issuer.

"Additional Loans" means any loan or loans made to the Borrower pursuant to Article IV of the Loan Agreement.

"Additional Promissory Notes" means any additional promissory notes of the Borrower issued to evidence Additional Loans.

"Base Rate" means at any time that rate of interest announced by the Purchaser, or its corporate successor, as its "prime rate" of interest, whether or not such prime rate shall be otherwise published, as such rate shall vary from time to time, or if said prime rate is discontinued or is not (in the opinion of said bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by said bank.

"Bonds" means the Issuer's Industrial Development Revenue Bonds of all series issued or to be issued under the Indenture, namely the Series A Bonds and all Additional Bonds.

"Borrower" means St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Loan Agreement.

"Code" means the Internal Revenue Code of 1954, as amended from time to time, and includes the Regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service.

"County" means St. Johns County, Florida, a political subdivision of the State.

"Governing Body" means the Issuer's members.

"Guarantor" means the Lessee, and any successor, surviving, resulting or transferee person as provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty Agreement to be executed from the Lessee, as guarantor to the Trustee, substantially in the form attached hereto as Exhibit V and incorporated herein by reference.

"Indenture" means the Indenture of Trust to be executed from the Issuer to the Trustee, substantially in the form attached hereto as Exhibit II and incorporated herein by reference.

"Issuer" means St. Johns County Industrial Development Authority, a public body corporate and politic of the State, its successors and assigns.

"Lease" means the initial five-year lease of the Borrower's facilities comprising a health care facility, to be executed by and between the Borrower, as landlord, and the Lessee, as tenant, substantially in the form attached hereto as Exhibit VI and incorporated herein by reference.

"Lease Assignment" means the Assignment of Leases, Rents and Profits to be executed from the Borrower to the Issuer (and to be assigned without recourse by the Issuer to the Trustee), for the purpose of providing mortgage, security interest or other collateral security for the payment of the Bonds and the performance of the Borrower's obligations under the Loan Agreement, substantially in the form attached hereto as Exhibit VII and incorporated herein by reference.

"Lessee" means Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Lease.

"Loan Agreement" means the Loan Agreement, to be executed by and between the Issuer and the Borrower, substantially in the form attached hereto as Exhibit I and incorporated herein by reference.

"Memorandum of Agreement" means the Memorandum of Agreement executed by and between the Issuer and the Lessee, dated as of August 5, 1985, authorized by the Preliminary Resolution and setting forth the terms of the understanding between the Issuer and the Borrower with respect to the issuance of the Bonds herein designated as the Series A Bonds and the financing of the Project.

"Mortgage" means the Mortgage and Security Agreement to be executed from the Borrower to the Issuer (and to be assigned without recourse by the Issuer to the Trustee), for the purpose of providing mortgage, security interest or other collateral security for the payment of the Bonds and the performance of the Borrower's obligations under the Loan Agreement, substantially in the form attached hereto as Exhibit III and incorporated herein by reference.

"Preliminary Resolution" means the Resolution of the Issuer adopted August 5, 1985, expressing the intention of the Issuer to issue the Bonds herein designated as the Series A Bonds in an aggregate principal amount of not to exceed \$1,800,000 in order to finance the Project, and authorizing the Memorandum of Agreement.

"Project" means the project of the Borrower described in subsection E(1) of Section 3 of this Resolution and in Exhibit A to the Loan Agreement which has been or is to be acquired, constructed and installed in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality.

"Project Complex" means the land, building(s), improvements, fixtures and major equipment located or to be located on the site of the Project from time to time, with which the Project Enterprise will be conducted and of which the Project is to form a part.

"Project Enterprise" means the business of owning, operating and managing the Project as a health care facility as defined in the Act.

"Purchase Agreement" means the Bond Purchase Agreement to be executed by and between the Issuer, the Borrower, the Guarantor and the Purchaser, substantially in the form attached hereto as Exhibit IV and incorporated herein by reference.

"Purchaser" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or one or a limited number of such other commercial banks, savings and loan associations, insurance companies or other institutional investors, not to exceed a total of five in number, as may be designated by or on behalf of the Borrower and approved by or on behalf of the Issuer (such designation and such approval to be evidenced conclusively by the execution of the Purchase Agreement by the Borrower and by the Issuer), as the purchaser or purchasers of the Series A Bonds, and its or their respective successors and assigns.

"Regulations" means the regulations under Section 103 of the Code, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service.

"Series A Bonds" means the bonds of the Issuer to be designated "St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project)," in the principal amount of not to exceed \$1,800,000, substantially in the forms and with the rates of interest, maturity dates and other details provided for herein and in the Indenture, to be authorized and issued by the Issuer, authenticated by the Trustee and delivered under the Indenture.

"Series A Promissory Note" means the promissory note to be made by the Borrower, payable to the order of the Issuer (and to be assigned without recourse by the Issuer to the Trustee), in a principal amount equal to the principal amount of the Series A Bonds, evidencing the Borrower's indebtedness and obligation to repay the loan made by the Issuer pursuant to the Loan Agreement, in the amounts and at the times required for the payment of the principal of, premium, if any, and interest on the Series A Bonds when and as the same become due and payable.

"State" means the State of Florida.

"State Provisions" means Florida Private Activity Bond Allocation Act, Chapter 85-282, Laws of Florida, and any valid legislative enactment, statute, order, rule, regulation or ordinance of the State of Florida or any political subdivision thereof, or any department, agency, bureau, authority or instrumentality of said state or political subdivision, whether now or hereafter in effect, with respect to the private activity bond limitation imposed by Section 103(n) of the Code and the Regulations.

"Trustee" means Equitable Bank, National Association, a national banking association, with its principal corporate trust office presently located in Baltimore, Maryland, or any other trust company or commercial bank qualified to serve as trustee under the Indenture as may be designated by the Purchaser and approved by the Borrower and the Chairman or Vice Chairman of the Issuer, and any successor banking corporation, banking association or trust company at the time serving as corporate trustee under the provisions of the Indenture.

Section 3. FINDINGS. It is hereby ascertained, determined and declared as follows:

A. The Issuer is a public body corporate and political duly created and existing as a local governmental body and duly constituted as a public instrumentality for the purposes of industrial development, under and by virtue of Part III of Chapter 159, Florida Statutes, as amended, and is duly authorized and empowered by the Act to finance the acquisition, construction, reconstruction, improvement, rehabilitation, renovation, expansion and enlargement, or additions to, furnishing and equipping of any capital "project" for any "health care facility" (as the such quoted terms are defined in the Act), including land, rights in land, buildings and other structures, machinery, equipment, appurtenances and facilities incidental thereto, and other improvements necessary or convenient therefor, and to obtain funds to finance the cost thereof by the issuance of its revenue bonds, for the purposes of advancing and improving the health care and the living conditions of the citizens of the County and the State, enhancing and expanding economic activity in the State by attracting



business enterprise management and other activities conducive to economic promotion, promoting and fostering the health care growth and development in the County and the State, increasing purchasing power and opportunities for gainful employment, advancing and improving the economic prosperity of the State and its inhabitants, fostering the health care and business development of the County, improving living conditions, and otherwise providing for and contributing to the health, safety and welfare of the people of the State.

B. On August 5, 1985, the Issuer duly adopted the Preliminary Resolution and the Issuer and the Lessee executed and delivered the Memorandum of Agreement, expressing the Issuer's intention to authorize and issue the Bonds herein designated as the Series A Bonds and setting forth the terms of the understanding between the Issuer and the Borrower with respect thereto, which Preliminary Resolution and Memorandum of Agreement have not been altered, amended or rescinded and remain in full force and effect.

C. A public hearing was held by the Issuer on October 15, 1985, upon public notice published in a newspaper of general circulation in the County no less than 14 days prior to the scheduled date of such public hearing, at which hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the proposed Project and to the issuance of the Series A Bonds. The public hearing provided a reasonable opportunity for interested individuals to express their views, both orally and in writing, on the proposed issue of the Series A Bonds and the location and nature of the Project, and was held in a location which, under the facts and circumstances, was convenient for residents of the County. The notice was reasonably designed to inform residents of the affected governmental units, including the County, of the proposed issue, stated that the Issuer would be the issuer of the Series A Bonds and the time and place for the hearing and contained the information required by the Code and Regulations. The 14-day period was adequate for notice to be brought to the attention of all interested persons, exceeds the normal periods for notices of public hearings conducted by the Board of County Commissioners of the County and various agencies of the State, and provided sufficient time for interested persons to prepare for and to express their views at such hearing.

D. As contemplated by the Preliminary Resolution and the Memorandum of Agreement, Bond Counsel has prepared and the Borrower has requested that the Issuer approve and authorize the issuance of the Series A Bonds and the execution and delivery of related documents submitted to the Issuer and described in this Resolution.

E. Upon consideration of the documents described herein and the information presented to the Issuer at or prior to the adoption of this Resolution, including the information and views presented at the public hearing, the Issuer has made and does hereby make the following findings and determinations:

(1) The Project consists of the acquisition of approximately six acres of land, the construction of a building containing approximately 22,000 square feet and a related sewer plant, and the installation of machinery, equipment, fixtures and furnishings related thereto, to be located near the southwest corner of the intersection of U.S. Highway No. 1 and Wildwood Drive approximately 550 feet west of U.S. Highway No. 1 and approximately 1,500 feet south of Wildwood Drive, in an unincorporated area of St. Johns County, Florida, to be owned by the Borrower, and to be leased by the Borrower to the Lessee, and to be managed and operated by the Lessee.

(2) The Borrower has shown that the Project will alleviate unemployment in the County by creating approximately 51 additional, new jobs in the County within one year of construction of Project, will foster the health care and economic growth and development of the County and the State, will have the effect of adding to the tax base, and will serve other predominantly public purposes as set forth in the Act. It is desirable and will further the public purposes of the Act, and it will most effectively serve the purposes of the Act, for the Issuer to finance the acquisition, construction and installation of the Project and to issue and sell the Series A Bonds under the Indenture for the purpose of providing funds to finance all or part of the cost of the Project, all as provided in the Loan Agreement, which contains such provisions as are necessary or convenient to effectuate the purposes of the Act.

(3) The Project is appropriate to the needs and circumstances of, and shall make a significant contribution to the economic growth of the County; shall provide or preserve gainful employment; shall protect the environment; or shall serve a public purpose by advancing the economic prosperity, the public health, or the general welfare of the State and its people as stated in Section 159.26, Florida Statutes, as amended.

(4) As of the date hereof, the Borrower and the Lessee are financially responsible and fully capable and willing to fulfill their respective obligations under the Series A Promissory Note, the Loan Agreement, the Lease, and any other agreements to be made in connection with the issuance of the Series A Bonds and the use of the Series A Bond proceeds for financing all or a portion of the cost of the Project, including the obligation to pay loan payments or other payments in

an amount sufficient in the aggregate to pay all of the interest, principal, and redemption premiums, if any, on the Series A Bonds, in the amounts and at the times required, the obligation to operate, repair and maintain at its own expense the Project, and to serve the purposes of the Act and such other responsibilities as may be imposed under such agreements, due consideration having been given to the letter to the Issuer from Equitable Bank, National Association, a national banking association, Baltimore, Maryland, dated September 20, 1985 relating to the financial responsibility of the Borrower and the Lessee, the financial condition of the Borrower and the historical financial condition of the Lessee, the Borrower's and the Lessee's ratios of current assets to current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of the industry or business and of the activity involved, the inherent stability thereof, the Lease, the Mortgage, the Guaranty Agreement and other factors determinative of the capability of the Borrower and the Lessee, financially and otherwise, to fulfill their obligations consistently with the purposes of the Act.

(5) The County and other local agencies will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increase in population or other circumstances resulting therefrom.

(6) Adequate provision is made under the Loan Agreement for the operation, repair and maintenance of the Project at the expense of the Borrower, for the payment of the principal of, premium, if any, and interest on the Series A Bonds when and as the same become due and payable, and for the payment by the Borrower of all other costs incurred by the Issuer in connection with the financing, acquisition, construction, installation and administration of the Project which are not paid out of the proceeds from the sale of the Series A Bonds or otherwise.

(7) The costs to be paid from the proceeds of the Series A Bonds shall be costs of a project within the meaning of the Act.

(8) The principal of, premium, if any, and interest on the Bonds and all other pecuniary obligations of the Issuer under the Loan Agreement, the Indenture or otherwise, in connection with the Project or the Series A Bonds, shall be payable by the Issuer solely from the loan payments and other revenues and proceeds receivable by the Issuer under

the Series A Promissory Note and the Loan Agreement or otherwise from the operation, sale, lease or other disposition of the Project, including proceeds from insurance and condemnation awards and proceeds of any foreclosure or other realization upon the liens or security interests under the Mortgage, the Lease, the Loan Agreement and the Indenture, the proceeds of the Series A Bonds and income from the temporary investment of the proceeds of the Series A Bonds or of such other revenues and proceeds, as pledged for such payment to the Trustee under and as provided in the Indenture; neither the faith and credit nor the taxing power of the Issuer, of the State or of any political subdivision thereof is pledged to the payment of the Bonds issuable under the Indenture or of such other pecuniary obligations of the Issuer, and neither the Issuer, the State nor any political subdivision thereof shall ever be required or obligated to levy ad valorem taxes on any property within their territorial limits to pay the principal of, premium, if any, or interest on such Bonds or other pecuniary obligations or to pay the same from any funds thereof other than such revenues, receipts and proceeds so pledged, and the Bonds shall not constitute a lien upon any property owned by the Issuer or the State or any political subdivision thereof, other than the Issuer's interest in the Series A Promissory Note, the Mortgage, the Lease, and the Loan Agreement and the property rights, receipts, revenues and proceeds pledged therefor under and as provided in the Indenture.

(9) The payments to be made by the Borrower under the Series A Promissory Note and the Loan Agreement will be sufficient to pay all principal of, premium, if any, and interest on the Series A Bonds, when and as the same shall become due, and all other costs incurred by the Issuer in connection with the financing, acquisition, construction, installation and administration of the Project, except as may be paid out of the proceeds of sale of the Series A Bonds or otherwise, and to make all other payments required by the Indenture.

(10) Upon the issuance of the Series A Bonds, the Issuer shall receive the opinion of Bond Counsel substantially in the form attached as Exhibit C to the Purchase Agreement, to the effect (among other things) that the interest on the Series A Bonds is exempt from federal income taxation under existing laws of the United States of America.

(11) A negotiated sale of the Bonds is required and necessary, and is in the best interest of the Issuer, for the following reasons: the Bonds will be special and limited obligations of the Issuer payable solely out of revenues and proceeds derived by the Issuer pursuant to the financing agreement, and the Borrower and the Lessee will be obligated

for the payment of all costs of the Issuer in connection with the financing, construction, installation and administration of the Project which are not paid out of the Bond proceeds or otherwise and for operation and maintenance of the Project at no expense to the Issuer; the cost of issuance of the Bonds, which will be borne directly or indirectly by the Borrower and the Lessee, could be greater if the Bonds are sold at public sale by competitive bids than if the Bonds are sold at negotiated sale, and a public sale by competitive bids would cause undue delay in the financing of the Project; industrial development revenue bonds having the characteristics of the Bonds are typically and usually sold at negotiated sale; the Borrower and the Lessee have indicated that they may be unwilling to proceed with the Project unless a negotiated sale of the Bonds is authorized by the Issuer; and authorization of a negotiated sale of the Bonds is necessary in order to serve the purposes of the Act.

(12) All requirements precedent to the adoption of this Resolution of the Constitution and other laws of the State of Florida, including the Act, have been complied with.

(13) The purposes of the Act will be most effectively served by the acquisition, construction and installation of the Project by the Borrower, as independent contractor and not as agent of the Issuer, as provided in the Loan Agreement.

(14) The Issuer hereby recommends and requests that the Board of County Commissioners of the County approve the issuance of the Bonds, in order to satisfy the requirements of Section 103(b) of the Internal Revenue Code of 1954, as amended (the "Code"), for the interest on the Bonds to be exempt from federal income taxation under applicable provisions of Section 103 of the Code.

SECTION 4. FINANCING OF PROJECT AUTHORIZED. The financing by the Issuer of the cost of the Project in the manner provided in the Loan Agreement is hereby authorized.

SECTION 5. AUTHORIZATION OF THE SERIES A BONDS. The Series A Bonds, in the principal amount of not to exceed \$1,800,000, to be dated the date of delivery thereof, having a final maturity date of December 1, 2011 (or such other maturity date, not to exceed 30 years from the date of issue thereof, as may be approved by the Chairman or Vice Chairman of the Issuer prior to the issue of the Series A Bonds), payable serially or in installments during the term of issue, bearing interest from the date thereof to maturity payable monthly at a floating rate per annum equal to 80% of the Base Rate, subject to adjustment as provided in the Indenture (or at such other rate or rates, not to exceed the maximum nonusurious contract rate of interest allowed

by law, as shall be approved by the Chairman or Vice Chairman of the Issuer prior to the issue of the Series A Bonds), and as otherwise provided in the Indenture, being subject to redemption, being in the denominations and having such place or places of payment and other terms and provisions, all as provided in the Indenture, are hereby approved and are hereby authorized for issuance in accordance with law and pursuant to the Indenture; the Issuer hereby authorizes and directs the Chairman or Vice Chairman of the Issuer to execute and the Secretary or Assistant Secretary of the Issuer to attest, under the official seal of the Issuer, the Series A Bonds, to cause the Series A Bonds to be authenticated by the Trustee and to be delivered to the Purchaser, as provided and upon the conditions in the Indenture and in the Purchase Agreement hereinafter authorized, upon receipt by the Issuer, or by the Trustee for the account of the Issuer, of the purchase price thereof as hereinafter provided. All of the provisions of the Series A Bonds, when executed, authenticated and delivered, shall be deemed to be part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 6. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. The Loan Agreement, substantially in the form attached hereto as Exhibit I with such changes, corrections, insertions and deletions as may be approved by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer, such approval to be evidenced conclusively by their execution thereof, is hereby approved and authorized; the Issuer hereby authorizes and directs the Chairman or Vice Chairman of the Issuer to date and execute and the Secretary or Assistant Secretary of the Issuer to attest, under the official seal of the Issuer, the Loan Agreement, and to deliver the Loan Agreement to the Borrower; and all of the provisions of the Loan Agreement, when executed and delivered by the Issuer as authorized herein and by the Borrower, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 7. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE INDENTURE; ENDORSEMENT AND DELIVERY OF SERIES A PROMISSORY NOTE. The Indenture, substantially in the form attached hereto as Exhibit II with such changes, corrections, insertions and deletions as may be approved by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer, such approval to be evidenced conclusively by their execution thereof, and the endorsement of the Series A Promissory Note to the order of the Trustee, "without recourse," are hereby approved and authorized; the Issuer hereby authorizes and directs the Chairman or Vice Chairman of the Issuer to date and execute and the Secretary or Assistant Secretary of the Issuer to attest, under the official

seal of the Issuer, the Indenture, to endorse the Series A Promissory Note, without recourse, and to deliver the Series A Promissory Note and the Indenture to the Trustee; and all of the provisions of the Indenture, when executed and delivered by the Issuer as authorized herein, and by the Trustee, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 8. AUTHORIZATION OF EXECUTION AND DELIVERY OF ASSIGNMENT OF MORTGAGE AND THE LEASE ASSIGNMENT. The assignments of the Mortgage and the Lease Assignment, substantially in the forms attached hereto as Exhibit III and Exhibit VII, respectively, each with such changes, corrections, insertions and deletions as may be approved by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer, such approval to be evidenced conclusively by their execution thereof, is hereby approved and authorized; the Issuer hereby authorizes and directs the Chairman or Vice Chairman of the Issuer to date and execute and the Secretary or Assistant Secretary of the Issuer to attest, under the official seal of the Issuer, the assignments of the Mortgage and the Lease Assignment contained in each, upon proper execution of the Mortgage and the Lease Assignment by the Borrower and delivery to the Issuer, and to deliver the Mortgage to the Trustee, in the manner provided in the Loan Agreement; and all of the provisions of the Mortgage and the Lease Assignment and the assignments thereof, when executed and delivered by the Borrower and by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 9. APPROVAL OF THE LEASE AND OF THE GUARANTY AGREEMENT. The Issuer hereby conditions the issuance and sale of the Series A Bonds upon the lease of the Project by the Borrower to the Lessee as provided in the Lease and the guaranty by the Lessee to the Trustee, for the benefit of the owners of the Series A Bonds, of the payment of the principal of, premium, if any, and interest on the Series A Bonds to the extent provided in the Guaranty Agreement and of the payment and performance of all obligations to be paid or performed by the Borrower under the Loan Agreement to the extent provided in the Guaranty Agreement, as provided by the Guaranty Agreement; the Lease, in substantially the same form thereof referred to herein as Exhibit VI and the Guaranty Agreement in substantially the same form hereof attached hereto as Exhibit V, each with such changes, corrections, insertions and deletions as may be approved by the Lessee, the Trustee, the Purchaser and by the Chairman or Vice Chairman and by the Secretary or Assistant Secretary of the Issuer, such approval of the Lessee and the Trustee to be evidenced conclusively by their execution thereof, such approval of the Purchaser to be evidenced conclusively by its acceptance of delivery of the Series A Bonds and such approval of the Chairman or Vice Chairman and by the Secretary or Assistant Secretary of the Issuer to be evidenced

conclusively by their execution of the Series A Bonds, is hereby approved by the Issuer; and all of the provisions of the Lease and the Guaranty Agreement, when executed and delivered by the Lessee and by the Trustee, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 10. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE PURCHASE AGREEMENT. The Purchase Agreement, substantially in the form attached hereto as Exhibit IV, with such changes, corrections, insertions and deletions as may be approved by the Borrower, the Guarantor and the Purchaser and by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer, such approval to be evidenced conclusively by their execution thereof, is hereby approved and authorized; the Issuer hereby authorizes and directs the Chairman or Vice Chairman of the Issuer to date and execute and the Secretary or Assistant Secretary of the Issuer to attest, under the official seal of the Issuer, the Purchase Agreement and to deliver the Purchase Agreement to the Purchaser; and all of the provisions of the Purchase Agreement when executed and delivered by the Issuer as authorized herein and by the Borrower, the Guarantor and the Purchaser, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 11. PRICE OF SERIES A BONDS. The Series A Bonds shall be sold and delivered to the Purchaser, as provided in the Purchase Agreement, at a price equal to 100% of the face amount of the Series A Bonds plus accrued interest (if any) from the date thereof to the date of delivery thereof.

SECTION 12. SERIES A BONDS TO BE VALIDATED. James G. Sisco, County Attorney, St. Johns County, Florida, counsel for the Issuer, is hereby authorized and directed on behalf of the Issuer, at the expense of the Borrower, to prepare and file proceedings in the Circuit Court for St. Johns County, Florida, to validate the Series A Bonds pursuant to the provisions of Chapter 75, Florida Statutes, as amended. All fees, costs and expenses of validation shall be paid by the Borrower and not by the Issuer; provided, however, that if the Series A Bonds are sold and delivered, fees, costs and expenses of validation may, if permitted by the Loan Agreement and if the Borrower so directs, be paid out of the proceeds from the sale of the Series A Bonds.

SECTION 13. APPROVAL BY ELECTED REPRESENTATIVE; APPLICATION FOR ALLOCATION; AUTHORIZATION OF EXECUTION OF ISSUER'S ARBITRAGE CERTIFICATE, AND FILINGS UNDER SECTION 103 OF THE INTERNAL REVENUE CODE. The Issuer hereby authorizes and directs any one or more of the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer, being the persons hereby charged with the responsibility for issuing the Series A Bonds, either alone or jointly, at the expense of the Borrower



(1) to cooperate with the Borrower in seeking approval of the issuance of the Series A Bonds by the Board of County Commissioners of the County, as the applicable elected representative of the Issuer under and pursuant to the provisions of the Act and Section 103(k) of the Code and the Regulations, (2) to cooperate with the Borrower in seeking confirmation of an allocation for the Bonds under the private activity bond limitation imposed by Section 103(n) of the Code, pursuant to said Section of the Code and the Regulations and pursuant to the State Provisions, (3) to execute and deliver to the Purchaser, the Borrower and the Trustee the certification required by Sections 1.103-13, 1.103-14 and 1.103-15 of the Regulations (relating to "arbitrage") promulgated under Section 103(c) of the Code, (4) to execute and file with the Internal Revenue Service the election required by Section 103(b)(6)(D) of the Code, (5) to execute and file with the Internal Revenue Service Internal Revenue Service Form 8038, as required by Section 103(1) of the Code, and (6) to execute and make all such other certifications and filings as may be required under Section 103 of the Code and the Regulations or under the State Provisions or other provisions of Florida law; such certifications, and other filings, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if set forth verbatim herein; such certifications may be relied upon as the certifications of the Issuer.

SECTION 14. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Issuer are hereby authorized and directed, either alone or jointly, under the official seal of the Issuer, to execute and deliver certificates of the Issuer certifying such facts as counsel for the Issuer or Bond Counsel shall require in connection with the issuance, sale and delivery of the Series A Bonds, and to execute and deliver such other instruments, including but not limited to, deeds, assignments, bills of sale and financing statements, as shall be necessary or desirable to perform the Issuer's obligations under the Loan Agreement, the Indenture, the Purchase Agreement, and the assignments of the Series A Promissory Note, the Mortgage and the Lease Assignment, and to consummate the transactions hereby authorized.

SECTION 15. NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Series A Bonds, the Loan Agreement, the Series A Promissory Note or the endorsement thereof, the Indenture, the Mortgage or the Lease Assignment or the assignments thereof, the Purchase Agreement or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Series A Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member, officer,

employee or agent of the Issuer in his individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Series A Bonds, the Loan Agreement, the Indenture, the endorsement of the Series A Promissory Note, the assignments of the Mortgage and the Lease Assignment, the Purchase Agreement or any certificate or other instrument to be executed in connection with the issuance of the Series A Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 16. NO THIRD PARTY BENEFICIARIES. Except as otherwise expressly provided herein or in the Series A Bonds, the Loan Agreement, the Series A Promissory Note, the Indenture, the Mortgage, the Lease Assignment, the Guaranty Agreement, or the Purchase Agreement, nothing in this Resolution, or in the Series A Bonds, the Loan Agreement, the Series A Promissory Note or the endorsement thereof, the Indenture, the Guaranty Agreement, the Mortgage or the Lease Assignment or the assignments thereof, or the Purchase Agreement, express or implied, is intended or shall be construed to confer upon any person, firm, corporation or other organization, other than the Issuer, the Borrower, the Trustee and the Purchaser (and subsequent owners from time to time of the Series A Bonds) any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Series A Bonds, the Loan Agreement, the Series A Promissory Note or the endorsement thereof, the Indenture, the Guaranty Agreement, the Mortgage or the Lease Assignment or the assignments thereof, or the Purchase Agreement, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer, the Borrower, the Trustee and the Purchaser (and subsequent owners from time to time of the Series A Bonds).

SECTION 17. PREREQUISITES PERFORMED. All acts, conditions and things relating to the passage of this Resolution, to the issuance, sale and delivery of the Series A Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Purchase Agreement, and to the endorsement and delivery of the Series A Promissory Note and the assignment and delivery of the Mortgage and the Lease Assignment, required by the Constitution or other laws of the State, to happen, exist and be performed precedent to the passage hereof, and precedent to the issuance, sale and delivery of the Series A Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Purchase Agreement, and to the endorsement and delivery of the Series A Promissory Note and the assignment and delivery of the Mortgage and the Lease Assignment, have either happened, exist and have been performed as so required or will have happened, will exist and will have been performed prior to such execution and delivery.

SECTION 18. COMPLIANCE WITH CHAPTER 218, PART III, FLA. STATS. The Issuer hereby approves and authorizes the completion,

execution and filing with the Division of Bond Finance, Department of General Services of the State of Florida, at the expense of the Borrower, of advance notice of the impending sale of the Bonds, of Bond Information Form BF 2003 and of a copy of Internal Revenue Service Form 8038, and any other acts as may be necessary to comply with Chapter 218, Part III, Florida Statutes, as amended.

SECTION 19. GENERAL AUTHORITY. The members of the Issuer and its officers, attorneys, engineers or other agents or employees are hereby authorized to do all acts and things required of them by this Resolution, the Series A Bonds, the Loan Agreement, the Indenture, the Purchase Agreement, the endorsement of the Series A Promissory Note and the assignments of the Lease Assignment and the Mortgage, and to do all acts and things which are desirable and consistent with the requirements hereof or of the Series A Bonds, the Loan Agreement, the Indenture, the Purchase Agreement, the endorsement of the Series A Promissory Note and the assignments of the Mortgage and the Lease Assignment, for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series A Bonds, the Loan Agreement, the Series A Promissory Note, the Indenture, the Purchase Agreement, the endorsement of the Series A Promissory Note and the assignments of the Mortgage and the Lease Assignment.

SECTION 20. APPROVAL BY BOARD OF COUNTY COMMISSIONERS; APPLICATION FOR CONFIRMATION OF ALLOCATION. The Board of County Commissioners of St. Johns County is hereby requested to approve the issuance of the Series A Bonds by the Issuer and to authorize the Chairman of the Board of County Commissioners to file, pursuant to the State Provisions, an "Application for Notice of Intent to Issue Bonds and Request for Written Confirmation" in order to obtain confirmation and to execute, deliver and file any and all such forms, certifications and other documents as may be necessary in order to satisfy the requirements of federal and state law with respect to the private activity bond limitation imposed by Section 103(n) of the Code and the Regulations.

SECTION 21. NO GUARANTEE. The Issuer does not warrant or guarantee the availability of an allocation for the Series A Bonds under the private activity bond limitation imposed by Section 103(n) of the Code, or that any such allocation, if available, will be given or confirmed pursuant to Section 103(n) of the Code, the Regulations or the State Provisions; the authorization of the issuance of the Series A Bonds and of the execution and delivery of the Loan Agreement and the Indenture by this Resolution, and all obligations of the Issuer under or arising out of this Resolution, are subject to such confirmation of such allocation, which shall be in full force and effect at the time of issuance of the Series A Bonds. Prior to confirmation of such allocation or after any expiration or termination

of such allocation, nothing in this Resolution shall restrict the Issuer or the State or any agency or political subdivision thereof in determining the order or priority of the issuance of bonds or shall require the Issuer or the State or any agency or political subdivision thereof to give the Series A Bonds priority as to issuance or as to the time of issuance over any other bonds previously or subsequently approved for issuance. The Issuer reserves the right to use the allocation to be allocated for this bond issue and all other allocations for other bond issues on a first bond issue to close basis or any other basis which the Issuer shall deem to be in the best interest of the County or of the State, with the possible result that there may be no bond allocation available for the Borrower when and if the Borrower shall be ready to close.

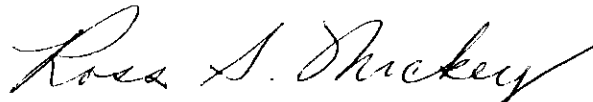
SECTION 22. THIS RESOLUTION CONSTITUTES A CONTRACT. The Issuer covenants and agrees that this Resolution shall constitute a contract between the Issuer and the Purchaser, and all subsequent owners from time to time of the Series A Bonds, and that all covenants and agreements set forth herein and in the Series A Bonds, the Loan Agreement, the Indenture, the Purchase Agreement, and the assignments of the Series A Promissory Note, the Mortgage and the Lease Assignment, to be performed by the Issuer shall be for the equal and ratable benefit and security of the Purchaser and all subsequent owners from time to time of the Series A Bonds and any Additional Bonds, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds.

SECTION 23. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued under the Indenture.

SECTION 24. REPEALING CLAUSE. All resolutions or parts thereof in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 25. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 15th day of October, 1985.



Chairman of St. Johns County  
Industrial Development Authority

(OFFICIAL SEAL)

ATTEST:



Secretary of St. Johns  
County Industrial  
Development Authority

I, Andrew J. DuPont, Jr., Secretary of St. Johns County Industrial Development Authority, do hereby certify that the foregoing is a true and correct copy of the Resolution of said Authority passed and adopted on October 15, 1985.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Authority this 15th day of October, 1985.



Secretary of St. Johns  
County Industrial Development  
Authority

(OFFICIAL SEAL)

PS2SJMRS1

F&L/TBS 9/18/85

LOAN AGREEMENT

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Dated as of December 1, 1985

By and Between

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

and

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP

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Relating to:

\$1,800,000

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A

(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

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Notice of Assignment:

All rights and interest of St. Johns County Industrial Development Authority under this Loan Agreement have (with certain exceptions) been assigned to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee under an Indenture of Trust of even date herewith.

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THIS INSTRUMENT EXEMPT  
FROM ALL FLORIDA TAXES

This Instrument Prepared By:  
Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
P.O. Box 1290  
Jacksonville, Florida 32201-1290  
(904) 356-2029

EXHIBIT I

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EXHIBITS

- Exhibit A - Description of Project; Project Budget
- Exhibit B - Loan Maturity Schedule
- Exhibit C - Form of Promissory Note
- Exhibit D - Form of Requisition

## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of December 1, 1985, by and between ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Issuer"), and ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Borrower");

### W I T N E S S E T H :

WHEREAS, the Issuer is a public body corporate and politic of the State of Florida, authorized under Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to finance capital projects for any "project" as defined in the Act, including any "health care facility" and including land, rights in land, buildings and other structures, machinery, equipment, appurtenances and facilities incidental thereto, and other improvements necessary or convenient therefor, and to obtain funds to finance the cost thereof by the issuance of its revenue bonds, for the purposes of enhancing and expanding the agriculture, tourism, urban development, historic preservation, and health care industries, among others, enhancing and expanding the economic activity in the State of Florida by attracting manufacturing development, business enterprise management and other activities conducive to economic promotion, providing a stronger, more balanced and stable economy in the State of Florida, improving the prosperity and welfare of the State of Florida and its inhabitants, promoting and fostering the economic growth and development of St. Johns County and the State of Florida, increasing purchasing power and opportunities for gainful employment, advancing and improving the economic prosperity of the State of Florida and its inhabitants, fostering the industrial and business development of St. Johns County, improving living conditions and otherwise providing for and contributing to the health, safety and welfare of the people of the State of Florida, and the Issuer is further authorized by the Act to pledge and assign as security for the payment of the principal of and interest on such bonds any revenues derived by the Issuer pursuant to financing agreements with respect to such projects; and

WHEREAS, the Borrower has requested that the Issuer finance, pursuant to such authority and in accordance with the Act, the cost of the Project hereinafter described, said Project to be leased by the Borrower to Meridian Nursing Center, Inc., a Maryland corporation duly authorized to transact business in the State of Florida (the "Lessee"), pursuant to an initial five-year lease whereby the Lessee will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, and to make payments sufficient in the aggregate to pay

all of the principal of and interest and redemption premium, if any, on the Bonds during the term of such lease; and

WHEREAS, based upon representations by the Borrower, the Issuer has found and determined that the Issuer's financing of the cost of acquiring, constructing and installing the Project to be acquired, constructed and installed in the manner provided in the Act and pursuant to the provisions of this Loan Agreement, will constitute the carrying out of a vital public purpose, which will benefit and protect the health, safety and general welfare of the people of the State of Florida, and will serve the public purposes set forth above, and has authorized the financing of the Project in the manner hereinafter provided; and

WHEREAS, the Issuer has further authorized the issuance and sale of not to exceed \$1,800,000 aggregate principal amount of its "St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project)" (the "Series A Bonds"), the proceeds of the sale of which will be used to provide the necessary funds to the Issuer to make the loan to the Borrower for such financing of the Project pursuant to the provisions of this Loan Agreement; and

WHEREAS, the Borrower's obligation to repay the loan made pursuant to this Loan Agreement for the financing of the Project is or shall be evidenced by a Promissory Note, dated the date of the issuance, sale and delivery of the Series A Bonds, made by the Borrower to the Issuer (the "Series A Promissory Note"), in a principal amount equal to the aggregate principal amount of the Series A Bonds; and

WHEREAS, payment by the Borrower of the Series A Promissory Note and performance by the Borrower of this Loan Agreement shall be secured by a Mortgage and Security Agreement and by an Assignment of Leases, Rents and Profits, each dated as of the date hereof, to be executed and delivered by the Borrower in favor of the Issuer (collectively, the "Mortgage"); and

WHEREAS, the Series A Bonds are to be issued under and pursuant to and are to be secured by an Indenture of Trust (the "Indenture") dated as of the date hereof and executed by and between the Issuer and Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee (the "Trustee"), pursuant to which this Loan Agreement and the Mortgage are being assigned by the Issuer to the Trustee; and

WHEREAS, the prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage

ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles shall be fully and unconditionally guaranteed by the Lessee (sometimes referred to herein as the "Guarantor") under and pursuant to a Guaranty Agreement dated as of the date hereof, to be executed by the Guarantor in favor of the Trustee (the "Guaranty Agreement"); and

WHEREAS, at an open public meeting duly called and held on August 5, 1985, the Issuer took "preliminary official action" expressing its intent to provide for the issuance of and to issue the Series A Bonds, by adopting a Resolution authorizing a Memorandum of Agreement with the Lessee, which Memorandum of Agreement was duly executed and delivered on August 5, 1985; and

WHEREAS, the Issuer, by resolution duly adopted on \_\_\_\_\_, 1985, in accordance with all requirements of law, after a public hearing duly held by the Issuer on \_\_\_\_\_, 1985, upon reasonable public notice, at which hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the Project and to the issuance of the Series A Bonds, has duly authorized the execution and delivery of this Loan Agreement and the Indenture and the issuance of the Series A Bonds in the manner provided in the Indenture; and

WHEREAS, on \_\_\_\_\_, 1985, after the above-mentioned public hearing the issuance of the Series A Bonds was approved by the Board of County Commissioners of St. Johns County, Florida, which is the governing body of St. Johns County and consists of elected public officials, from which the Issuer derives its authority to issue revenue bonds such as the Series A Bonds, and which is deemed to be the applicable elected representative of the Issuer; and

WHEREAS, by Final Judgment of Validation dated \_\_\_\_\_, 1985, entered in the proceeding styled St. Johns County Industrial Development Authority etc. vs. State of Florida, et al., etc., Case No. \_\_\_\_\_ in the Circuit Court for the Seventh Judicial Circuit in and for St. Johns County, Florida, the Series A Bonds were validated pursuant to Chapter 75, Florida Statutes; and

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the Issuer and the Borrower agree as follows:

[The next page is One-1]

## ARTICLE I

### DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. As used in this Loan Agreement and the recitals hereto, the following terms and phrases shall have the following meanings:

"Act" means Chapter 159, Parts II and III, Florida Statutes, as amended from time to time.

"Additional Bonds" means Bonds issued or to be issued under the Indenture in accordance with Article XII thereof pursuant to the request of the Borrower and the authorization of the Issuer.

"Additional Loans" means any loan or loans in connection with Additional Bonds made to the Borrower by the Issuer pursuant to Article IV of this Loan Agreement.

"Additional Project" means a project undertaken by the Borrower and financed with an Additional Loan pursuant to clause (b) of Section 4.1 hereof.

"Authorized Officers of the Borrower" means the General Partner of the Borrower and if the General Partner is a corporation, means the President or any Vice President and the Secretary or any Assistant Secretary of the General Partner.

"Base Rate" means at any time that rate of interest described by Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or its corporate successor, as its "prime rate" of interest, whether or not such prime rate shall be otherwise published, as such rate shall vary from time to time, or if said prime rate is discontinued or is not (in the opinion of said bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by said bank.

"Bonds" means the Issuer's Industrial Development Revenue Bonds of all series issued or to be issued under the Indenture, namely the Series A Bonds and all Additional Bonds.

"Bond Counsel" means Foley & Lardner or such other Independent Counsel whose legal and tax opinion on municipal bond issues is nationally recognized.

"Bond Fund" means the Trust Fund described in Section 703 of the Indenture.

"Bondowners" and "Owners" means, at the time or times of determination, the Persons who are registered owners of Bonds.

Borrower" means St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in Section 7.9 of this Loan Agreement.

"Borrower's Address" means the address which the Borrower designates for the delivery of notices hereunder. Until changed by notice from Authorized Officers of the Borrower to the Issuer and the Trustee, the Borrower's Address shall be:

St. John's Meridian Limited Partnership  
c/o Meridian Nursing Centers, Inc.  
21 West Road  
Towson, MD 21204

Attention: Mr. James W. Jeffcoat

"Borrower's Certificate" means a certificate signed by one of the Authorized Officers of the Borrower on behalf of the Borrower and delivered to the Issuer and the Trustee.

"Borrower's Representative" means the person, or in his or her absence, the alternate person, designated in a Borrower's Certificate (containing specimen signatures of each such person) as a person authorized to execute and deliver Requisitions and to give Trust Fund investment directions on behalf of the Borrower.

"Capitalized Interest Date" means the earlier of \_\_\_\_\_, 1986, or the two-month anniversary of the Completion Date.

"Closing Date" means the date the Bonds shall have been issued, sold and delivered and payment of the purchase price therefor shall have been received.

"Completion Date" means the completion date of the Project as determined in accordance with Section 3.5 of this Loan Agreement.

"Construction Account" means the special account in the Construction Fund described in Section 603 of the Indenture.

"Construction Fund" means the Trust Fund described in Section 603 of the Indenture.

"County" means St. Johns County, Florida, a political subdivision of the State.

"Eligible Costs of the Project" means the following categorical costs of providing the Project:

(i) the "Series A Bond Issuance Costs," namely the costs, fees and expenses incurred or to be incurred by the Borrower in connection with the issuance and sale of the Series A Bonds including placement fees, commitment fees or other financing fees, the fees and disbursements of Bond Counsel, the Trustee's acceptance fee and expenses (including fees of the Trustee's counsel), the filing and recording fees in connection with any filings or recordings necessary under the Indenture or to perfect the lien and security interest of the Indenture or the Mortgage, the Issuer's application fee and the out-of-pocket costs of the Issuer, the fees and disbursements of counsel to the Issuer, counsel to the Purchaser, counsel to the Trustee and counsel to the Borrower, the fees and disbursements of the Borrower's accountants, the costs of preparing or printing the Series A Bonds and the documentation supporting the issuance of the Series A Bonds, and any other costs of a similar nature reasonably incurred;

(ii) the "Capitalized Interest Costs," namely the interest, if any, on the Series A Bonds from the date of their original delivery to the Capitalized Interest Date;

(iii) the "Engineering Costs," namely the architectural and engineering costs of the Project and other costs which are or were necessary for the design and planning of the Project;

(iv) the "Basic Project Costs," namely those costs of acquiring, constructing and installing the Project which were incurred after the Inducement Date, and which were or are for the purpose of providing land or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code; and

(v) the "Other Costs," namely such other costs incurred in connection with the Project or the financing thereof which, in the opinion of Bond Counsel, may be paid or reimbursed to the Borrower from the Construction Fund without adverse effect on the legality of the Series A Bonds or their tax-exempt status under Section 103 of the Internal Revenue Code.

"Event of Default" has the meaning assigned to it in Section 10.1 of this Loan Agreement.

"Governing Body" means the members of the Issuer, in their capacity as appointed members of the Issuer.

"Guarantor" means the Lessee, and any successor, surviving, resulting or transferee person as provided in the Guaranty Agreement.



"Guaranty Agreement" means the Guaranty Agreement, dated as of the date hereof, from the Guarantor to the Trustee, as supplemented or amended from time to time pursuant to Article XIV of the Indenture.

"Indenture" means the Indenture of Trust from the Issuer to the Trustee, dated as of the date hereof, under which the Series A Bonds are to be issued, as amended from time to time by Supplemental Indentures.

"Independent Counsel" means any attorney or firm of attorneys who or which shall be acceptable to the Trustee and who or which is not an employee of the Borrower, the Lessee or the Issuer.

"Independent Engineer" means an engineer registered and qualified to practice the profession of engineering in the State, who shall be acceptable to the Trustee and who is not an employee of the Borrower, the Lessee or the Issuer.

"Inducement Date" means August 5, 1985, the date on which the Issuer took "preliminary official action" with respect to the issuance of the Bonds.

"Insurance and Condemnation Proceeds Fund" means the Trust Fund described in Section 706 of the Indenture.

"Interest Payment Date" means each date on which interest is due on any Bond.

"Internal Revenue Code" means the Internal Revenue Code of 1954, as amended from time to time, and includes the Regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service.

"Issuance Expense Account" means the special account in the Construction Fund described in Section 602 of the Indenture.

"Issuance Expense Deposit Amount" means \$\_\_\_\_\_.

"Issuer" means St. Johns County Industrial Development Authority, a public body corporate and politic of the State, its successors and assigns.

"Issuer's Address" means the address which the Issuer designates for the delivery of notices hereunder. Until changed by notice from the Issuer to the Borrower and the Trustee, the Issuer's Address shall be:

St. Johns County Industrial  
Development Authority  
c/o Clerk of Courts  
St. Johns County Courthouse  
St. Augustine, FL 32084

"Late Payment Rate" means the interest rate per annum equal to one and one-half (1 1/2) percentage points over the Base Rate, to be adjusted with each change in the Base Rate; provided, however, that the rate of interest thereon (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

"Lease" means the initial five-year lease of the Borrower's facility comprising a health care facility, dated as of the date hereof, between the Borrower, as landlord, and the Lessee, as tenant.

"Lease Assignment" means the Assignment of Leases, Rents and Profits, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee).

"Lessee" means Meridian Nursing Center, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Lease.

"Loan" means the Loan described in Section 2.2 of this Loan Agreement.

"Loan Agreement" means this Loan Agreement between the Issuer and the Borrower, as amended from time to time by Supplemental Loan Agreements.

"Loan Amount" means \$1,800,000, which is both the principal amount of the Series A Bond issue and the amount of the Loan.

"Loan Maturity Schedule" means the Loan principal payment schedule attached hereto as Exhibit B, as amended from time to time in accordance with Section 1102 of the Indenture and Section 5.8 of this Loan Agreement.

"Mortgage" means the Mortgage and Security Agreement, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee), and the Lease Assignment, and any mortgage, security agreement or other agreement or instrument heretofore or hereafter entered into by the Borrower or any third party (with the written consent of the Borrower) and delivered to the Issuer or the Trustee for the purpose of providing mortgage, security interest or other

collateral security for the payment of the Bonds, the Loan, any Additional Loan, the performance of the Borrower's obligations under this Loan Agreement or any combination thereof.

"Mortgaged Property Reserve Fund" means the Trust Fund described in Section 705 of the Indenture.

"Outstanding Bonds" and "Outstanding," when used with reference to Bonds, means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(i) Bonds or portions thereof canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds in lieu of which other Bonds have been authenticated and delivered in accordance with Sections 207 and 210 of the Indenture; and

(iii) Bonds which are not deemed to be outstanding in accordance with the provisions of Sections 213 and 901 of the Indenture.

"Person" means an individual, a partnership, a joint venture, an association, a joint-stock company, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department, agency or political subdivision thereof.

"Political Jurisdiction" means an unincorporated area of the County.

"Project" means the Project of the Borrower described in Exhibit A hereto which has been or is to be acquired, constructed and installed in the Political Jurisdiction pursuant to the Project Plans and Specifications.

"Project Complex" means the land, building(s), improvements, fixtures and major equipment located or to be located on the site of the Project from time to time, with which the Project Enterprise will be conducted and of which the Project is to form a part.

"Project Enterprise" means the business of owning, operating and managing the Project as a health care facility as defined in the Act.

"Project Plans and Specifications" means the Borrower's architectural and engineering drawings and other plans and specifications for the Project as filed with the Trustee, and as amended from time to time in accordance with Section 3.4 of this Loan Agreement.

"Promissory Notes" means the Series A Promissory Note and any additional promissory notes of the Borrower issued to evidence an Additional Loan.

"Purchase Agreement" means the Bond Purchase Agreement, dated as of the date hereof, among the Issuer, the Borrower, the Guarantor and the Purchaser.

"Purchaser" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as the initial purchaser of the Series A Bonds, its successors and assigns.

"Redemption Fund" means the Trust Fund described in Section 704 of the Indenture.

"Requisition" means a requisition of the Borrower substantially in the form annexed hereto as Exhibit D.

"Requisite Consent of Bondowners" means the affirmative written consent of Bondowners owning in aggregate not less than 66 2/3% in principal amount of the Bonds (other than Bonds owned by the Borrower, any Lessee or any Guarantor, or any "related person" to any of them as defined in Section 103(b) of the Internal Revenue Code) at the time Outstanding.

"Series A Bonds" means the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), issued under the Indenture in the aggregate principal amount of the Loan Amount for the purpose of financing Eligible Costs of the Project by funding the Loan to the Borrower.

"Series A Bond Discount" means the difference, if any, between the Loan Amount and the price (excluding accrued interest) at which the Series A Bonds are sold by the Issuer to the Purchaser.

"Series A Promissory Note" means the Borrower's promissory note, dated the date of the Series A Bonds, issued in the principal amount of the Loan Amount payable to the order of the Issuer as evidence of the Loan.

"Special Series A Taxable Interest Compensation Fund" means the Trust Fund described in Section 404 of the Indenture.

"State" means the State of Florida.

"Supplemental Indenture" means any supplement to or amendment of the Indenture entered into in accordance with Article XIII of the Indenture.

"Supplemental Loan Agreement" means any supplement to or amendment of this Loan Agreement entered into in accordance with Article 11.1 hereof and Article XIV of the Indenture.

"Surplus Construction Fund" means the Trust Fund described in Section 604 of the Indenture.

"Tax Violation" means the circumstance of interest paid or payable on any Bond becoming includable for federal income tax purposes in the gross income of any Bondowner (other than a Bondowner who is a "substantial user" or a "related person" within the meaning and for the purposes of Section 103(b)(13) of the Internal Revenue Code) as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the Borrower. A Tax Violation shall be deemed to have occurred on the earliest to occur of the following dates:

(a) on that date when the Borrower files a Borrower's Certificate with the Issuer and the Trustee stating that a Tax Violation has occurred;

(b) on that date when the Borrower files any statement, supplemental statement or other tax schedule, return or document which discloses that a Tax Violation has occurred;

(c) on that date when the Borrower, the Issuer or the Trustee shall receive notice from the Commissioner, any District Director or other authorized official of the Internal Revenue Service to the effect that a Tax Violation has occurred; or

(d) on that date when the Trustee shall receive notice from any Bondowner to the effect that the Internal Revenue Service has assessed as includable in the gross income of such Bondowner any interest of any Bond due to the occurrence of a Tax Violation;

provided, however, that in respect of clauses (c) and (d) above, a Tax Violation shall not be deemed to have occurred until the Borrower has been notified of the allegation that a Tax Violation has occurred and either (i) the Borrower fails to commence a contest of such allegation in good faith and by appropriate legal proceeding within 60 days following such notification, or (ii) the Borrower does commence such contest within such time, but thereafter fails to pursue it diligently, in good faith and by appropriate legal proceeding to a final order or judgment by a court or administrative body of competent jurisdiction, or (iii) such contest results in a final order or judgment of a court or administrative body of competent jurisdiction to the effect that a Tax Violation has occurred and the time for any appeal of such order or judgment has expired.

"Taxable Period" means the period commencing on the date on which the interest on the Series A Bonds (or portion thereof) loses its tax-exempt status and ending on the date such Series A Bonds (or portion thereof) ceased or shall cease to be Outstanding.

"Trust Funds" means the trust funds administered by the Trustee under the Indenture.

"Trustee" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, and any successor banking corporation, banking association or trust company at the time serving as corporate trustee under the Indenture.

"Trustee's Address" and "Trustee's Principal Office" mean the address or office which the Trustee designates for the delivery of notices or payments hereunder or under the Indenture. Until changed by notice from the Trustee to the Borrower and the Issuer, the Trustee's Address and Principal Office is:

<u>Mailing Address</u>	<u>Principal Office</u>
Equitable Bank, N.A. 100 South Charles Street Baltimore, Maryland 21201	Equitable Bank, N.A. 100 South Charles Street Baltimore, Maryland 21201
Attention: Trust Department	Attention: Trust Department

Section 1.2 Use of Phrases; Rules of Construction. The following provisions shall be applied wherever appropriate herein:

"Herein," "hereby," "hereunder," "hereof" and other equivalent words refer to this Loan Agreement as an entirety and not solely to the particular portion of this Loan Agreement in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are used herein in the singular or the plural.

Wherever used herein, any defined term and any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders.

Unless otherwise provided, any determinations or reports hereunder which require the application of accounting concepts or principles shall be made in accordance with generally accepted accounting principles.

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## ARTICLE II

### THE LOAN

Section 2.1 Issuance of Series A Bonds to Fund Loan. As soon as practicable after the delivery of this Loan Agreement, the Issuer shall issue, sell and deliver the Series A Bonds in the Loan Amount to provide funds to be loaned to the Borrower pursuant to this Loan Agreement. The Series A Bonds shall be issued in accordance with the Indenture. The Borrower's approval of the terms of the Series A Bonds and the Indenture shall be conclusively established by its execution and delivery of this Loan Agreement. If for any reason the Series A Bonds are not issued, sold and delivered, the Issuer shall have no obligation to make the Loan and this Loan Agreement and the Series A Promissory Note shall each cease, terminate and be void.

Section 2.2 Making of the Loan. The Issuer hereby agrees to make the Loan to the Borrower in the principal amount of the Loan Amount. The Loan shall be deemed to have been made when the proceeds of the original sale of the Series A Bonds are delivered to the Trustee. Such proceeds shall be apportioned by the Trustee and deposited in Trust Funds, as follows:

(a) an amount equal to the accrued interest, if any, received by or for the account of the Issuer upon the original sale of the Series A Bonds shall be delivered to the Trustee and deposited into the Bond Fund for application to the first interest to become due on the Series A Bonds;

(b) the Issuance Expense Deposit Amount shall be deposited into the Issuance Expense Account; and

(c) the balance shall be deposited into the Construction Account.

The Series A Bond Discount, if any, shall be deemed to have been loaned to the Borrower and applied to the Series A Bond Issuance Costs. The Loan Amount equals (and the Loan consists of) the sum of the Series A Bond Discount plus items (b) and (c) above.

Section 2.3 Acceptance and Evidence of the Loan. The Borrower hereby accepts the Loan and as evidence thereof hereby delivers the Series A Promissory Note to the Issuer. The Issuer hereby acknowledges receipt of the Series A Promissory Note.

Section 2.4 Security for the Loan. The debt obligations of the Borrower under this Loan Agreement and the Series A Promissory Note are direct obligations of the Borrower. The collateral security for the Loan and the performance of the

Borrower's obligations under this Loan Agreement is evidenced by the Mortgage.

Section 2.5 Pledge and Assignment to Trustee. Simultaneously with the delivery of this Loan Agreement, the Issuer shall, without recourse, pledge and assign to the Trustee under the Indenture all of the Issuer's right, title and interest in and to the Series A Promissory Note, the Mortgage, this Loan Agreement and all of the Issuer's rights to receive payments thereunder and hereunder; provided, however, that the Issuer may reserve the right to enforce in its own name and for its own account the obligations of the Borrower set forth in Sections 3.8, 7.3 and 7.4 hereof. The Borrower hereby consents to such pledge and assignment and agrees that the Trustee may enforce any and all rights, privileges and remedies of the Issuer under or with respect to the Series A Promissory Note, the Mortgage and this Loan Agreement.

Section 2.6 Repayment Terms of the Loan. The Borrower unconditionally agrees to repay the Loan together with interest thereon in the amounts and at the times specified in accordance with the terms of the Loan Maturity Schedule and the Series A Promissory Note. All such repayments shall be made in lawful money of the United States of America and shall be paid directly to the Trustee (for the account of the Issuer) at the Trustee's Principal Office. To facilitate the timely payment of principal and interest on the Series A Bonds, any such repayment which is due on an Interest Payment Date shall be paid in immediately available funds at the Trustee's Principal Office at least one business day prior to such Interest Payment Date. To the extent permitted by law, overdue installments of principal and overdue payments of premium and interest and all other amounts payable hereunder or under the Series A Promissory Note or the Mortgage which are not paid when due shall bear interest at the Late Payment Rate until paid.

Section 2.7 Loan Repayments to be Deposited in Bond Fund. The Issuer and the Borrower agree that all principal and interest payments on the Series A Promissory Note (i.e., all Loan repayments) shall be deposited by the Trustee, when received, into the Bond Fund.

Section 2.8 Credit for Accrued Interest and for Investment Earnings on Bond Fund. The accrued interest, if any, deposited in the Bond Fund pursuant to Section 2.2 of this Loan Agreement shall be credited against the first payment of interest due on the Series A Promissory Note. Any earnings from the investments of Bond Fund balances shall, to the extent realized and available, be applied to the payment of interest on the Bonds and credited against payments of interest on the Promissory Notes at the earliest opportunity.



Section 2.9 Nonrecourse Nature of Debt. It is hereby acknowledged that the covenants and obligations of the Borrower hereunder are and shall be nonrecourse obligations, which shall mean that the Borrower's liability in connection with any judgment for the payment of said obligations shall be limited to the collateral and assets of the Borrower pledged or granted to the Issuer as security for said obligations, namely, the Mortgaged Property (as defined in the Mortgage) and any other asset or collateral now or hereafter given by the Borrower as security for said obligations. No recourse, in order to satisfy any deficiency judgment following any action brought to foreclose under or otherwise to enforce the Mortgage may be had against those assets of the Borrower, if any, that remain unpledged to the Issuer for the obligations secured thereby; provided, however, that nothing herein shall limit the Issuer's ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or to exercise any right against the Borrower or any other person or entity on account of any claim for fraud, deceit or other actionable tortious conduct. Furthermore, the Borrower shall be fully liable for the misapplication of (i) proceeds paid prior to any foreclosure under any and all insurance policies by reason of damage, loss or destruction to any portion of the Mortgaged Property, to the full extent of such proceeds, (ii) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of any portion of the Mortgaged Property, to the full extent of such proceeds and awards, (iii) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of a default under any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith but prior to foreclosure, and (iv) proceeds from the sale of all or any part of the Mortgaged Property. The limit on the Borrower's liability set forth in this Section shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement and the Promissory Note or a release, in whole or in part, or an impairment of the lien and security interest of any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith upon the properties described therein, or to preclude the Issuer from foreclosing the documents executed by the Borrower for the benefit of the Issuer in connection herewith in case of any default or enforcing any other right of the Issuer or to alter, limit or affect the liability of any person or party who may now or hereafter guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith.

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### ARTICLE III

#### CONSTRUCTION OF THE PROJECT

Section 3.1 Agreement to Complete the Project. The Borrower, as independent contractor and not as an agent of the Issuer, agrees to complete the acquisition, construction and installation of the Project with all reasonable dispatch in accordance with the Project Plans and Specifications. If the moneys in the Construction Fund shall be insufficient to pay the costs of completing the Project, the Borrower shall nevertheless complete the same and shall be responsible for causing the costs thereof to be paid. The Borrower shall procure any and all building permits, use and occupancy permits, and other permits, licenses and authorizations necessary for the construction, completion, occupancy and use of the Project.

Section 3.2 Manner of Procuring Disbursements from the Issuance Expense Account. Upon requisition as hereinafter provided, the moneys in the Issuance Expense Account shall be disbursed to or at the order of the Borrower to pay (or reimburse the Borrower for) the Series A Bond Issuance Costs described in the definition of Eligible Costs of the Project herein. The Borrower represents that the Series A Bond Discount plus the Issuance Expense Deposit Amount is reasonably expected to approximate the actual amount of the Series A Bond Issuance Costs.

Disbursements from the Issuance Expense Account shall be made by the Trustee only upon receipt of an appropriately completed Requisition, executed on behalf of the Borrower by a Borrower's Representative and accompanied with the supporting information and documentation specified therein. The Borrower agrees that the Trustee may condition any disbursement from the Issuance Expense Account upon its receipt of such additional information and documentation as it may reasonably require to evidence the truth and accuracy of the statements and representations contained in the Requisition. In the event the Borrower and the Trustee shall have entered into an agreement with a title insurance company for the disbursement of the Loan proceeds, disbursements from the Issuance Expense Account shall be subject to such further terms and conditions as may be contained in such agreement.

If the moneys in the Issuance Expense Account shall be insufficient to pay all of the Series A Bond Issuance Costs, the Borrower shall be responsible for paying the difference. If there shall be any balance in the Issuance Expense Account remaining after certification by the Borrower's Representative that all Series A Bond Issuance Costs have been paid, such remaining balance shall be transferred to the Construction Account.

Section 3.3 Manner of Procuring Disbursements from the Construction Account. Upon requisition as hereinafter provided, moneys in the Construction Account shall be disbursed to or at the order of the Borrower to pay (or reimburse the Borrower for) the Engineering Costs, Basic Project Costs and the Other Costs of the Project described in the definition of Eligible Costs of the Project herein.

Disbursements from the Construction Account shall be made by the Trustee only upon receipt of an appropriately completed Requisition, executed on behalf of the Borrower by a Borrower's Representative and accompanied with the proper information and documentation specified therein. The Borrower agrees that the Trustee may condition any disbursement from the Construction Account upon its receipt of such additional information and documentation as it may reasonably require to evidence the truth and accuracy of the statements and representations contained in the Requisition. The Trustee shall have the right to withhold disbursements from the Construction Account if (i) the Borrower's Requisition is incomplete or inaccurate in any material respect, (ii) the Trustee determines, in its judgment, that the work forming the basis for the requisition has not been performed in accordance with the Project Plans and Specifications, (iii) the Trustee determines, in its judgment, that the amount requisitioned in respect of partially completed work exceeds the amount due to the applicable contractor or supplier determined on the basis of percentage of completion under the applicable contract, (iv) the Borrower shall have failed to provide lien waivers from all persons whose work formed a basis for the Requisition and whose work gave rise to a construction, materialmen's or similar lien, or (v) the Trustee determines, in its judgment, that the balance in the Construction Account together with anticipated investment earnings thereon is an amount less than that required to pay the remaining Eligible Costs of the Project. The Borrower may deposit moneys into the Construction Account from time to time as it deems desirable or necessary.

The Borrower shall also be entitled to disbursements from the Construction Account to pay the Capitalized Interest Costs of the Project, if any. Any such disbursement shall be made by transfer of the appropriate amount from the Construction Account to the Bond Fund upon request of the Borrower's Representative in the Requisition hereinabove described.

In the event the Borrower and the Trustee shall have entered in an agreement with a title insurance company for the disbursement of the Loan proceeds, disbursements from the Construction Account shall be subject to such further terms and conditions as may be contained in such agreement.

Section 3.4 Amendments to Project Plans and Specifications. Subject to the conditions set forth in this Section 3.4, the Borrower shall have the right to amend the Project Plans and Specifications and to issue change orders to contractors from time to time as the Borrower shall deem necessary or desirable.

As used in this Section 3.4, a "discretionary change" means any amendment to the Project Plans and Specifications not required by building codes or other governmental regulation, and any other discretionary directive, purchase order, approval, consent or rejection affecting the Project given by the Borrower to any Project contractor, supplier or similar third party. Prior to making any discretionary change which, by itself or in combination with other discretionary changes, would increase or further increase "estimated remaining cost" beyond "estimated available funds," the Borrower shall deposit into the Construction Account the amount by which "estimated remaining cost" as thereby increased will exceed "estimated available funds." "Estimated remaining cost" means the estimated remaining unpaid cost of completing the Project. "Estimated available funds" means the amount at the time on deposit in the Construction Account plus the anticipated investment earnings thereon.

The Borrower agrees that it will make no amendment or change to the Project Plans and Specifications which would (i) adversely affect the legality of the Series A Bonds or the tax-exempt status thereof under Section 103 of the Internal Revenue Code, or (ii) be inconsistent with Section 3.8 of this Loan Agreement.

The Borrower further agrees that it will make no substantial amendment or change to the Project Plans and Specifications without the prior written consent of the Trustee.

Section 3.5 Completion of Project and Establishment of Project Completion Date. The Borrower covenants and agrees that it will proceed with due diligence from the date hereof to complete the entire Project and that construction of the Project shall be completed within 30 months from the date hereof. The Borrower shall evidence the completion of the Project by filing the following items with the Issuer and the Trustee:

(a) a Borrower's Certificate certifying, without prejudice to any rights against third parties (i) that the Project has been constructed, acquired and installed in accordance with the Project Plans and Specifications, (ii) the date of Project completion and, if applicable, the respective dates of completion of each of the component phases of the Project, and (iii) that all labor, services, materials and supplies used to construct, acquire and install the Project have been paid in full, except

for such portion thereof (which shall be identified in detail) which the Borrower is disputing in good faith and by appropriate proceeding;

(b) a certificate of substantial completion signed by the architect or engineer in charge of the Project; and

(c) a contractor's affidavit, as required by Section 713.06, Florida Statutes, as amended (mechanics lien statute), to be given as a prerequisite to final payment.

(d) the additional items required as evidence of completion by the terms of the Mortgage.

Section 3.6 Closing of Construction Fund. Upon being furnished the items described in Section 3.5 hereof, the Trustee shall close the Construction Fund and transfer the remaining balance therein, if any, to the Surplus Construction Fund. If the Borrower has not filed such items by the second anniversary of the date hereof, the Borrower shall file with the Trustee a Borrower's Certificate stating in detail the reasons therefor, certifying the amounts, if any, which are then due and owing to contractors, materialmen or other suppliers for the Project and containing detailed estimates of the costs necessary to complete the Project in accordance with the Project Plans and Specifications.

Section 3.7 Maintenance and Improvement of Project Complex. Upon completion of the Project and thereafter for so long as any Series A Bonds shall be Outstanding, the Borrower, as independent contractor and not as agent of the Issuer, agrees to keep and maintain the Project Complex in good condition, repair and working order, except for ordinary wear and tear and obsolescence. Subject to Section 3.8 hereof and to the provisions of the Mortgage, the Borrower, as independent contractor and not as agent of the Issuer, may remodel, modify or otherwise improve the Project Complex from time to time as the Borrower in its discretion determines to be in its best interests; provided, however, that with respect to any substantial modifications or improvements to the Project Complex, the Borrower shall (i) furnish to the Trustee written notice thereto at least 30 days prior to the commencement of the acquisition, construction and/or installation of such proposed modifications or improvements, and (ii) obtain the prior written consent of the Trustee to the proposed modification or improvements prior to the acquisition, construction and/or installation thereof. The Borrower shall operate, repair and maintain the Project Complex at its own expense.

Section 3.8 Use of Project Complex and Conduct of Project Enterprise. The Borrower represents that its present intention and expectation is to use the Project for the Project

Enterprise for so long as there shall be Bonds Outstanding. Notwithstanding such intention and expectation, the Borrower with prior approval of the Issuer, shall have the right to use the Project Complex for any lawful purpose which in the opinion of Bond Counsel will not affect adversely the validity or tax-exempt status of the Series A Bonds.

As an inducement to the Issuer to issue the Series A Bonds and to make the Loan, the Borrower covenants to use its best efforts to cause the Project Enterprise to be continuously conducted in the territorial limits of St. Johns County for so long as there shall be Bonds Outstanding.

Section 3.9 Encumbrances. Unless the Requisite Consent of Bondowners shall have been obtained, the Borrower shall not create or suffer to exist any liens or encumbrances upon the Project or any part thereof, other than Permitted Encumbrances (as defined in the Mortgage).

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ARTICLE IV

ADDITIONAL LOANS

Section 4.1 Authorized Purposes. Subject to Section 4.2 hereof, the Issuer may issue Additional Bonds from time to time to fund Additional Loans to the Borrower for any or a combination of the following purposes:

(a) "Completion Purposes," namely to finance the costs of completing the Project or any Additional Project in the event the proceeds of the Bonds issued to finance the Project or the Additional Project, as the case may be, are insufficient;

(b) "Capital Improvement Purposes," namely to finance (including the funding of temporary borrowings) the acquisition, construction or installation of land or depreciable property to further Borrower's business in the territorial limits of St. Johns County;

(c) "Refunding Purposes," namely to fund, refund or advance refund any one or more series of Outstanding Bonds; and

(d) to pay the financing, legal, accounting, printing and other costs incidental to the issuance and sale of the Additional Bonds.

The Borrower acknowledges that the Issuer does not hereby commit itself to issue any Additional Bonds or to make any Additional Loans. However, subject to the conditions specified in Section 4.2 hereof, the Issuer agrees to give prompt and good faith consideration to each request of the Borrower therefor.

Section 4.2 Conditions Precedent. The Issuer shall not issue any Additional Bonds and shall not make any Additional Loan unless:

(a) each condition specified in Article XII of the Indenture for the issuance of Additional Bonds shall have been satisfied; and

(b) the Borrower shall have procured Requisite Consent of Bondowners; provided, however, that Requisite Consent of Bondowners shall not be necessary in the case of Additional Bonds to be issued for Refunding Purposes where all Outstanding Bonds are being refunded; and

(c) the Borrower and the Issuer shall have entered into a Supplemental Loan Agreement providing for the Additional Loan; and

(d) the Borrower shall have evidenced the Additional Loan by the execution and delivery of a Promissory Note which corresponds to the Additional Bonds and the Additional Loan in the same manner that the Series A Promissory Note corresponds to the Series A Bonds and the Loan; and

(e) the Borrower shall have furnished such supplements to the Mortgage as shall be necessary in the judgment of the Trustee to extend the terms thereof to include the Additional Project, the Additional Bonds and the Additional Loan; and

(f) the Borrower shall have furnished evidence satisfactory to the Issuer and the Trustee of the due authorization for the borrowing represented by the Additional Loan.

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ARTICLE V

PREPAYMENT OF LOAN AND ADDITIONAL LOANS;  
PURCHASE OF SERIES A BONDS BY BORROWER

Section 5.1 Optional Prepayment of All Loans Upon Occurrence of Certain Extraordinary Events. The Borrower is hereby given an option to prepay all but not less than all of the entire outstanding balance of the Loan and all Additional Loans, if any of the following shall occur:

(a) the Project Complex shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee following such damage or destruction (i) the completion of the Project or the Additional Project, as the case may be, will be delayed for at least six months, (ii) it is not practicable or desirable to rebuild, repair or restore the Project Complex within a period of six consecutive months following such damage or destruction, or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(b) title to or the temporary use of all or substantially all the Project Complex shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee (i) the completion of the Project or the Additional Project, as the case may be, will be delayed for at least six months, or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(c) any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at the Project Complex to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(d) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), this Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the

parties as expressed in this Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Borrower including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Loan Agreement.

To exercise such option the Borrower shall give notice to the Issuer and the Trustee within one year following the occurrence of the event which is said to give rise to the right to exercise such option. The notice shall refer to this Section 5.1, shall describe and give the date of the subject event, shall have attached to it the requisite Borrower's Certificate, and shall direct a redemption of all Outstanding Bonds pursuant to Section 303 of the Indenture on a specified date which shall not be earlier than 60 days following the date of such notice.

Not less than one business day prior to the date fixed for the redemption of the Bonds pursuant to Section 303 of the Indenture, the Borrower shall prepay the Loan and all Additional Loans by depositing with the Trustee in immediately available funds the amount necessary to enable the Issuer to redeem all Bonds pursuant to Section 303 of the Indenture, namely 100% of the principal amount of the Bonds to be so redeemed, all interest thereon accrued and to accrue to the date of redemption, all premiums, if any, all of the Issuer's and Trustee's fees and expenses incurred and to be incurred through the date of redemption.

Section 5.2 Mandatory Prepayment of All Loans Upon Occurrence of Tax Violation. The Borrower agrees to prepay the entire outstanding balance of the Loan and all Additional Loans if a Tax Violation shall occur; provided, however, that in the case of the Series A Bonds and any series of Additional Bonds for which provision is made in the Supplemental Indenture pursuant to which such Additional Bonds are issued, the Borrower shall not be required to prepay the Loan or Additional Loan if such series of Bonds is redeemed by exchanging such Bonds for the Series A Promissory Note or the Promissory Note corresponding to such Additional Loan, as provided in Section 304 of the Indenture.

The Issuer and the Borrower authorize the Trustee to take actions necessary to call all Bonds for redemption pursuant to Section 304 of the Indenture on the earliest practicable date following the date on which a Tax Violation shall be deemed to have occurred. Not less than one business day prior to the date fixed for redemption, the Borrower shall prepay the Loan and all Additional Loans by depositing with the Trustee in immediately available funds the amount necessary to enable the Issuer to redeem all Bonds pursuant to Section 304 of the Indenture, except as otherwise provided above and in Section 304 of the Indenture, namely 100% of the principal amount of the Bonds to be so redeemed, all interest on the Bonds thereon accrued and to accrue

to the date of redemption, all redemption premiums, if any, payable upon such redemption in accordance with said Section 304 of the Indenture, and all of the Trustee's fees and expenses incurred and to be incurred through the date of redemption. Reference is made to Section 9.6 of this Loan Agreement for a description of certain additional amounts which may be due from the Borrower upon the occurrence of a Tax Violation.

The foregoing provisions of this Section 5.2 are subject to the condition that the Borrower's obligation to prepay the Loan or any particular Additional Loan with respect to any series of Bonds as to which no Tax Violation shall be deemed to have occurred may be waived with the written consent of 100% of the Owners of the Outstanding Bonds of such series. A waiver as aforesaid by the Owners of a particular series of Outstanding Bonds shall not constitute a waiver by the Owners of any other series of Bonds and shall not affect the Borrower's obligation to prepay the Loan or Additional Loan related to such other series of Bonds.

Section 5.3 Optional Prepayment of the Loan. Notwithstanding the provisions of Sections 5.1 and 5.2 of this Loan Agreement, the Loan may be prepaid at the option of the Borrower in whole or in part on any principal payment date. To exercise such option the Borrower shall give notice to the Issuer and the Trustee. Such notice shall refer to this Section 5.3, shall state the principal amount of the prepayment, and shall direct the redemption of a like principal amount of Series A Bonds pursuant to Section 402 of the Indenture on a specified authorized redemption date which shall not be earlier than 60 days following the date of such notice. If the prepayment shall be in part, it shall be in the amount of integral multiples of \$5,000 and shall be applied to the scheduled principal installments on the Loan (and thus on the Series A Promissory Note) in the inverse order of their maturities.

Not less than one business day prior to the date fixed for redemption, the Borrower shall prepay the Loan (in whole or in part, as the case may be) by depositing with the Trustee in immediately available funds the amount necessary to redeem the Series A Bonds (or portion thereof) thus called for redemption, namely 100% of the principal amount of the Series A Bonds (or portions thereof) to be so redeemed, all interest thereon accrued and to accrue to the date of redemption, all redemption premiums, if any, payable upon such redemption in accordance with Section 402 of the Indenture, and all of the Issuer's and Trustee's fees and expenses incurred and to be incurred through the date of redemption.

Section 5.4 Optional Prepayment of Additional Loans. Additional Loans may be prepaid at the option of the Borrower upon such terms as shall be specified in the Supplemental Loan

Agreements relating thereto. Such terms need not parallel the optional prepayment provisions applicable to the Loan as set forth in Sections 5.1 and 5.3 of this Loan Agreement, and such terms need not require a ratable allocation of prepayments among the Promissory Notes.

Section 5.5 Deposit of Prepayments in Trust Funds. All prepayments of principal on the Loan or any Additional Loan together with the premium, if any, shall be deposited by the Trustee when received into the Redemption Fund. The accrued interest paid in connection with any such prepayment shall be deposited into the Bond Fund.

Section 5.6 Corresponding Redemption of Bonds. All authorized prepayments of the Loan (and thus of the Series A Promissory Note) shall be applied to a corresponding redemption of the Series A Bonds. Similarly, all prepayments of an Additional Loan (and thus of the Promissory Note evidencing such Additional Loan) shall be applied to a corresponding redemption of the related Additional Bonds. The Loan shall be prepaid at the times and to the extent necessary to redeem the Series A Bonds pursuant to their terms and in accordance with the provisions of the Indenture.

Section 5.7 Purchase and Cancellation of Bonds. The Borrower shall have the right to purchase any Outstanding Bond (with the consent of the Owner) and deliver it to the Trustee for cancellation. Also, the Trustee may purchase any Outstanding Bond (with the consent of the Owner) for cancellation in accordance with Section 1102 of the Indenture. Any such purchase and cancellation of a Series A Bond shall ipso facto reduce the unpaid principal balance of the Loan on the date of such cancellation by an amount equal to the unpaid principal amount of such Series A Bond. Any such purchase and cancellation of an Additional Bond shall be credited against the related Additional Loan and Promissory Note in the manner and to the extent specified in the related Supplemental Loan Agreement.

Section 5.8 Revisions of Loan Maturity Schedule. In the event of any partial prepayments of the Loan pursuant to Sections 5.3 of this Loan Agreement or in the event of any purchase and cancellation of Series A Bonds pursuant to Section 5.7 of this Loan Agreement, the Trustee shall revise the Loan Maturity Schedule accordingly, if necessary, and shall furnish copies thereof to the Borrower and the Issuer. The revisions shall be such that the required repayments of principal and payments of interest on the Loan will provide revenues sufficient to pay when due (including mandatory sinking fund redemptions, if any) the principal of and interest on the Series A Bonds.

Section 5.9 Purchase of Series A Bonds By Borrower Upon Demand. The Borrower does hereby agree, as a part of the consideration for the Loan and to induce the purchase of the Series A Bonds by the Purchaser, that the Purchaser, but no other Owner of Bonds, shall have the option to require the Borrower to purchase the Series A Bonds held by the Purchaser on December 1, 1991, December 1, 1996, December 1, 2001, or December 1, 2006 at a purchase price equal to 100% of the unpaid principal balance thereof, plus unpaid interest accrued to the date of purchase. Such option shall be exercised by the Purchaser giving not less than 120 days prior written notice to the Trustee and the Borrower of the exercise thereof, which notice must be received by the Trustee at the Trustee's Principal Office and by the Borrower at the Borrower's Address, and which notice to the Trustee must be accompanied by the surrender to the Trustee of the Series A Bonds. Upon receipt from the Purchaser of such notice and such surrender of the Series A Bonds, the Borrower shall either (as the Borrower may elect):

(i) on or before the applicable purchase date, purchase such Series A Bonds by depositing with the Trustee a sum equal to the unpaid principal balance of such Series A Bonds and interest thereon to the purchase date, and causing the Trustee to pay such sum to the Purchaser; or

(ii) on or before the applicable purchase date, arrange for the sale of such Series A Bonds by means of a private placement to an institutional investor, cause the proceeds of such sale to be deposited with the Trustee, and, to the extent that the net proceeds from such sale are less than 100% of the unpaid principal balance of such Series A Bonds plus unpaid interest accrued thereon to the purchase date, deposit such deficiency with the Trustee, and cause the Trustee to pay such proceeds and such deficiency deposit to the Purchaser; or

(iii) provide for a purchase in accordance with (i) or (ii) above in any proportions desirable to the Borrower, provided that such Series A Bonds are purchased from the Purchaser on or before the applicable purchase date at the unpaid principal balance thereof plus accrued interest thereon.

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## ARTICLE VI

### REPRESENTATIONS OF BORROWER

Section 6.1 Accuracy of Project Description and Project Budget. The Borrower represents that the description of the Project as set forth in Exhibit A hereto is accurate in all material respects, that the budget for the Project as set forth in said Exhibit A is an accurate summary of the Borrower's best estimates, respectively, of the total costs and the Eligible Costs of the Project, and that, except as otherwise specifically indicated in said Exhibit A, all property of which the Project is or will be comprised consists of land or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code.

Section 6.2 Existence and Authorizations. The Borrower represents that it is duly organized and validly existing in good standing under the laws of the State of Maryland and that it has obtained all authorizations necessary on its part for the due and valid execution and delivery of this Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease and the Purchase Agreement, and the assumption of the obligations represented hereby and thereby.

Section 6.3 Absence of Conflicting Agreements. The Borrower represents that the execution and delivery of this Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease and the Purchase Agreement, and the performance by the Borrower hereunder and thereunder will not conflict with or constitute a breach of or default under its certificate of limited partnership or limited partnership agreement, or any indenture, loan agreement or instrument or agreement to which the Borrower is a party or by which the Borrower or its properties are bound.

Section 6.4 Taxes. The Borrower represents that it has no materially large outstanding unpaid tax liabilities (other than taxes which are currently accruing from its current operations and ownership of property, which are not delinquent) and that no tax deficiencies are proposed or have been assessed and are unsatisfied against the Borrower.

Section 6.5 Regulatory Approvals. The Borrower represents that no authorization, approval, consent or license of any governmental regulatory body or authority, not already obtained, is required for the valid and lawful execution and delivery and performance on the part of the Borrower of this Loan Agreement, the Mortgage, the Series A Promissory Note, the Lease and the Purchase Agreement by the Borrower or the assumption of the obligations of the Borrower represented hereby and thereby.

Section 6.6 Absence of Litigation. The Borrower represents that it is not a party to any litigation or administrative proceeding, nor so far as is known by the Borrower is any litigation or administrative proceeding threatened against it which in either case would, if adversely determined, cause any material adverse change in its financial condition, the conduct of its business or its ability to perform its obligations under this Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease and the Purchase Agreement.

Section 6.7 Compliance With Applicable Law. The Borrower represents that the Project complies with all presently applicable building, zoning, pollution, environmental and other local, state and federal codes, ordinances and regulations.

Section 6.8 Date and Survival of Representations; Exceptions. The representations of the Borrower made in this Article VI are made as of the Closing Date, and all such representations shall survive the execution and delivery of this Loan Agreement and the making of the Loan.

Any exceptions to the representations made in this Article VI shall be set forth in a Borrower's Certificate delivered to the Trustee, the Issuer and the Purchaser contemporaneously herewith, and to the extent so set forth, they shall be exceptions to the representations made in this Article VI to the same extent as if they were expressly stated herein.

Section 6.9 Additional Representations. The Borrower hereby makes the following additional representations and warranties:

(a) the Borrower will obtain or provide all utility services necessary to the operation of the Project.

(b) the Borrower will timely provide to the Trustee those documents and items described in subparagraphs (b), (d), (e), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u), (w), (x), (y) and (z) in Section 403 of the Indenture.

Section 6.10 Recording and Filing. The Borrower will take all actions that may be necessary to perfect, preserve, protect and secure the interest of the Issuer, the Trustee or either of them in and to the Mortgage, including, without limitation, the filing and refileing of all continuation statements that may be required under the Uniform Commercial Code of the State.

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## ARTICLE VII

### COVENANTS OF BORROWER

Section 7.1 Payment of Promissory Notes. The Borrower agrees to make the principal, premium, if any, and interest payments on the Promissory Notes in the manner and amounts and the times and places specified therein.

Section 7.2 Unconditional Obligation to Provide the Issuer with Sufficient Revenues. Notwithstanding any provision expressly or inferentially to the contrary contained herein or in any Promissory Note, the Borrower unconditionally agrees that it shall make payments to the Trustee (for the account of the Issuer) in lawful money of the United States of America and in such amounts and at such times (if not sooner required under the terms of this Loan Agreement) as shall be necessary to enable the Trustee to make full and prompt payment when due (whether at stated maturity, upon redemption prior to stated maturity or upon acceleration of stated maturity), of the principal of, premium, if any, and interest on all Bonds issued or to be issued under the Indenture. The obligation of the Borrower to make the payments required in this Section 7.2 shall be absolute and unconditional and shall not be subject to diminution by set off, counterclaim, abatement or otherwise; and until such time as the principal of, premium, if any, and interest on the Bonds shall have been paid or provided for in accordance with the Indenture, the Borrower: (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in this Section 7.2; (ii) will perform and observe all its other agreements contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause including without limiting the generality of the foregoing, failure of the Project or any Additional Project to comply with the Plans and Specifications therefor, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project or any Additional Project, frustration of commercial purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement. Nothing contained in this Section 7.2 shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and if the Issuer shall fail to perform any such agreement on its part, after the Borrower has provided or made provisions for the payment of the reasonable costs and expenses of the Issuer and has provided indemnity satisfactory to the Issuer, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel performance, provided that



no such action shall violate the agreements on the part of the Borrower contained in this Section 7.2, or diminish the amounts required to be paid by the Borrower pursuant to this Section 7.2.

Section 7.3 Indemnification of Issuer. Notwithstanding anything to the contrary herein contained by implication or otherwise, the obligations of the Issuer created by or arising out of this Loan Agreement shall not be general debt obligations of the Issuer, or of the State or any political subdivision thereof, do not constitute or give rise to charges against its or their general credit or taxing powers and shall not constitute or give rise to any personal liability of any member of the Governing Body or any of the officers, employees or agents of the Issuer or for any act or omission related to the authorization or issuance of the Bonds.

Neither the issuance of the Bonds nor the delivery of this Loan Agreement shall, directly or indirectly or contingently, obligate the Issuer or the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. Nothing in the Bonds or in the Indenture or in this Loan Agreement or in the proceedings of the Issuer authorizing the Bonds or in the Act shall be construed to authorize the Issuer to create a debt of the Issuer or of the State or any political subdivision thereof within the meaning of any constitutional or statutory provision of the State. The principal of and premium, if any, and interest on the Bonds shall be payable solely from the funds pledged for their payment in accordance with the Indenture. Recourse to the Issuer under this Loan Agreement and the Indenture is limited solely to the Trust Funds.

The Borrower shall pay or cause to be paid all costs incurred or to be incurred by the Issuer in connection with the financing, construction and administration of the Project, except as may be paid out of the proceeds of sale of the Bonds.

The Borrower agrees to indemnify, defend and hold harmless the Issuer and its members, officers, employees and agents and officials from and against any and all losses, claims, damages, taxes (including interest and penalties), costs and expenses (including reasonable attorneys' fees, whether prior to, during or after trial or in the event of any appeal) and liabilities arising from, in connection with, or as a result of the issuance of the Bonds, the execution and delivery of this Loan Agreement and the Indenture, the performance and observance by or on behalf of the Issuer of those things on the part of the Issuer agreed to be performed or observed hereunder and thereunder, or the acquisition, construction, installation, occupancy or use of the Project Complex. Nothing in the foregoing indemnity shall protect the Issuer or its officers, employees or agents against its or their own default, gross negligence or willful misconduct.

If any action shall be brought against the Issuer in respect of which indemnity may be sought under the foregoing provisions of this Section 7.3 against the Borrower, the Issuer shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof including the employment of counsel acceptable to Issuer and the payment of all expenses. In any such action the Issuer shall have the right to employ separate counsel, but the reasonable fees and expenses of such counsel shall be at the expense of the Issuer unless the Borrower and the Issuer shall have mutually agreed to the employment of such counsel. The Borrower shall not be liable for any settlement of such action effected without its written consent, but if settled with the written consent of the Borrower or if there be a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless the Issuer from and against any loss, or liability, cost or expense (including reasonable attorneys' fees, whether prior to, during or after trial or in the event of any appeal) by reason of such settlement or judgment. Except any such loss or liability resulting from the default, gross negligence or willful misconduct of the Issuer or its officers, employees or agents.

The foregoing provisions of this Section 7.3 shall survive the payment, prepayment or redemption of the Promissory Notes and the Bonds and the termination of this Loan Agreement and the Indenture and the release or satisfaction of the Mortgage.

In furtherance and not in limitation of the provisions of this Section 7.3, all liability insurance policies required by Section 7.5 of this Loan Agreement shall name the Issuer as an additional named insured and shall provide for not less than ten (10) days written notice by the carrier to the Issuer prior to cancellation or non-renewal.

Section 7.4 Taxes, Licenses, Utilities and Governmental Charges. The Borrower agrees to pay promptly, as and when the same shall become due and payable, each and every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer or the Borrower is or shall become liable by reason of its estate or interest in the Project or in any Additional Project or in any portion thereof, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project, any Additional Project or any part thereof, and any and all documentary stamp taxes and intangible taxes on or with respect to the Bonds, this Loan Agreement, the Promissory Notes, the Indenture and the Mortgage, or on or with respect to any assignments thereof by the Issuer to the Trustee or by the Trustee to the Purchaser as contemplated hereby (including any interest and

penalties for nonpayment thereof when due, if any). The Borrower also agrees to pay and discharge, promptly as and when the same shall become due and payable, all lawful real estate taxes, personal property taxes, business and occupation taxes, occupational license taxes, assessments for public improvements or benefits and all other lawful governmental taxes, impositions and charges of every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen, whether similar or dissimilar to any of the foregoing, and all applicable interest and penalties thereon, if any, which at any time shall be or become due and payable and which shall be lawfully levied, assessed or imposed upon or with respect to, or which shall be or become liens upon, the Project, any Additional Project or any portion thereof or any interest of the Borrower therein. The Borrower also agrees to pay or cause to be paid all lawful charges for and connection fees or permits for connection to gas, water, sewer, electricity, light, heat, power, telephone and other utility and service used, rendered or supplied to, upon or in connection with the Project or any Additional Project. The Borrower agrees that the Political Jurisdiction is not, nor shall it be, required to furnish free of charge to the Borrower or any other occupant of the Project Complex, any gas, water, sewer, electricity, light, heat, power or other facilities, equipment, labor, materials or services of any kind, except as otherwise may be required by law, except as the same shall generally be furnished without charge to other owners or users of comparable property within the Political Jurisdiction, or except as may otherwise be agreed pursuant to applicable provisions of law.

The Borrower shall not be required to pay any such tax, assessment, governmental charge or utility charge referred to in this Section, so long as the Borrower shall contest or there shall be contested on the Borrower's behalf, in good faith and at the Borrower's own cost and expense, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, assessment, levy, fee, rent, charge, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Project or any part thereof or interest therein, to satisfy the same; provided, that no such contest shall subject the Issuer, the Trustee or any Owner of the Bonds to the risk of any liability. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Borrower to settle any such contest), and in any event the Borrower will save the Issuer, the Trustee and all Owners of the Bonds harmless against all taxes, including any interest and penalties with respect thereto, required to be paid by the Borrower hereunder, and all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable

therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The Borrower shall give the Issuer and Trustee prompt written notice of any such contest.

If the Trustee shall notify the Borrower that, in the opinion of counsel to the Trustee, by nonpayment of any of the foregoing items, the Project, or any substantial part thereof, will be subject to imminent loss or forfeiture or the obligations of the Borrower under this Loan Agreement shall be materially impaired, then the Borrower shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

Section 7.5 Insurance. The Borrower agrees, both generally and specifically with respect to the Project and any Additional Project, that it will continuously insure or cause to insure against such risks in such amounts as are customarily insured against by companies of like size similarly situated or as the nature of the activity conducted with respect to the Project and any Additional Project requires, whichever is greater. Such insurance may be obtained (i) by the purchase of insurance policies (including blanket policies covering multiple risks) issued by reputable insurance companies authorized and qualified to underwrite such risks, or (ii) by means of an adequate insurance fund set aside and maintained out of its earnings (including arrangements of such character with other companies for insurance trusts and similar devices), or (iii) any combination thereof. Notwithstanding the foregoing, the Borrower agrees that it will maintain in effect or cause to maintain in effect such insurance as necessary to meet the specific requirements, if any, in respect of insurance as set forth in the Mortgage.

With respect to the insurance required herein (i) all casualty insurance policies shall provide for payment to the Borrower, the Issuer, the Lessee and the Trustee, as their respective interests may appear, and shall contain standard mortgagee clauses requiring that so long as any of the Bonds are Outstanding all proceeds of such insurance (less expenses, including expenses incurred by the Trustee and attorneys' fees, incurred in the collection thereof) shall be paid to the Trustee and (ii) all liability insurance policies shall name the Borrower, the Lessee, the Trustee and the Issuer as insureds.

Section 7.6 Tax Status of Bonds. It is intended that the interest on the Series A Bonds be exempt from federal income taxation pursuant to Section 103 of the Internal Revenue Code. In general, the Borrower agrees that it will take no action which would (and will omit no action the omission of which would) cause the interest on the Series A Bonds to become includable in the gross income (for federal income tax purposes) of any Bondowner, other than a Bondowner who is a "substantial user" of the

Project or a "related person" within the meaning and for the purpose of Section 103(b)(13) of the Internal Revenue Code and the applicable regulations thereunder. Without limiting the generality of such covenant, the Borrower specifically represents, covenants and agrees that:

(a) The Series A Bonds shall be "industrial development bonds" as defined in Section 103(b) of the Internal Revenue Code, and thus excluded from the meaning of the term "consumer loan bond" within the meaning of Section 103(o) of the Internal Revenue Code by virtue of Section 103(o)(2)(B)(ii) of the Internal Revenue Code.

(b) The aggregate authorized face amount of the Series A Bonds, when added to the aggregate face amount of all outstanding tax-exempt industrial development bonds "allocated" to any "test-period beneficiary" (within the meaning of and pursuant to Section 103(b)(15) of the Internal Revenue Code), will not exceed \$40,000,000.

(c) The proceeds of the Series A Bonds will not be used with the proceeds of any other issue of tax-exempt industrial development bonds to finance a single building, an enclosed shopping mall, or a strip of offices, stores, or warehouses using substantial common facilities.

(d) Its requisitions from the Issuance Expense Account and the Construction Account will be such that at least 90% of the proceeds (including any "imputed proceeds") of the Series A Bonds and investment earnings on trust funds to be deposited in or credited to the Issuance Expense Account or the Construction Account, calculated in accordance with the applicable provisions of Section 103(b) of the Internal Revenue Code, will be used to provide land or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code that the Borrower or any "related person" did not use, pay for or incur an obligation to acquire until after the Inducement Date and that was not placed in service more than one year prior to the Closing Date.

(e) It will permit no use of the proceeds (including any "replacement proceeds" or "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account, the Construction Account or other Trust Funds, or any other funds pledged or held for the payment of the Bonds, which would cause the Series A Bonds to be classified as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code.

(f) No portion of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense

Account or the Construction Account is to be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, or used to provide the following: any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard, and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility, racetrack, airplane, skybox, or other private luxury box, any health club facility, any facility primarily used for gambling, automobile sales or service, the provision of recreation or entertainment, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(g) Not more than 25% of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction Account are to be used to provide a facility the primary purpose of which is retail food and beverage services.

(h) If any portion of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction Account is to be used (directly or indirectly) for the acquisition of land (or an interest therein), other than land (or an interest therein) to be used for farming purposes, such portion will be less than 25%.

(i) No portion of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction Account is to be used for the acquisition of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition, except as otherwise permitted by Section 103(b)(17)(B) of the Internal Revenue Code and the Income Tax Regulations now or hereafter promulgated thereunder.

(j) The Series A Bonds will not be "federally guaranteed" (as defined in Section 103(h)(2) of the Internal Revenue Code). The payment of principal and interest with respect to the Series A Bonds and the loan made to the Borrower with the proceeds thereof will not be guaranteed (directly or indirectly, in whole or in part) by the United States or any agency or instrumentality thereof. The proceeds of the Series A Bonds will not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent that under Section 103(b)(2) of the Internal Revenue Code such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Series A Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, (iii) may be invested in obligations issued by the

United States Treasury, or (iv) may be invested in other investments permitted under Regulations under Section 103(h)(2) of the Internal Revenue Code.

(k) The sum of the outstanding face amount of all prior outstanding exempt small issues of industrial development bonds (within the meaning of the Regulations under Section 103(b)(6)(D) of the Internal Revenue Code), plus all capital expenditures of a character described in Section 103(b)(6)(D) of the Internal Revenue Code that were or will be paid or incurred by the Borrower or any other person during the three-year period ending on the Closing Date, with respect to the Project Complex or any other facilities within the boundaries of the Political Jurisdiction (or any other facilities that are contiguous to or integrated with the Project Complex or such other facilities) of which the Borrower or any "related person" (as defined in Section 103(b)(6) of the Internal Revenue Code) is or will be a "principal user" within the meaning of Section 103(b)(6) of the Internal Revenue Code, when added to the total authorized face amount of the Series A Bonds, does not exceed \$10,000,000.

(l) It will duly and timely file or cause to be filed with the Internal Revenue Service (with copies furnished contemporaneously to the Issuer and the Trustee) all statements, returns or other filings required to be filed or otherwise necessary to preserve the tax-exempt status of the Series A Bonds, including without limitation the supplemental statements described in Section 1.103-10(b)(2)(vi)(c) of the Regulations and any successor provision of similar import.

(m) It will furnish to the Issuer prior to the Closing Date a completed Internal Revenue Service Form 8038 pertaining to the Series A Bonds, prepared and signed as preparer by the Borrower or its certified public accountants; it or its certified public accountants will be responsible for the substantive accuracy of such Form 8038, and it will hold harmless the Issuer, any Bondowner and Bond Counsel against all consequences of any material misrepresentation in or material omission from such Form 8038.

(n) It will not make or incur (and it will not permit any other person to make or incur) any capital expenditures of a character described in Section 103(b)(6)(D) of the Internal Revenue Code if, as a result of such making or incurrence, the limitation on such capital expenditures described in said Section will be exceeded at any time during the three-year period following the Closing Date.

(o) It shall pay any rebate amount required to be paid on behalf of the Issuer to the U.S. Treasury pursuant to Section 103(c)(6) of the Internal Revenue Code, and to assure payment of

such amount, it shall pay to the Trustee any deficiency in the special account held by the Trustee for the sole benefit of the U.S. Treasury.

If, nevertheless, a Tax Violation shall occur, the Borrower shall not be deemed to be in default under this Section 7.6 if it complies in all respects with Sections 5.2 and 9.6 of this Loan Agreement.

Section 7.7 Sale or Transfer of Project Complex. In addition to transactions permitted under Section 7.9 of this Loan Agreement, the Borrower may sell, assign, lease, mortgage or otherwise encumber or transfer all or any part of its interest in the Project Complex or the Project or any Additional Project and in connection therewith may assign all or any portion of its rights and privileges under this Loan Agreement, provided that:

(a) Section 7.9 of this Loan Agreement does not apply to the transaction; and

(b) the Requisite Consent of Bondowners shall have been obtained, which consent shall not be unreasonably withheld; and

(c) unless the Requisite Consent of Bondowners shall so provide, no such sale, assignment, lease, mortgage or other encumbrance or transfer shall relieve the Borrower from primary liability for the performance of its obligations hereunder and under the Promissory Notes and the Mortgage; and

(d) any property and interests in property so sold, assigned, leased, mortgaged or otherwise encumbered or transferred shall, to the extent subject to the lien of the Mortgage, remain subject to the lien of the Mortgage as a prior lien unless released from such lien or unless such lien is subordinated in accordance with the provisions of the Mortgage; and

(e) if such transaction involves the sale, transfer or assignment of all or substantially all of the Project Complex, the Project or any Additional Project, the purchaser, transferee or assignee, as the case may be, shall have assumed in writing all obligations of the Borrower contained in this Loan Agreement, the Promissory Notes and the Mortgage; and

(f) if such transaction involves the sale, assignment, lease or other transfer of all or substantially all of the Project Complex, the Project or any Additional Project, the Borrower shall have delivered to the Trustee and the Issuer an opinion of Bond Counsel to the effect that such transaction will not adversely affect the legality, validity or tax-exempt status of the Bonds.



Section 7.8 Maintenance of Existence. The Borrower agrees that, except as otherwise permitted in Section 7.9 of this Loan Agreement, it will maintain its existence and will neither dissolve nor institute any proceedings for dissolution.

Section 7.9 Mergers, Consolidations and Transfers of Assets. The Borrower agrees that it will not (in a single transaction or any series of transactions) dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it; provided, however, that the Borrower may, without violating the foregoing, to the extent provided by law consolidate with or merge into another general partnership, a limited partnership or a corporation, or permit one or more other general partnerships, limited partnerships or corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another general partnership, a limited partnership or a corporation (and thereafter be released of all further obligation hereunder and dissolve or not dissolve as it may elect) if:

(a) the Borrower shall have obtained the Requisite Consent of Bondowners to such transaction prior to the closing thereof, which consent shall not be unreasonably withheld; and

(b) the resulting, surviving or transferee corporation, general partnership or limited partnership, as the case may be, is duly organized and existing in good standing under the laws of one of the states of the United States of America or the District of Columbia, and if not the State, is duly authorized to do business and in good standing under the laws of the State; and

(c) an independent certified public accounting firm of recognized standing satisfactory to the Trustee certifies to the Trustee that the net worth of such resulting, surviving or transferee corporation, general partnership or limited partnership immediately following and after giving effect to such transaction will be not less than 90% of the net worth of the Borrower immediately prior and before giving effect to such transaction; and

(d) such resulting, surviving or transferee corporation, general partnership or limited partnership expressly assumes in writing (delivered to the Issuer and the Trustee) all of the obligations of the Borrower contained in this Loan Agreement, the Promissory Notes and the Mortgage (after which it shall be the "Borrower" for purposes hereof and thereof).

Section 7.10 Accounting Records; Financial Statements. The Borrower agrees to maintain a system of accounting in accordance with generally accepted accounting principles, and the Borrower agrees to furnish to the Trustee:

(a) within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, a balance sheet of the Borrower and its consolidated subsidiaries, if any, as of the close of such quarter, and a statement of income of the Borrower and its consolidated subsidiaries, if any, for such quarter, all in reasonable detail and certified as having been prepared in accordance with generally accepted accounting principles (subject to audit and normal year-end adjustments) by a proper accounting officer of the Borrower;

(b) as soon as available and in any event within 120 days after the close of each fiscal year of the Borrower, a balance sheet of the Borrower and its consolidated subsidiaries, if any, as of the close of such year, and a statement of income, changes in partners' capital or changes in stockholders' investment and sources and application of funds of the Borrower and its consolidated subsidiaries, if any, for such year, which financial statements together with any necessary schedules shall be accompanied by an opinion of independent certified public accountants of recognized standing to the effect that either (i) such financial statements present fairly the financial position of the Borrower and its consolidated subsidiaries, if any, as of the close of the year then ended and the results of operations and the source and applications of funds for the year then ended, all in conformity with generally accepted accounting principles applied on a basis consistent with the prior year, or (ii) a statement and explanation of why such opinion was not rendered, including an identification of all items and matters not presented in conformity with generally accepted accounting principles; and

(c) together with the material described in clause (b), a certificate of said accountants addressed to the Trustee stating that either (i) during the course of their audit of the Borrower nothing came to their attention which led them to believe that the Borrower was in default under this Loan Agreement, or (ii) the nature and extent of any matter which led them to believe that such default had occurred.

The Issuer or any Bondowner may inspect such financial statements, opinions and certificates at the Trustee's Principal Office. In addition, the Borrower agrees that upon written request it will furnish the foregoing financial statements and opinions (but not such certificates) to (i) any Owner of more than 10% of the Outstanding Bonds, (ii) each investment banking firm which was an original purchaser of Bonds, (iii) the Issuer, and (iv) each rating agency which at the request of the Borrower assigned a rating to any of the Outstanding Bonds.

In the event that 80% or more of the capital stock or other ownership interests of the Borrower is owned or acquired by

a domestic corporation, general partnership or limited partnership (i.e., one organized and existing under the laws of any state of the United States of America or the District of Columbia) which shall have assumed or guaranteed the obligations of the Borrower under this Loan Agreement and the Promissory Notes, the corresponding consolidated financial statements of such corporation, general partnership or limited partnership and corresponding accountants' opinions may be furnished in lieu of those of the Borrower.

Section 7.11 Duty to File Continuation Statements. The Borrower agrees to periodically file Uniform Commercial Code continuation statements as required to maintain and continue the perfection of any security interests granted by the Borrower as debtor to the Issuer or Trustee as secured party, and by the Issuer as debtor to the Trustee as secured party hereunder. The Borrower agrees that it will, within 120 days after the end of each of its fiscal years, furnish to the Trustee a certificate, signed by the Authorized Officers of the Borrower, certifying that any such filings necessary to maintain and continue the perfection of any such security interests granted by the Borrower have been made.

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## ARTICLE VIII

### DAMAGE; EMINENT DOMAIN

Section 8.1 Damage. If prior to the full payment of the Bonds (or provision for payment thereof having been made to the satisfaction of the Trustee in accordance with the provisions of the Indenture) the Project Complex shall be damaged by fire, flood, windstorm or other casualty to such extent that the Borrower has the option of prepaying the Loan and all Additional Loans pursuant to Section 5.1(a) of this Loan Agreement, the Borrower shall either (i) prepay the entire outstanding balance of the Loan and all Additional Loans in accordance with Section 5.1 of this Loan Agreement, or (ii) repair, replace or restore the damaged property within the County to such condition as in the judgment of the Borrower will restore the capacity of the Project Complex to conduct the Project Enterprise to a level at least equal to the lesser of (A) the capacity of the Project Complex to conduct the Project Enterprise as it existed immediately prior to such damage, or (B) the designed capacity of the Project to conduct the Project Enterprise on the date hereof. Reference is hereby made to the Mortgage for the terms and conditions governing the disposition of insurance proceeds.

Section 8.2 Eminent Domain. If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project Complex shall be taken by eminent domain, in whole or in part, to such extent that the Borrower has the option of prepaying the Loan and all Additional Loans pursuant to Section 5.1(b) of this Loan Agreement, the Borrower shall either (i) prepay the entire outstanding balance of the Loan and all Additional Loans in accordance with Section 5.1 of this Loan Agreement, or (ii) acquire such new property in the territorial limits of St. Johns County as in the judgment of the Borrower will be necessary to restore the capacity of the Project Complex to conduct the Project Enterprise at a level at least equal to the lesser of (A) the capacity of the Project Complex to conduct the Project Enterprise as it existed immediately prior to such taking, or (B) the designed capacity of the Project to conduct the Project Enterprise on the date hereof. Reference is hereby made to the Mortgage for the terms and conditions governing the disposition of condemnation award proceeds.

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## ARTICLE IX

### THE TRUSTEE AND TRUST FUNDS

Section 9.1 Payment of Trustee's Fees. The Borrower agrees that it will pay the Trustee its customary fees for acting as Trustee under the Indenture and that it will reimburse the Trustee for its ordinary and necessary expenses incurred in carrying out the terms of the Indenture. Such fees and reimbursements of expenses shall be paid directly to the Trustee promptly upon receipt of periodic invoices therefor.

In the event the Trustee is required by the terms of the Indenture or otherwise deems it necessary or advisable in fulfillment of its fiduciary responsibilities thereunder to take actions beyond those which are routinely performed by corporate trustees under similar indentures, the Borrower also agrees that it will pay the Trustee its reasonable fees for its services in such regard and that it will reimburse the Trustee for ordinary and necessary expenses incurred by the Trustee in connection therewith. Such fees and reimbursements of expenses shall be paid directly to the Trustee promptly upon receipt of invoices therefor; provided, however, that the Borrower may dispute (in good faith and by appropriate proceeding) the reasonableness of any such charges and during the pendency of any such dispute the Borrower shall not be deemed in default of the foregoing covenant by reason of its failure to have paid the portion of such charges so disputed.

Section 9.2 Duty to Provide Data. The Borrower agrees to furnish to the Trustee, promptly upon receipt of a written request therefor, any documents, information or data reasonably necessary to enable the Trustee to carry out its duties and responsibilities under the Indenture or to verify the truth and accuracy of any representation or statement made on behalf of the Borrower herein, in any Borrower's Certificate or in any Requisition.

Section 9.3 Investment of Trust Funds; Arbitrage. The Borrower shall have the exclusive right to direct the investment and reinvestment of Trust Fund moneys, subject, however, to the following limitations and conditions:

(a) Unless the Trustee shall agree otherwise, all such directions shall be made in a Borrower's Certificate or in a writing signed by the Borrower's Representative.

(b) The particular investments shall be "Qualified Investments" as defined in the Indenture.

(c) No investment shall have a maturity later than the estimated time when the funds so invested will be needed for the purposes of the Trust Fund of which they are a part.

(d) In the event of any actual loss realized from any such investment, the Borrower shall promptly pay the amount of such loss to the Trustee for deposit into the applicable Trust Fund.

(e) The Trustee shall have the right to sell or otherwise reduce to cash any investment in the Bond Fund or the Redemption Fund if such action is necessary to pay the principal of, premium, if any, or interest on a Bond when due.

(f) The Borrower shall have no right to direct any liquidation or reinvestment of investments made pursuant to Article IX of the Indenture (relating to discharge).

(g) The Borrower shall have no right to direct any investment or other use, and covenants that no investment or other use will be made, of the proceeds of the Bonds or any other moneys, securities or funds treated as proceeds which would cause any Bond to be classified as an "arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code or any proposed, temporary or final regulations issued thereunder.

(h) In the event the Issuer or the Borrower is of the opinion (supported by an opinion of Bond Counsel) that it is necessary or advisable to restrict or limit the yield on the investment of any moneys held in any Trust Fund or any other moneys, securities or funds treated as proceeds in order to avoid the Bonds being considered "arbitrage bonds" within the meaning aforesaid, the Issuer may (and shall if so requested by the Borrower and furnished with the requested form of certificate) issue to the Trustee a written certificate to such effect together with appropriate written instructions, in which event the Trustee shall take such action as is necessary so to restrict or limit the yield on such investment in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Section 9.4 Bond Fund. Except as expressly provided in the Indenture, moneys in the Bond Fund shall be used in accordance with the Indenture solely for the payment of the principal of and interest on the Bonds as the same become due at maturity, upon redemption prior to maturity, or upon acceleration of maturity.

Section 9.5 Surplus Construction Fund. Moneys in the Surplus Construction Fund shall be applied to such one or more of the authorized purposes specified in the Indenture.

Section 9.6 Special Series A Taxable Interest Compensation Fund. Upon the occurrence of a Tax Violation, the Borrower agrees to pay to the Trustee an amount equal to the applicable Additional Amount, as such term is defined in Section 404 of the Indenture.

Such payment shall be deposited by the Trustee into the Special Series A Taxable Interest Compensation Fund and applied in accordance with the Indenture for the benefit of "Eligible Series A Bondowners" as defined in the Indenture.

In the case of Additional Loans, the Supplemental Loan Agreement and the Supplemental Indenture may provide for the same or for different methods of providing compensatory payments, if any, to owners of the related Additional Bonds.

Section 9.7 Insurance and Condemnation Proceeds Fund. Moneys deposited in the Insurance and Condemnation Proceeds Fund in accordance with the Mortgage shall be applied to such one or more of the authorized purposes specified in the Indenture as the Borrower shall elect in a Borrower's Certificate.

Section 9.8 Mortgaged Property Reserve Fund. Moneys in the Mortgaged Property Reserve Fund shall be applied to such one or more of the authorized purposes specified in the Indenture as the Borrower shall elect in a Borrower's Certificate.

Section 9.9 Excess Trust Fund Moneys to be Returned to the Borrower. Following full and final payment of the Bonds (or provision therefor having been made to the satisfaction of the Trustee in accordance with the Indenture), any excess moneys remaining in the Trust Funds shall be returned promptly to the Borrower. Moneys in the Special Series A Taxable Interest Compensation Fund shall not be deemed to be excess moneys for such purpose until the time for making claims against such fund has expired.

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## ARTICLE X

### DEFAULT PROVISIONS

Section 10.1 Defaults; Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default" under and for purposes of this Loan Agreement:

(a) default in the due and punctual payment of any installment of principal or of any payment of interest or premium on any Promissory Note;

(b) failure by the Borrower to purchase or cause to be purchased the Series A Bonds when and as required by Section 5.9 of this Loan Agreement;

(c) the dissolution or liquidation of the Borrower unless such dissolution or liquidation is permitted by Section 7.9 of this Loan Agreement;

(d) any representation of the Borrower contained in Article VI hereof shall prove to have been false in any material respect;

(e) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Borrower in this Loan Agreement contained and the continuance thereof for a period of 30 days after receipt by the Borrower of written notice (from the Issuer, the Trustee or the Owners of at least 10% in aggregate principal amount of the Bonds at the time Outstanding) specifying such default and requesting that it be corrected;

(f) the maturity of any indebtedness of the Borrower owed to the Purchaser shall be accelerated as a consequence of a default thereon or in respect thereto;

(g) the Borrower shall: (i) become insolvent; or (ii) be unable, or admit in writing its inability, to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) have a court order relief against it under the Bankruptcy Code; or (v) file a petition under Chapter 7 or 11 of the Bankruptcy Code or to effect a plan or other arrangement with creditors; or (vi) file an answer to a creditor's petition, admitting the material allegations thereof, for liquidation, reorganization or to effect a plan or other arrangement with creditors; or (vii) apply to a court for the appointment of a receiver for any of its assets; or (viii) have a receiver appointed for any of its assets (with or without the



consent of the Borrower) and such receiver shall not be discharged within 60 days after his appointment; or

(h) an "Event of Default" (as respectively defined therein) shall have occurred under either the Mortgage, the Guaranty Agreement or the Indenture.

Section 10.2 Acceleration. If an Event of Default shall occur, the Trustee (or the Issuer with the consent of the Trustee) may, by written notice to the Borrower, declare the entire outstanding principal balance of the Promissory Notes together with all interest accrued thereon (to the date of such acceleration) to be immediately due and payable; and such principal and interest shall thereupon become and be immediately due and payable.

Section 10.3 Remedies. If an Event of Default shall occur, the Issuer or the Trustee may pursue any available remedy at law or in equity to realize the payment of the principal of, premium, if any, and interest on the Promissory Notes including such remedies as are provided in the Mortgage.

Section 10.4 Disposition of Amounts Collected. Any amounts collected pursuant to action taken under this Article X shall be paid to the Trustee and applied in accordance with the provisions of Section 1006 of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), shall be paid to the Borrower.

Section 10.5 Payment of Costs and Expenses. If the Borrower defaults under any provisions of this Loan Agreement or the Mortgage and the Issuer or the Trustee, or both, employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee, whether or not suit is brought and whether before, during or after trial or in the event of any appeal.

Section 10.6 Limitation on Waivers. If any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive the same, any other or any future breach hereunder on any other occasion. No remedy herein conferred upon or reserved to the Issuer or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every

other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by virtue of other contracts. No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. To entitle the Issuer or the Trustee to exercise any remedy reserved or available to it, it shall not be necessary to give any notice other than such notice as may be herein or in the Mortgage expressly required.

Section 10.7 Performance by Third Parties. The Issuer agrees that, with the written consent of the Borrower, third parties may perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to prevent or correct any Event of Default hereunder, and the Issuer agrees that the Trustee shall take or accept such performance as performance by the Borrower in such event. The acceptance by the Issuer or the Trustee of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

Section 10.8 Performance by Borrower for Issuer Under Indenture. The Issuer agrees that the Borrower may, but shall not be obligated to, perform any such acts and do all such things in the place and stead of the Issuer as the Borrower shall deem necessary to prevent or correct any "default" or "event of default" caused or about to be caused by the Issuer under the Indenture.

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## ARTICLE XI

### MISCELLANEOUS

Section 11.1 Amendments. This Loan Agreement, the Mortgage and the Promissory Notes shall not be effectively amended, changed, modified, altered or terminated except in accordance with Article XIV of the Indenture or without the concurring written consent of the Trustee, and no modification, alteration or amendment to this Loan Agreement, the Mortgage or the Promissory Notes shall be binding upon either party hereto until such modification, alteration or amendment is reduced to writing and executed by both parties hereto and has received such consents as are required by Article XIV of the Indenture.

Section 11.2 Successors. Except as limited or conditioned by the express provisions hereof, the provisions of this Loan Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 11.3 Governing Law. The laws of the State shall govern this Loan Agreement and the Promissory Notes issued hereunder.

Section 11.4 Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Loan Agreement.

Section 11.5 Counterparts. This Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were on the same instrument.

Section 11.6 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram addressed as follows: (i) if to the Issuer, at the Issuer's Address, and (ii) if to the Borrower, at the Borrower's Address.

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower shall also be concurrently given to the Trustee at the Trustee's Address and to the Guarantor at the Guarantor's address as specified in the Guaranty Agreement.

Section 11.7 Severability. If any provisions of this Loan Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or provisions hereof or any constitution or statute or rule of

public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Loan Agreement contained, shall not affect the remaining portions of this Loan Agreement, or any part thereof.

Section 11.8 Termination. Upon full and final payment of all Bonds and payment of the Issuer's costs and the Trustee's fees and expenses (or if all Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of Article IX of the Indenture and payment of the Issuer's costs and the Trustee's fees and expenses have been made):

(a) this Loan Agreement shall terminate and neither the Issuer nor the Trustee nor any Bondholder shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested; and

(b) the Issuer shall cause the Promissory Notes to be canceled and delivered to the Borrower; and

(c) the Issuer shall cause the lien(s) of the Mortgage to be discharged of record.

Notwithstanding the foregoing, however, if the Bonds shall have been redeemed upon the occurrence of a Tax Violation by exchanging the Promissory Notes for the Bonds and assigning this Loan Agreement and the Mortgage to the Bondowner, pursuant to Section 304 of the Indenture, the foregoing provisions of this Section 11.8 shall not apply.

Section 11.9 Trust Indenture. The Borrower hereby approves and accepts the terms of the Indenture and agrees to do and perform all acts and things contemplated in the Indenture to be done or performed by the Borrower.

Section 11.10 No Liability on General Credit of Issuer. No provision, covenant or agreement contained in this Loan Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers or a pecuniary liability upon a member of the Governing Body or upon the officers, agents and employees of the Issuer nor shall they be liable personally for any act or omission related to the authorization and execution of this Loan Agreement. Recourse to the Issuer hereunder is limited solely to the Trust Estate created under the Indenture.

Section 11.11 No Personal Liability. Notwithstanding anything to the contrary contained herein or in the Indenture, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, officer, employee or agent of the Issuer, or of any incorporator, member, commissioner, director, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for any claim based thereon or on any stipulation, covenant, agreement or obligation contained therein against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

IN WITNESS WHEREOF, the Issuer acting by and through its Governing Body has caused this Loan Agreement to be executed in its name and behalf by its Chairman or Vice Chairman and its Secretary or Assistant Secretary thereunto duly authorized and its seal to be hereunto affixed, and the Borrower has caused this Loan Agreement to be executed in its name and behalf by its General Partner thereunto duly authorized and its seal to be hereunto affixed, all as of the date first written above.

Signed, sealed and delivered  
in the presence of:

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

\_\_\_\_\_

By \_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_  
(Witnesses as to Issuer)

Attest: \_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary

(SEAL OF ISSUER)

Signed, sealed and delivered  
in the presence of:

\_\_\_\_\_

\_\_\_\_\_  
(Witnesses as to Borrower)

ST. JOHNS MERIDIAN LIMITED  
PARTNERSHIP

By Meridian Nursing  
Centers, Inc.  
Its General Partner

By \_\_\_\_\_  
James W. Jeffcoat  
Its Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary

(SEAL)

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985, by Ross S. Mickey and Andrew J. DuPont, Jr., the Chairman and the Secretary, respectively, of St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida, on behalf of St. Johns County Industrial Development Authority.

(NOTARIAL SEAL)

\_\_\_\_\_  
Notary Public, State of  
Florida, at Large  
My Commission Expires:

STATE OF FLORIDA

COUNTY OF

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985, by James W. Jeffcoat and \_\_\_\_\_ the Vice President and Secretary, respectively of Meridian Nursing Centers, Inc., General Partner of St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, on behalf of the partnership.

(NOTARIAL SEAL)

\_\_\_\_\_  
Notary Public, State of  
Florida, at Large  
My Commission Expires:

EXHIBIT A

DESCRIPTION OF PROJECT; PROJECT BUDGET

A. Project Purpose

The Project consists of the acquisition of approximately six acres of land, the construction of a building containing approximately 22,000 square feet and a related sewer plant, and the installation of machinery, equipment, fixtures and furnishings related thereto, to be located near the southwest corner of the intersection of U.S. Highway No. 1 and Wildwood Drive approximately 550 feet west of U.S. Highway No. 1 and approximately 1,500 feet south of Wildwood Drive, in an unincorporated area of St. Johns County, Florida, to be owned by the Borrower, and to be leased by the Borrower to the Lessee, and to be managed and operated by the Lessee.

B. Components of Project

The components of the Project and the Borrower's budget therefor are as follows:

<u>Description of Project Component</u>	<u>Capital Cost (Est'd.)</u>
---	----------------------------------

\$

TOTAL CAPITAL COST OF PROJECT	\$ =====
-------------------------------	----------

C. Computation of Loan Amount

Portion of Total Capital Cost of  
Project to be Financed with  
Bond Proceeds

\$

Estimated Bond Issuance Costs  
(See Schedule I attached)

Bond Discount

-0-

LOAN AMOUNT

\$1,800,000.00



SCHEDULE I

<u>Name and Address</u>	<u>Nature of Expenses</u>	<u>Amount</u>
Foley & Lardner P.O. Box 1290 Jacksonville, FL 32201-1290	Bond Counsel--Fees and Expenses Less Retainer	\$
	Counsel for Purchaser and Trustee--Fees and Expenses	
Mr. James G. Sisco County Attorney St. Johns County Courthouse Room 261 St. Augustine, FL 32084	Counsel for Issuer-- Fees and Expenses	
Gallagher, Evelius & Jones 1100 One Charles Center Baltimore, MD 21201	Counsel for Borrower-- Fees and Expenses	
St. Johns Meridian Limited Partnership c/o Meridian Nursing Centers, Inc. 21 West Road Towson, MD 21204	Nonrefundable Application Fee	2,100
	Trustee--Acceptance Fee	
Miscellaneous	Recording Fees and Expenses	
	TOTAL	<u>\$</u> <u>=====</u>

EXHIBIT B

LOAN MATURITY SCHEDULE

EXHIBIT C

THIS PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE INDENTURE OF TRUST IDENTIFIED IN THE ASSIGNMENT ENDORSED HEREON.

PROMISSORY NOTE

\$1,800,000

December \_\_, 1985

FOR VALUE RECEIVED, the undersigned St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida (hereinafter called the "Borrower," which term shall be construed to include the successors and assigns of the Borrower), promises to pay to the order of ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (hereinafter called the "Issuer"), as hereinafter provided, the principal sum of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000), and to pay interest as hereinafter provided on the unpaid principal balance thereof outstanding from time to time from the date hereof until maturity (whether at fixed maturity, upon date fixed for prepayment or by acceleration of maturity), which principal sum shall be paid in 300 monthly installments of \$6,000 each commencing on January 1, 1987, and continuing on the first day of each calendar month thereafter through and including December 1, 2011.

Interest shall accrue from the date hereof on the outstanding principal balance and be payable monthly commencing January 1, 1986, and continuing on the first day of each calendar month thereafter through and including December 1, 2011, at a rate per annum (the "Bond Rate") equal to eighty percent (80%) of the Base Rate ("Base Rate" means at any time that rate of interest described by Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or its corporate successor, as its "prime rate" of interest, whether or not such prime rate shall be otherwise published, as such rate shall vary from time to time, or if said prime rate is discontinued or is not (in the opinion of said bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by said bank), to be adjusted with each change in the Base Rate; provided, however, that the Bond Rate (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable

law (the "Highest Lawful Rate"). The Bond Rate shall be subject to increase as provided in the following paragraphs (i) through (iii):

(i) Change in Maximum Marginal Federal Income Tax Rate on Corporations. In the event that the maximum federal corporate income tax rate shall, during any period with respect to which interest shall be accruing on the Series A Bonds (hereinafter defined) be less than forty-six percent (46%), the Bond Rate (calculated as provided by law) shall be increased during such period to a "Revised Bond Rate," which is equal to such percentage of the Base Rate (subject to periodic adjustment with changes in the Base Rate as hereinabove provided) as shall equal the product obtained by multiplying the Bond Rate by a fraction, the numerator of which shall be one hundred percent (100%) minus the then applicable maximum federal corporate income tax rate percentage, and the denominator of which shall be fifty-four percent (54%); such product to be rounded to the nearest one-tenth of one percent; and any minimum or maximum limits on such rate shall be adjusted correspondingly; provided, however, that the Revised Bond Rate (calculated as provided by law) shall never exceed the Highest Lawful Rate.

(ii) Partial Taxability. In the event that the federal statutes imposing a federal income tax on corporations are amended in a manner which causes the interest on the Series A Bonds to become partially taxable or which causes such interest on the Series A Bonds to be subject to a minimum tax or otherwise subjects the interest received on the Series A Bonds by any corporate owner thereof to any tax, or which causes an increase in tax on account of the disallowance, in whole or in part, of a deduction for interest paid on obligations incurred or continuing during the period in which the owner's investments include securities exempt from federal income taxation, which interest deduction is not otherwise disallowed under existing provisions of law and which applies in such a manner as to increase the owner's tax liability as a result of its owning of the Series A Bonds (except as provided in paragraph (iii) below), the rate of interest on the Series A Bonds and the Bond Rate shall be increased (in such a manner as shall be determined by the Trustee, hereinafter described) to a rate per annum (the "Partially Taxable Rate") which is equal to such percentage of the Base Rate (subject to periodic adjustment with changes in the Base Rate as hereinabove provided) as shall result in the net amount of interest received by the registered owner of the Series A Bonds after payment of such taxes or increase in tax caused by the owning of the Series A Bonds, to equal the amount such owner thereof would have received at the Bond Rate (or the Revised Bond Rate, if applicable) had no such taxes or increase in tax been payable; provided, however, that the Partially Taxable Rate (calculated as provided by law) shall never exceed the Highest Lawful Rate.

(iii) Taxability. In the event that the Series A Bonds (herein defined) are redeemed by exchanging such Bonds for this Series A Promissory Note, as provided in Section 304 of the Indenture (herein defined), the rate of interest hereon shall be changed to a rate per annum (the "Taxable Rate") which is equal to one (1) percentage point over the Base Rate, to be adjusted with each change in the Base Rate, effective retroactively to the date on which such exchange takes place; provided, however, that the Taxable Rate (calculated as provided by law) shall never exceed the Highest Lawful Rate.

Principal installments and interest unpaid at the maturity thereof (whether at fixed maturity, upon date fixed for prepayment or by acceleration of maturity) shall bear interest (to the extent legally enforceable) from the maturity thereof until paid, at a rate per annum which is equal to one and one-half (1 1/2) percentage points over the Base Rate, to be adjusted with each change in the Base Rate; provided, however, that the rate of interest thereon (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, ALL PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST HEREON SHALL BE PAID IN AMOUNTS SUFFICIENT TO MAKE DUE AND PUNCTUAL PAYMENT IN FULL OF EACH PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES A BONDS ON THE MATURITY THEREOF (WHETHER AT FIXED MATURITY, UPON DATE FIXED FOR REDEMPTION OR BY ACCELERATION OF MATURITY).

The principal of and interest on this Promissory Note are payable in federal or other immediately available funds at the principal office of Equitable Bank, National Association, a national banking association, Baltimore, Maryland (hereinafter called "Trustee"), or at the principal corporate trust office of its successor or successors, as trustee under that certain Indenture of Trust, dated as of December 1, 1985, from the Issuer, as grantor (the "Indenture").

This Promissory Note constitutes the Series A Promissory Note issued under a Loan Agreement, dated as of December 1, 1985, made by the Borrower and the Issuer (the "Loan Agreement") in connection with the loan by the Issuer to the Borrower of the proceeds of the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), issued under the Indenture, in a principal amount equal to the principal amount of this Promissory Note (the "Series A Bonds") and has been or will be assigned together with the Loan Agreement (except certain rights expressly reserved) by the Issuer to the Trustee. The obligations of the Borrower under the Loan Agreement and this Promissory Note are nonrecourse obligations and the Borrower's liability in connection with any judgment for the payment of said

obligations shall be limited to the collateral and assets of the borrower pledged or granted to the Issuer as security for said obligations, as provided in Section 2.9 of the Loan Agreement.

This Promissory Note and the Borrower's obligations under the Loan Agreement are secured by a Mortgage and Security Agreement and by an Assignment of Leases, Rents and Profits, each dated as of December 1, 1985, made by the Borrower to the Issuer (collectively, the "Mortgage") and assigned or to be assigned by the Issuer to the Trustee, which Mortgage and assignment are recorded or to be recorded in the public records of St. Johns County, Florida. This Promissory Note is entitled to the security and benefits of the Loan Agreement and the Mortgage. The Borrower irrevocably and unconditionally agrees to make payments hereunder sufficient to pay all of the principal of, premium, if any, and interest on the Series A Bonds when and as the same become due, and to timely pay all other sums required to be paid by the Borrower under the terms and provisions of the Loan Agreement, the Mortgage and the Indenture. Reference is hereby made to the Loan Agreement, the Mortgage and the Indenture for a statement of the terms and conditions on which the loan evidenced hereby was made, for a description of the circumstances under which there shall be credits allowed against the installments of principal and interest on this Promissory Note, and for a description of the terms and conditions upon which this Promissory Note may be prepaid or its maturity accelerated.

Demand, presentment, notice of dishonor and protest are hereby waived.

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note to be executed in its name and behalf by its

General Partners thereunto duly authorized and their seals to be hereunto affixed, all on the \_\_\_\_\_ day of December, 1985.

Signed, sealed and delivered in the presence of:

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP

By Meridian Nursing Centers, Inc.  
Its General Partner

\_\_\_\_\_

\_\_\_\_\_  
(Witnesses as to Borrower)

By \_\_\_\_\_  
James W. Jeffcoat  
Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary

(SEAL)

FOR VALUE RECEIVED, the undersigned, St. Johns County Industrial Development Authority, hereby assigns, without recourse, all its right, title and interest in and to the above Promissory Note to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or to its successor or successors, as trustee under the terms and conditions of that certain Indenture of Trust, dated as of December 1, 1985, by and between the undersigned and said Trustee, securing the St. Johns County Industrial Development Authority Industrial Development Revenue Bonds (St. Johns Meridian Limited Partnership Project) of all series issued or to be issued under said Indenture.

Dated December \_\_, 1985.

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

(SEAL OF ISSUER)

ATTEST:

By \_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary



EXHIBIT D

BORROWER'S REQUISITION

Requisition No. \_\_\_\_\_

To: Equitable Bank, National Association, Trustee

Re: \$1,800,000 St. Johns County Industrial Development  
Authority Industrial Development Revenue Bonds,  
Series A (St. Johns Meridian Limited Partnership Project)

This Borrower's Requisition is delivered to you pursuant to Sections 3.2 and 3.3 of the Loan Agreement, dated as of December 1, 1985 (the "Loan Agreement"), by and between St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Borrower"), and St. Johns County Industrial Development Authority, a political subdivision of the State of Florida (the "Issuer"). Reference is made to the Issuance Expense Account and the Construction Account created in Sections 602 and 603, respectively, of the Indenture of Trust, dated as of December 1, 1985, by and between the Issuer and you, securing the captioned bonds.

The Borrower hereby requisitions from the Construction Account the amounts indicated below:

<u>Categorical Purpose</u>	<u>Amount Requisitioned</u>
A. To pay (or reimburse the Borrower for) the Engineering Costs or the Basic Project Costs of the Project described in clauses (iii) and (iv) of the definition of Eligible Costs of the Project in Section 1.1 of the Loan Agreement.....	\$ _____
B. To pay (or reimburse the Borrower for) the Other Costs described in clause (v) of the definition of Eligible Costs of the Project in Section 1.1 of the Loan Agreement, and specified in the Opinion of Bond Counsel attached.....	\$ _____
C. To pay the Capitalized Interest Costs described in clause (ii) of the definition of Eligible Costs of the Project in Section 1.1 of the Loan Agreement.....	\$ _____

The Borrower hereby requisitions from the Issuance Expense Account the amount indicated below:

<u>Categorical Purpose</u>	<u>Amount Requisitioned</u>
D. To pay (or reimburse the Borrower for) Series A Bond Issuance Costs described in clause (i) of the definition of Eligible Costs of the Project in Section 1.1 of the Loan Agreement.....	\$ _____
TOTAL REQUISITION AMOUNT..	\$ _____

In support of this requisition, the undersigned hereby certifies as follows:

1. He (She) is the Borrower's Representative, that is, the person or, in such person's absence, the alternate person, designated in a Borrower's Certificate as the person authorized to execute and deliver Requisitions and to give Trust Fund investment directions on behalf of the Borrower.

2. The amounts, if any, requisitioned for Categorical Purpose A. above:

(a) have been incurred by Borrower and paid (or are presently due and owing) for the specific purposes to the specific suppliers (copies of invoices, lien waivers, and certificate from Project Inspector, are submitted herewith) and in the specific component amounts listed in Schedule A attached hereto;

(b) have been incurred by Borrower for land or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code except as otherwise indicated in Exhibit A to the Loan Agreement and Schedule A attached hereto;

(c) were incurred by Borrower after August 5, 1985; and

(d) are chargeable to the capital account of the Project or would be so chargeable either with a proper election of the Borrower or but for a proper election by the Borrower to deduct such amounts.

3. The amounts, if any, requisitioned for Categorical Purpose D. above:

(a) have been incurred by the Borrower and paid (or are presently due and owing) for the specific purposes to the specific persons and in the amounts listed in Schedule B attached hereto;

(b) have been or will be capitalized by the Borrower for federal income tax purposes; and

(c) are proper costs of a project within the meaning of the Florida Industrial Development Financing Act.

4. The estimated completion date of the Project now is \_\_\_\_\_, 19\_\_ . The Borrower is not in default under the Loan Agreement, except as follows (if no default exists, so state): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Nothing has occurred to the knowledge of the undersigned which will prevent the performance by the Borrower of its obligations under the Loan Agreement, except as follows (if none, so state):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

5. The amounts requested herein will be used in accordance with the requirements of Section 103 of the Internal Revenue Code and the Regulations promulgated thereunder, and are proper costs of the Project under the Florida Industrial Development Financing Act.

6. No Borrower's Requisition has previously been submitted in respect of the costs which form a basis for this Borrower's Requisition. All costs described in the Borrower's Requisitions previously submitted have been paid by the Borrower.

7. You are hereby requested to pay the Total Requisition Amount (except for the amount, if any, requisitioned for Catagorical Purpose C.) in the following manner:

- (a) To the Borrower by check; or
- (b) To the Borrower by deposit in its general account (No. \_\_\_\_\_) maintained at \_\_\_\_\_;

or

- (c) Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

8. You are hereby requested to transfer the amount, if any, requisitioned for Categorical Purpose C. to the Bond Fund established by Section 703 of the Indenture as a payment from or for the account of the Borrower in respect of interest on the Series A Promissory Note.

9. A Notice of Commencement for the Project as provided in Section 713.13, Florida Statutes, as amended, was recorded in the official public records of St. Johns County, Florida, prior to commencing the construction of the Project.

10. The requested funds shall not be used to pay any lienor, as that term is defined in Section 713.01(10), Florida Statutes, as amended, except laborers, unless the Borrower shall have first received a Notice to Owner in such form as is described in Section 713.06(2)(c) Florida Statutes, as amended, and all payments to lienors shall be made or have been made in the manner provided by Chapter 713, Part I, Florida Statutes, as amended.

Executed by the undersigned on \_\_\_\_\_, 19\_\_.

ST. JOHNS MERIDIAN LIMITED  
PARTNERSHIP

By \_\_\_\_\_  
Its Borrower's Representative

PS2SJMLA1

F&L/TBS 9/18/85

INDENTURE OF TRUST

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Dated as of December 1, 1985

From

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY,  
as Grantor

TO

EQUITABLE BANK, NATIONAL ASSOCIATION,  
Baltimore, Maryland,

as Trustee

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Relating To:

\$1,800,000  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A  
(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

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THIS INSTRUMENT EXEMPT  
FROM ALL FLORIDA TAXES

This Instrument Prepared By:  
Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
P.O. Box 1290  
Jacksonville, Florida 32201-1290  
(904) 356-2029

EXHIBIT II

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## INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of December 1, 1985, between ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Issuer"), and EQUITABLE BANK, NATIONAL ASSOCIATION, a national banking association, Baltimore, Maryland, as trustee (the "Trustee");

### W I T N E S S E T H:

WHEREAS, the Issuer is a public body corporate and politic of the State of Florida, authorized under Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to finance capital projects for any "project" as defined in the Act, including any health care facility and including land, rights in land, buildings and other structures, machinery, equipment, appurtenances and facilities incidental thereto, and other improvements necessary or convenient therefor, and to obtain funds to finance the cost thereof by the issuance of its revenue bonds, for the purposes of enhancing and expanding the agriculture, tourism, urban development, historic preservation, and health care industries, among others, enhancing economic activity in the State of Florida by attracting manufacturing development, business enterprise management and other activities conducive to economic promotion, providing a stronger, more balanced and stable economy in the State of Florida, improving the prosperity and welfare of the State of Florida and its inhabitants, promoting and fostering the economic growth and development of St. Johns County and the State of Florida, increasing purchasing power and opportunities for gainful employment, advancing and improving the economic prosperity of the State of Florida and its inhabitants, fostering the industrial and business development of St. Johns County, improving living conditions, and otherwise providing for and contributing to the health, safety and welfare of the people of the State of Florida, and the Issuer is further authorized by the Act to pledge and assign as security for the payment of the principal of and interest on such bonds any revenues derived by the Issuer pursuant to financing agreements with respect to such projects; and

WHEREAS, St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Borrower"), has requested that the Issuer finance, pursuant to such authority and in accordance with the Act, the cost of the Project hereinafter described, said Project to be leased by the Borrower to Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida (the "Lessee"), pursuant to an initial five-year lease whereby the Lessee will be unconditionally

obligated to operate, repair and maintain the Project at no expense to the Issuer, and to make payments sufficient in the aggregate to pay all of the principal of and interest and redemption premium, if any, on the Bonds during the term of such lease; and

WHEREAS, based upon representations by the Borrower, the Issuer has found and determined that the Issuer's financing of the cost of acquiring, constructing and installing the Project to be acquired, constructed and installed in the manner provided in the Act and pursuant to the provisions of the Loan Agreement hereinafter described will constitute the carrying out of a vital public purpose, which will benefit and protect the health, safety and general welfare of the people of the State of Florida, and will serve one or more of the public purposes set forth above, and has authorized the financing of the Project in the manner hereinafter provided; and

WHEREAS, the Issuer has further authorized the issuance and sale of not to exceed \$1,800,000 aggregate principal amount of its "St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project)" (the "Series A Bonds"), the proceeds of the sale of which will be used to provide the necessary funds to the Issuer to make the loan to the Borrower for such financing of the Project pursuant to the provisions of a Loan Agreement dated as of the date hereof, to be executed and delivered between the Issuer and the Borrower (the "Loan Agreement"); and

WHEREAS, the Borrower's obligation to repay the loan made pursuant to the Loan Agreement for the financing of the Project is or shall be evidenced by a Promissory Note, dated the date of the issuance, sale and delivery of the Series A Bonds made by the Borrower to the Issuer (the "Series A Promissory Note"), in a principal amount equal to the aggregate principal amount of the Series A Bonds; and

WHEREAS, payment by the Borrower of the Series A Promissory Note and performance by the Borrower of the Loan Agreement is or shall be secured by a Mortgage and Security Agreement and by an Assignment of Leases, Rents and Profits, each dated as of the date hereof, to be executed and delivered by the Borrower in favor of the Issuer (collectively, the "Mortgage"); and

WHEREAS, the Series A Bonds are to be issued under and pursuant to and are secured by this Indenture of Trust (the "Indenture"), pursuant to which the Loan Agreement and the Mortgage are being assigned by the Issuer to the Trustee; and

WHEREAS, the prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce

operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles shall be fully and unconditionally guaranteed by the Lessee (sometimes referred to herein as the "Guarantor"), under and pursuant to a Guaranty Agreement dated as of the date hereof, to be executed by the Guarantor in favor of the Trustee (the "Guaranty Agreement"); and

WHEREAS, at an open public meeting duly called and held on August 5, 1985, the Issuer took "preliminary official action" expressing its intent to provide for the issuance of and to issue the Bonds, by adopting a Resolution authorizing a Memorandum of Agreement with the Lessee, which Memorandum of Agreement was duly executed and delivered on August 5, 1985.

WHEREAS, the Issuer, by resolution duly adopted on \_\_\_\_\_, 1985, in accordance with all requirements of law, after a public hearing duly held by the Issuer on \_\_\_\_\_, 1985, upon reasonable public notice, at which hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the Project and to the issuance of the Series A Bonds, has duly authorized the execution and delivery of the Loan Agreement and this Indenture and the issuance of the Series A Bonds in the manner provided in this Indenture; and

WHEREAS, on \_\_\_\_\_, 1985, after said public hearing, the issuance of the Series A Bonds was approved by the Board of County Commissioners of St. Johns County, Florida, which is the governing body of St. Johns County and consists of elected public officials, from which the Issuer derives its authority to issue revenue bonds such as the Series A Bonds, and which is deemed to be the applicable elected representative of the Issuer; and

WHEREAS, by Final Judgment of Validation dated \_\_\_\_\_, entered in the proceeding styled St. Johns County Industrial Development Authority etc. vs. State of Florida, et al., etc., Case No. \_\_\_\_\_ in the Circuit Court for the Seventh Judicial Circuit in and for St. Johns County, Florida, the Series A Bonds were validated pursuant to Chapter 75, Florida Statutes; and

WHEREAS, all things necessary to make the Series A Bonds, when authenticated by the Trustee and delivered as in this Indenture provided, the valid, binding and legal limited obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the Trust Estate (as hereinafter defined) have been done and performed;

## GRANTING CLAUSES

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts and duties hereby created and the purchase and acceptance of delivery of the Series A Bonds by the purchaser(s) thereof, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and Outstanding under this Indenture according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants contained in the Bonds and in this Indenture, the Issuer does hereby without recourse pledge, assign, and grant a security interest in and confirm unto the Trustee, all and singular the properties, revenues and rights hereinafter described and the proceeds thereof (collectively called the "Trust Estate"), to wit:

1. All right, title and interest of the Issuer in and to the Series A Promissory Note and all additional Promissory Notes;

2. All right, title and interest of the Issuer in, to and under the Loan Agreement and the right to receive revenues and payments from the Borrower thereunder;

3. All right, title and interest of the Issuer in, to and under the Mortgage and the Mortgaged Property;

4. All right, title and interest of the Issuer, if any, in, to and under the Guaranty Agreement;

5. All right, title and interest of the Issuer, if any, in and to the Lease;

6. All right, title and interest of the Issuer, if any, in and to the Pledged Revenues;

7. All right, title and interest of the Issuer in and to the Trust Funds and the cash, securities and investments of which they are comprised; and

8. All property which by the express provisions of this Indenture is required to be subjected to the lien hereof, and any additional property that may from time to time hereafter expressly be made subject to the lien hereof by the Issuer or by anyone on its behalf;

IN TRUST, for the equal and ratable benefit and security of the Bondowners without preference, priority or distinction as to lien or otherwise of any particular Bond over any other Bond, except as otherwise expressly provided herein;

PROVIDED, HOWEVER, that the Issuer reserves the right to enforce in its own name and for its own account the obligations of the Borrower set forth in Sections 3.8, 7.3 and 7.4 of the Loan Agreement; and

PROVIDED, FURTHER, HOWEVER, that if the Issuer shall pay, cause to be paid or provide for the payment of the principal of, premium, if any, and interest on the Bonds in accordance with Article IX of this Indenture, and if the Issuer shall promptly, faithfully and strictly keep, perform and observe all of its representations, covenants and agreements contained in this Indenture, then in such event this Indenture and the rights hereby granted (excepting Bondowners' rights theretofore vested) shall cease, terminate and be void, otherwise to remain in full force and effect upon the trusts and subject to the conditions hereinafter set forth.

All Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all Trust Funds, revenues and income hereby pledged are to be dealt with and disposed of under and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer and the Trustee have agreed and covenanted, and do hereby agree and covenant, each with the other and with the respective Owners from time to time of the Bonds, as follows, THAT IS TO SAY:

[The next page is One-1]

## ARTICLE I

### DEFINITIONS AND USE OF PHRASES

Section 101 Definitions. As used in this Indenture and the recitals hereto, the following terms and phrases shall have the following meanings:

"Act" means Chapter 159, Parts II and III, Florida Statutes, as amended from time to time.

"Additional Bonds" means Bonds issued or to be issued under this Indenture in accordance with Article XII hereof pursuant to the request of the Borrower and the authorization of the Issuer.

"Additional Loans" means any loan or loans made to the Borrower pursuant to Article IV of the Loan Agreement.

"Additional Project" means a project undertaken by the Borrower and financed with an Additional Loan pursuant to clause (b) of Section 4.1 of the Loan Agreement.

"Alternate Paying Agent" means any bank or trust company designated by the Issuer at the written request of the Borrower, with the consent of the Trustee, as an alternate or co-paying agent in respect of a particular series of Bonds.

"Attesting Issuer Official" means the person at the time incumbent in the office of Secretary or Assistant Secretary of the Issuer, or in the event of the death, disability or absence of such person, then the person duly authorized and legally empowered to perform the duties of such office in such event.

"Authorized Officers of the Borrower" means the General Partner of the Borrower and if the General Partner is a corporation, means the President or any Vice President and the Secretary or any Assistant Secretary of the General Partner.

"Authorizing Issuer Official" means the person at the time incumbent in the office of Chairman or Vice Chairman of the Issuer, or in the event of the death, disability or absence of such person, then the person duly authorized and legally empowered to perform the duties of such office in such event.

"Base Rate" means at any time that rate of interest described by Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or its corporate successor, as its "prime rate" of interest, whether or not such prime rate shall be otherwise published, as such rate shall vary from time to time, or if said prime rate is discontinued or is not (in the

opinion of said bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by said bank.

"Bonds" means the Issuer's Industrial Development Revenue Bonds of all series issued or to be issued under this Indenture, namely the Series A Bonds and all Additional Bonds.

"Bond Counsel" means Foley & Lardner or such other Independent Counsel whose legal and tax opinion on municipal bond issues is nationally recognized.

"Bond Fund" means the Trust Fund described in Section 703 of this Indenture.

"Bond Register" means the registration books maintained by the Trustee pursuant to Section 207 of this Indenture.

"Bondowners" and "Owners" means, at the time or times of determination, the Persons who are registered owners of Bonds.

"Borrower" means St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in Section 7.9 of the Loan Agreement.

"Borrower's Address" means the address which the Borrower designates for the delivery of notices hereunder. Until changed by notice from Authorized Officers of the Borrower to the Issuer and the Trustee, the Borrower's Address shall be:

St. Johns Meridian Limited Partnership  
c/o Meridian Nursing Centers, Inc.  
21 West Road  
Towson, MD 21204

Attention: Mr. James W. Jeffcoat

"Borrower's Certificate" means a certificate signed by one of the Authorized Officers of the Borrower on behalf of the Borrower and delivered to the Issuer and the Trustee.

"Borrower's Representative" means the person, or in his or her absence, the alternate person, designated in a Borrower's Certificate (containing specimen signatures of each such person) as a person authorized to execute and deliver Requisitions and to give Trust Fund investment directions on behalf of the Borrower.



"Capitalized Interest Date" means the earlier of \_\_\_\_\_, 19\_\_, or the two-month anniversary of the Completion Date.

"Completion Date" means the completion date of the Project as determined in accordance with Section 3.5 of the Loan Agreement.

"Construction Account" means the special account in the Construction Fund described in Section 603 of this Indenture.

"Construction Fund" means the Trust Fund described in Section 603 of this Indenture.

"County" means St. Johns County, Florida, a political subdivision of the State.

"Defaulted Interest" has the meaning given in Section 209 of this Indenture.

"Event of Default" means any of the events designated as such in Section 1001 of this Indenture.

"Governing Body" means the members of the Issuer, in their capacity as appointed members of the Issuer.

"Government Obligations" means direct, full faith and credit obligations of the United States of America.

"Guarantor" means the Lessee, and any successor, surviving, resulting or transferee person as provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty Agreement, dated as of the date hereof, from the Guarantor to the Trustee, as supplemented or amended from time to time pursuant to Article XIV of this Indenture.

"Indenture" means this Indenture of Trust from the Issuer to the Trustee, dated as of the date hereof, under which the Series A Bonds are issued, as amended from time to time by Supplemental Indentures.

"Independent Counsel" means any attorney or firm of attorneys who or which shall be acceptable to the Trustee and who or which is not an employee of the Borrower, the Lessee or the Issuer.

"Independent Engineer" means an engineer registered and qualified to practice the profession of engineering in the State,

who shall be acceptable to the Trustee and who is not an employee of the Borrower, the Lessee or the Issuer.

"Insurance and Condemnation Proceeds Fund" means the Trust Fund described in Section 706 of this Indenture.

"Interest Payment Date" means each date on which interest is due on any Bond.

"Internal Revenue Code" means the Internal Revenue Code of 1954, as amended from time to time, and includes the Regulations thereunder, whether proposed, temporary or final, promulgated by the Department of the Treasury, Internal Revenue Service.

"Issuance Expense Account" means the special account in the Construction Fund described in Section 602 of this Indenture.

"Issuance Expense Deposit Amount" means \$ \_\_\_\_\_.

"Issuer" means St. Johns County Industrial Development Authority, a public body corporate and public of the State, its successors and assigns.

"Issuer's Address" means the address which the Issuer designates for the delivery of notices hereunder. Until changed by notice from the Issuer to the Borrower and the Trustee, the Issuer's Address shall be:

St. Johns County Industrial  
Development Authority  
c/o Clerk of Courts  
St. Johns County Courthouse  
St. Augustine, FL 32084

"Late Payment Rate" means the interest rate per annum equal to one and one-half (1 1/2) percentage points over the Base Rate, to be adjusted with each change in the Base Rate; provided, however, that the rate of interest thereon (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

"Lease" means the initial five-year lease of the Borrower's facilities comprising a health care facility, dated as of the date hereof, between the Borrower, as landlord, and the Lessee, as tenant.

"Lease Assignment" means the Assignment of Leases, Rents and Profits, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee).

"Lessee" means Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Lease.

"Loan" means the Loan described in Section 2.2 of the Loan Agreement.

"Loan Agreement" means the Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower, as amended from time to time by Supplemental Loan Agreements.

"Loan Amount" means \$1,800,000, which is both the principal amount of the Series A Bond issue and the maximum amount of the Loan.

"Loan Maturity Schedule" means the Loan principal payment schedule attached as Exhibit B to the Loan Agreement, as amended from time to time in accordance with Section 1102 of this Indenture and Section 5.8 of the Loan Agreement.

"Mortgage" means the Mortgage and Security Agreement, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee), and the Lease Assignment and any mortgage, security agreement or other agreement or instrument heretofore or hereafter entered into by the Borrower or any third party (with the written consent of the Borrower) and delivered to the Issuer or the Trustee for the purpose of providing mortgage, security interest or other collateral security for the payment of the Bonds, the Loan, any Additional Loan, the performance of the Borrower's obligations under the Loan Agreement or any combination thereof.

"Mortgaged Property" shall have the meaning assigned to such term in the Mortgage.

"Mortgaged Property Reserve Fund" means the Trust Fund described in Section 705 of this Indenture.

"Outstanding Bonds" and "Outstanding," when used with reference to Bonds, means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(i) Bonds or portions thereof canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds in lieu of which other Bonds have been authenticated and delivered in accordance with Section 207 and 210 of this Indenture; and

(iii) Bonds which are not deemed to be outstanding in accordance with the provisions of Sections 213 and 901 of this Indenture.

"Person" means an individual, a partnership, a joint venture, an association, a joint-stock company, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department, agency or political subdivision thereof.

"Pledged Revenues" means all revenues and income derived by or for the account of the Issuer from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Promissory Notes, the Mortgage and this Indenture; including, without limitation, (i) all payments by the Borrower on the Promissory Notes or pursuant to Section 7.2 of the Loan Agreement, (ii) all cash and securities held from time to time in the Trust Funds, and the investment earnings thereon and (iii) all amounts derived by recourse to the Mortgage or the Guaranty Agreement; but excluding any amounts derived by the Issuer for its own account pursuant to Sections 7.3 and 7.4 of the Loan Agreement and excluding any amounts deposited or to be deposited in a special account for the benefit of the U.S. Treasury.

"Political Jurisdiction" means an unincorporated area of the County.

"Project" means the project of the Borrower described in Exhibit A to the Loan Agreement which has been or is to be acquired, constructed and installed in the Political Jurisdiction pursuant to the Project Plans and Specifications.

"Project Complex" means the land, building(s), improvements, fixtures and major equipment located or to be located on the site of the Project from time to time, with which the Project Enterprise will be conducted and of which the Project is to form a part.

"Project Enterprise" means the business of owning, operating and managing the Project as a health care facility as defined in the Act.

"Project Plans and Specifications" means the Borrower's architectural and engineering drawings and other plans and specifications for the Project as filed with the Trustee, and as amended from time to time in accordance with Section 3.4 of the Loan Agreement.

"Promissory Notes" means the Series A Promissory Note and any additional promissory notes of the Borrower issued to evidence an Additional Loan.

"Purchase Agreement" means the Bond Purchase Agreement, dated as of the date hereof, among the Issuer, the Borrower, the Guarantor and the Purchaser.

"Purchaser" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as the initial purchaser of the Series A Bonds, its successors and assigns.

"Qualified Investments" means, to the extent permitted by State law: (i) Government Obligations, (ii) securities as to which the payment of both principal and interest are unconditionally guaranteed by the United States of America, (iii) obligations of any state or political subdivision thereof (whether or not backed by full faith and credit of the governmental issuer) rated for investment purposes at not less than "A," "MIG-2" or "P-2" by Moody's Investors Service, Inc., or "A" or "A-2" by Standard & Poor's Corporation or at a comparable rating by another rating service of comparable standing, (iv) commercial paper rated not less than "P-2" by Moody's Investors Service, Inc., or not less than "A-2" by Standard & Poor's Corporation or at a comparable rating by another rating service of comparable standing, (v) obligations of any of the following: Banks for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States or Government National Mortgage Association, (vi) repurchase agreements including but not limited to repurchase agreements issued by the Trustee invested solely in Government Obligations, (vii) money market funds invested solely in Governmental Obligations and (viii) interest-bearing accounts, time deposits and certificates of deposit issued by any bank, trust company or national banking association (including the Trustee and any affiliate of the Trustee) which has capital, surplus and undivided profits in excess of \$10,000,000, but in no event shall the amount invested at any one time, in interest-bearing accounts, time deposits and certificates of deposit issued by any one bank, trust company or national banking association equal or exceed 20% of the capital, surplus and undivided profits of such bank, trust company or national banking association. The purchase or sale of a certificate of deposit

issued by a commercial bank is permissible only if the price at which it is purchased or sold is the bona fide price quoted by a dealer who maintains an active secondary market in such certificates of deposit. If there is not an active secondary market in such certificates of deposit, the purchase or sale of a certificate of deposit is permissible if the certificate of deposit has a yield: (a) as high or higher than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market; and (b) as high or higher than the yield available on comparable obligations offered by the United States Treasury. The certification described in the preceding sentence must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of the person issuing the certificate of deposit.

"Redemption Fund" means the Trust Fund described in Section 704 of this Indenture.

"Regular Record Date," for the interest payable on any Interest Payment Date, means (i) the 15th day of the month (whether or not a business day) immediately preceding such Interest Payment Date if such Interest Payment Date is on the first day of the month, (ii) the last business day of the month immediately preceding such Interest Payment Date if such Interest Payment Date is on the 15th day of the month or (iii) the 15th calendar day (whether or not a business day) immediately preceding such Interest Payment Date if such Interest Payment Date is on a day other than on the first day or the 15th day of the month.

"Requisition" means a requisition of the Borrower substantially in the form of Exhibit D to the Loan Agreement.

"Requisite Capitalization for Corporate Trustees" means \$20,000,000.

"Requisite Consent of Bondowners" means the affirmative written consent of Bondowners owning in aggregate not less than 66 2/3% in principal amount of the Bonds (other than Bonds owned by the Borrower, any Lessee or any Guarantor, or any "related person" to any of them as defined in Section 103(b) of the Internal Revenue Code) at the time Outstanding.

"Series A Bonds" means the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), issued under this Indenture in the aggregate principal amount of the Loan Amount for the purpose of funding the Loan to the Borrower.

"Series A Promissory Note" means the Borrower's promissory note, dated the date of the Series A Bonds, issued in the principal amount of the Loan Amount payable to the order of the Issuer as evidence of the Loan.

"Special Record Date," for the payment of any Defaulted Interest, means a date fixed by the Trustee pursuant to Section 209 of this Indenture.

"Special Series A Taxable Interest Compensation Fund" means the Trust Fund described in Section 404 of this Indenture.

"State" means the State of Florida.

"Supplemental Indenture" means any supplement to or amendment of this Indenture entered into in accordance with Article XIII of this Indenture.

"Supplemental Loan Agreement" means any supplement to or amendment of the Loan Agreement entered into in accordance with Section 11.1 of the Loan Agreement and Article XIV of this Indenture.

"Surplus Construction Fund" means the Trust Fund described in Section 604 of this Indenture.

"Tax Violation" means the circumstance of interest paid or payable on any Bond becoming includable for federal income tax purposes in the gross income of any Bondowner (other than a Bondowner who is a "substantial user" or a "related person" within the meaning and for the purposes of Section 103(b)(13) of the Internal Revenue Code) as a consequence of any act, omission or event whatsoever and regardless of whether the same was within or beyond the control of the Borrower. A Tax Violation shall be deemed to have occurred on the earliest to occur of the following dates:

(a) on that date when the Borrower files a Borrower's Certificate with the Issuer and the Trustee stating that a Tax Violation has occurred;

(b) on that date when the Borrower files any statement, supplemental statement or other tax schedule, return or document which discloses that a Tax Violation has occurred;

(c) on that date when the Borrower, the Issuer or the Trustee shall receive notice from the Commissioner, any District Director or other authorized official of the Internal Revenue Service to the effect that a Tax Violation has occurred; or

(d) on that date when the Trustee shall receive notice from any Bondowner to the effect that the Internal Revenue Service has assessed as includable in the gross income of such Bondowner any interest of any Bond due to the occurrence of a Tax Violation;

provided, however, that in respect of clauses (c) and (d) above, a Tax Violation shall not be deemed to have occurred until the Borrower has been notified of the allegation that a Tax Violation has occurred and either (i) the Borrower fails to commence a contest of such allegation in good faith and by appropriate legal proceeding within 60 days following such notification, or (ii) the Borrower does commence such contest within such time, but thereafter fails to pursue it diligently, in good faith and by appropriate legal proceeding to a final order or judgment by a court or administrative body of competent jurisdiction, or (iii) such contest results in a final order or judgment of a court or administrative body of competent jurisdiction to the effect that a Tax Violation has occurred and the time for any appeal of such order or judgment has expired.

"Taxable Period" means the period commencing on the date on which the interest on the Series A Bonds (or portion thereof) loses its tax-exempt status and ending on the date the Series A Bonds (or portion thereof) ceased or shall cease to be Outstanding.

"Trust Funds" means the trust funds administered by the Trustee under this Indenture.

"Trustee" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, and any successor banking corporation, banking association or trust company at the time serving as corporate trustee under this Indenture.

"Trustee's Address" and "Trustee's Principal Office" mean the address or office which the Trustee designates for the delivery of notices or payments hereunder or under the Indenture. Until changed by notice from the Trustee to the Borrower and the Issuer, the Trustee's Address and Principal Office is:



Mailing Address

Equitable Bank, N.A.  
100 South Charles Street  
Baltimore, Maryland 21201

Attention: Trust Department

Principal Office

Equitable Bank, N.A.  
100 South Charles Street  
Baltimore, Maryland 21201

Attention: Trust Department

Section 102 Use of Phrases; Rules of Construction. The following provisions shall be applied wherever appropriate herein:

"Herein," "hereby," "hereunder," "hereof" and other equivalent words refer to this Indenture as an entirety and not solely to the particular portion of this Indenture in which any such word is used.

The definitions set forth in Section 101 hereof shall be deemed applicable whether the words defined are used herein in the singular or the plural.

Wherever used herein, any defined term and any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders.

Unless otherwise provided, any determinations or reports hereunder which require the application of accounting concepts or principles shall be made in accordance with generally accepted accounting principles.

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## ARTICLE II

### GENERAL PROVISIONS RELATING TO BONDS OF ALL SERIES

Section 201 Authorized Amount of Bonds. Except as may be provided in respect of any particular series of Bonds, there is no limitation as to the aggregate principal amount of Bonds which may be issued hereunder; provided, however, that no Bonds may be issued under the provisions of this Indenture except in accordance with this Article and either Article IV or Article XII hereof. The Bonds originally issued hereunder are authorized and created for issuance in Article IV. Bonds of subsequent series may be authorized and created for issuance as provided in Article XII.

Section 202 Parity. This Indenture is for the equal and ratable benefit and security of all Bonds issued and to be issued hereunder. All Bonds shall be of equal rank, and no Bondowner shall be accorded a preference or priority over any other Bondowner except as expressly authorized or provided herein.

Section 203 Bonds to be Limited Obligations of Issuer. In accordance with the Act, the Bonds and all other obligations of the Issuer under the Loan Agreement and this Indenture and the transactions contemplated hereby and thereby shall be limited obligations of the Issuer payable by the Issuer solely from the Pledged Revenues. The Bonds and all other obligations of the Issuer under the Loan Agreement and this Indenture and the transactions contemplated hereby and thereby shall not constitute an indebtedness of the Issuer, the State or any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation. The Bonds and all other obligations of the Issuer under the Loan Agreement and this Indenture and the transactions contemplated hereby and thereby shall not be a charge against the general credit or taxing powers of the Issuer, the State or any political subdivision thereof. The Bonds and all other obligations of the Issuer under the Loan Agreement and this Indenture and the transactions contemplated hereby and thereby shall not give rise to a pecuniary liability of the Issuer, the State or any political subdivision thereof.

Anything herein or in the Bonds to the contrary notwithstanding, (a) neither the Issuer, the State nor any political subdivision thereof shall ever be required to (i) levy any ad valorem taxes on any property within its territorial limits to pay the principal of or premium, if any, or interest on the Bonds or to make any other payments provided for under the Loan Agreement or this Indenture, (ii) pay the same from any funds other than the Pledged Revenues, or (iii) require or enforce any

payment or performance by the Borrower as provided in this Indenture, the Loan Agreement or the Mortgage unless its expenses in respect thereof shall be available from any moneys derived under the Loan Agreement or the Mortgage or shall be advanced to it for such purpose and it shall receive indemnity to its satisfaction; and (b) the Bonds and all other obligations of the Issuer under the Loan Agreement and this Indenture and the transactions contemplated hereby and thereby shall not constitute a lien upon any property owned by or situated within the territorial limits of the Issuer, the State or any political subdivision thereof except to the extent (if any) of the Issuer's rights in the Project, the Loan Agreement, the Promissory Notes, the Mortgage and the property rights, receipts, revenues and proceeds pledged under this Indenture.

Section 204 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the Authorizing Issuer Official under the official seal of the Issuer attested by the Attesting Issuer Official. The signatures of the Authorizing Issuer Official and the Attesting Issuer Official on the Bonds may be manual or facsimile, except as otherwise required by law. The official seal of the Issuer on the Bonds may be actually impressed or imprinted or may be reproduced thereon by facsimile.

Bonds bearing the manual or facsimile signatures of the persons who were the Authorizing Issuer Official and the Attesting Issuer Official at the time of the execution thereof shall be valid and sufficient for all purposes notwithstanding that such persons or either of them have ceased to hold such offices prior to the authentication and delivery of the Bonds or did not hold such offices at the date of the Bonds. For this purpose a Bond executed by facsimile signature shall be deemed to have been executed on the date of the printing thereof if authorized by the Issuer.

Section 205 Authentication. From time to time after the execution and delivery of this Indenture, the Issuer may deliver executed Bonds to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided in this Indenture and not otherwise.

No Bond shall be entitled to any benefit under this Indenture or be valid for any purpose unless there appears on such Bond a certificate of authentication substantially in the form set forth in Section 1502 hereof executed on behalf of the Trustee with the manual signature of an authorized signatory of the Trustee.

Such certificate of authentication executed as aforesaid on a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture.

Section 206 Form of Bonds. The Bonds of each particular series shall be issuable only in the form of fully registered Bonds, and shall be in such denominations as shall be authorized for that particular series. Subject to such variations, omissions and insertions as are permitted by this Indenture or deemed necessary by the Trustee, the Bonds shall be substantially in the form or forms therefor set forth in Article XV of this Indenture. The Bonds of each particular series shall be printed, engraved, lithographed, typewritten, computer printed, photocopied or otherwise reproduced, whichever shall be authorized for that series.

Pending the preparation of definitive Bonds the Issuer may execute and the Trustee shall authenticate and deliver temporary Bonds which are printed, lithographed, typewritten, computer printed, mimeographed, photocopied or otherwise produced or reproduced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, in fully registered form, with such appropriate insertions, omissions, substitutions and other variations as the official or officials executing such Bonds may determine, as evidenced by its or their manual signing of such Bonds. If temporary Bonds are issued, the Trustee will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the Trustee's Principal Office without charge to the Bondowner. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of such series of authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits under this Indenture as definitive Bonds, and the principal of, premium, if any, and interest thereon, when and as payable, shall be paid to the Owners of the temporary Bonds.

Section 207 Provision for Registration of Transfer and Exchange of Bonds. The Trustee shall keep a register (herein sometimes referred to as the "Bond Register") at the Trustee's Principal Office for the purpose of providing for the registration of Bonds and transfers thereof by the Trustee in accordance with the provisions of this Section and such reasonable additional regulations as the Trustee and the Issuer may prescribe. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Borrower, the Issuer or by Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then

Outstanding, the authority of such designated representative to be evidenced to the satisfaction of the Trustee. Whenever the Trustee is required hereunder to give notice to Bondowners, it shall give such notice by first class mail to each Person on the Bond Register whose Bond is affected thereby.

Each Bond shall be fully negotiable. A Bond may be transferred only by a written assignment duly executed by the registered Owner or by such Owner's duly authorized legal representative. Upon presentation and surrender of the Bond together with said executed form of assignment at the Trustee's Principal Office, the Trustee shall register the transfer in the Bond Register; provided, however, that the Trustee shall have no obligation to register the transfer unless the executed assignment shall be satisfactory to it in form and substance. Upon registration of the transfer of a Bond, the Trustee shall cancel the surrendered Bond and the Issuer shall issue, and the Trustee shall authenticate, one or more new Bonds of authorized denominations of the same series, maturity and interest rate and in the same aggregate outstanding principal amount as the surrendered Bond.

Bonds may be exchanged at the Trustee's Principal Office for a like aggregate outstanding principal amount of Bonds of the same series, maturity and interest rate in other authorized denominations. Each Bond surrendered for exchange shall be accompanied with a written assignment in form and substance satisfactory to the Trustee and duly executed by the Owner or by such Owner's duly authorized legal representative. The Issuer shall issue and the Trustee shall authenticate such new Bonds as shall be required to accomplish exchanges as aforesaid.

The Bondowner requesting any registration of transfer or exchange of Bonds shall pay with respect thereto any resulting tax or governmental charge. All such payments shall be conditions precedent to the exercise of the Bondowner's rights of registration of transfer or exchange.

All registrations of transfers and exchanges of Bonds shall be accomplished in such manner that no increase or decrease in interest payable on the Bonds results therefrom.

The Trustee shall not be required to register the transfer of any Bonds or to exchange any Bonds during the 15-day period next preceding the first publication of notice of any redemption of Bonds of that series. Similarly, the Trustee shall not be required to register the transfer or to exchange any particular Bond after such Bond has been called for redemption.

The Trustee shall adhere, with respect to transfer of the Bonds, to the standards for efficiency in transfer agent performance established in Securities and Exchange Commission Rules 17Ad-2 through 17Ad-7 under the Securities Exchange Act of 1934, most particularly Rule 17Ad-2, which requires that registered transfer agents process at least 90% of routine items (such as certificates presented for transfer) received during any month within three business days of their receipt.

Section 208 Persons Treated as Owners. The Issuer, the Trustee and any Alternate Paying Agent may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of receiving payment of the principal of, premium, if any, and interest thereon and for all other purposes whatsoever, whether or not such Bond is overdue and irrespective of any actual, implied or imputed notice to the contrary.

Section 209 Manner of Payment of Bonds. The principal of, premium, if any, and interest on any Bond which are payable, and are punctually paid or duly provided for, on any date for such payment shall be paid by check drawn by the Trustee payable to the order of the Person in whose name that Bond is registered at the close of business on the Regular Record Date for such payment and mailed to such Person at the address shown on the Bond Register, without the necessity of presenting or surrendering Bond, except in the case of the final payment thereof. The final payment of the principal of, premium, if any, and interest on any Bond shall be made only upon presentation and surrender of such Bond at the Trustee's Principal Office. Any principal of, premium, if any, or interest on any Bond which is payable, but is not punctually paid or duly provided for, on such payment date, (herein called "Defaulted Payment") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date by virtue of having been such Owner; and such Defaulted Payment shall be paid by check drawn by the Trustee payable to the order of the Person in whose name that Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Payment, which shall be fixed in the following manner. The Borrower shall notify the Trustee in writing of the amount of the Defaulted Payment proposed to be paid with respect to each Bond and the date of the proposed payment, and at the same time the Borrower shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Payment or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Owners entitled to such Defaulted Payment as in this Section provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Payment which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment

and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Borrower of such Special Record Date and, at the expense of the Borrower, shall cause notice of the proposed payment of such Defaulted Payment and the Special Record Date therefor to be mailed by first-class mail to each Bondowner at the address shown on the Bond Register, not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion, at the expense of the Borrower, cause a similar notice to be published at least once in a financial journal or newspaper of general circulation in the City of New York, New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Payment and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Payment shall be paid to the Persons in whose names the Bonds are registered on such Special Record Date.

The principal of, premium, if any, and interest on all Bonds shall be paid in lawful money of the United States of America.

Section 210 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like series, date, maturity and denomination as the Bond mutilated, lost, stolen or destroyed. In the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured, the Trustee instead of issuing a substitute Bond may pay the same without surrender thereof. The Issuer and the Trustee may charge the Owner of such Bond with their reasonable fees and expenses in this connection.

Section 211 Trustee Designated as Bond Registrar, Transfer Agent and Paying Agent. The Trustee shall be the Bond Registrar and transfer agent and a paying agent for and in respect of all Bonds.

Section 212 Disposition of Bonds Upon Payment; Safekeeping of Bonds Surrendered for Exchange. All Bonds fully paid, fully redeemed or purchased by the Trustee or any Alternate Paying Agent under the provisions of this Indenture shall be canceled when such final payment, redemption or purchase is made, and such canceled Bonds shall be delivered to the Trustee. All canceled Bonds shall be destroyed by the Trustee by cremation, shredding or other suitable means, and the Trustee shall execute a certificate of destruction in duplicate describing the Bond so

destroyed and one executed certificate shall be filed with the Issuer and the other executed certificate shall be retained by the Trustee.

Bonds surrendered to the Trustee for exchange in accordance with Section 207 hereof shall be canceled and destroyed as aforesaid.

Section 213 Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at stated maturity or at the date fixed for redemption thereof, if cash sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof, all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such cash in a segregated trust fund without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund for any claim of whatever nature on such Owner's part under this Indenture or on or with respect to said Bond. Such cash in such segregated trust fund shall thereafter no longer be considered Pledged Revenues and any such Bond shall no longer be deemed Outstanding under this Indenture.

After any such cash has been held in such segregated trust fund for five years, the Trustee shall certify the amount thereof and the identifying numbers of the particular Bonds whose Owners have a claim there against (which Owners shall also be identified, if known) and deliver such certificate and such cash to the Borrower, as successor Paying Agent. Thereafter such Owners shall have an unsecured claim against the Borrower in respect of payment of such unrepresented Bonds, and shall have no further claim whatever against the Issuer or the Trustee in respect thereof.

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## ARTICLE III

### GENERAL PROVISIONS RELATING TO REDEMPTION OF BONDS PRIOR TO MATURITY

Section 301 Limitation of Redemptions Prior to Maturity. No Bond may be called for redemption prior to its stated maturity except as provided or contemplated in this Article III; provided, however, that nothing in this Article III shall be deemed to limit the right of acceleration of Bond maturities upon the occurrence of an Event of Default.

Section 302 Notice and Effect of Redemption. Notice of the call for any redemption of Bonds prior to maturity shall be given by mailing a copy of the redemption notice by first-class mail not less than 30 nor more than 60 days prior to the redemption date to the Owner of each Bond to be redeemed at the address shown on the Bond Register.

Each redemption notice shall (i) identify the particular Bonds or portions thereof to be redeemed, (ii) identify the provisions of this Indenture or any Supplemental Indenture pursuant to which the Bonds are being redeemed, (iii) identify the place of payment, (iv) state the applicable redemption price, including the premium, if any, and (v) state that interest on the Bonds or portions thereof thus called for redemption will cease to accrue from and after the redemption date specified therein.

If pursuant to this Indenture the Trustee shall hold cash or Government Obligations which are available and will be sufficient in amount to pay the principal of and premium, if any, on the Bonds or portions thereof thus called for redemption and to pay the interest thereon to the redemption date, such Bonds or portions thereof shall cease to bear interest from and after said redemption date.

Section 303 Optional Redemption of All Bonds Upon Occurrence of Certain Extraordinary Events. The Bonds shall be subject to redemption, in whole but not in part, at any time, if within one year after the occurrence of any of the following events, the Borrower shall elect to prepay the Loan and all Additional Loans pursuant to Section 5.1 of the Loan Agreement:

(a) the Project Complex shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee following such damage or destruction (i) the completion of the Project or the Additional Project, as the case may be, will be delayed for at least six months, (ii) it is not practicable or desirable to rebuild, repair or restore the Project

Complex within a period of six consecutive months following such damage or destruction, or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(b) title to or the temporary use of all or substantially all the Project Complex shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee (i) the completion of the Project or the Additional Project, as the case may be, will be delayed for at least six months, or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(c) any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at the Project Complex to such extent that, in the opinion of the Borrower expressed in a Borrower's Certificate filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Complex for a period of at least six consecutive months; or

(d) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Borrower including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement.

The redemption price shall be 100% of the principal amount of Bonds so redeemed, plus accrued interest to the redemption date, and without premium.

Section 304 Mandatory Redemption of All Bonds Upon Occurrence of Tax Violation. The Bonds shall be subject to redemption, in whole but not in part, on the earliest practicable date following the date on which a Tax Violation shall be deemed to have occurred as determined in accordance with Section 5.2 of the Loan Agreement. Such redemption shall be mandatory as to Bonds of all series; provided, however, that the right to such

redemption may be waived as to a particular series of Bonds as to which no Tax Violation shall be deemed to have occurred with the written consent of 100% of the Owners of the Outstanding Bonds of that particular series. A waiver as aforesaid by the Owners of the Outstanding Bonds of a particular series shall not constitute a waiver by the Owners of Bonds of any other series and shall not affect the mandatory redemption of such other Bonds.

The redemption price shall be 100% of the principal amount of Bonds so redeemed, plus accrued interest to the redemption date, without premium.

If all of the Bonds are redeemed as the result of a Tax Violation, any particular series of Bonds so redeemed may be redeemed in the following manner (and shall be so redeemed if required by this Indenture, the Bonds or by the Supplemental Indenture with respect to such series): The Trustee shall assign (without recourse) and tender for delivery to the Owners of such Bonds the related Promissory Note, the Loan Agreement, the Mortgage and the Guaranty Agreement, free and clear of the lien and security interest of this Indenture, whereupon such Bonds shall be deemed to have been redeemed and the Owners shall forthwith surrender such Bonds to the Trustee for cancellation. In such event, the Trustee shall (i) file or record or cause to be filed or recorded, in such public records as may be appropriate, any instruments as may be necessary or appropriate to give notice of such assignment and of the termination and release of the lien and security interest of this Indenture and to terminate any Uniform Commercial Code financing statements with respect to such lien and security interest and (ii) surrender any moneys held by it for the benefit of the Owners of any such Bonds to such Owners entitled to the same. Reference is hereby made to the form of Series A Promissory Note attached as Exhibit C to the Loan Agreement for a description of the interest payable on the Series A Promissory Note in the event of a redemption of the Bonds in the manner provided in this paragraph.

Section 305 Other Mandatory and Optional Redemption of Bonds of Particular Series. Each particular series of Additional Bonds may (but need not necessarily) be made subject to periodic redemptions in whole or in part, which redemptions may be mandatory or may be at the election and direction of the Borrower. Any such redemptions shall be on such dates, at such prices, with such premiums, if any, and upon such other conditions, if any, as shall be authorized for optional redemptions of Additional Bonds of that series. The other mandatory and optional redemption provisions for the Series A Bonds are set forth in Sections 402 and 604 hereof. The other mandatory and optional redemption provisions, if any, for Additional Bonds shall be set forth in the Supplemental Indenture under which such Additional Bonds are

issued. The other mandatory and optional redemption provisions for Bonds of different series need not parallel one another.

Section 306 Mandatory Sinking Fund Redemptions of Bonds of Particular Series. Each particular series of Bonds may (but need not necessarily) be made subject to mandatory redemptions in whole or in part by operation of one or more sinking funds. The Series A Bonds shall not be subject to mandatory sinking fund redemptions. The mandatory sinking fund redemption provisions, if any, for Additional Bonds shall be set forth in the Supplemental Indenture under which such Additional Bonds are issued. The mandatory sinking fund redemption provisions for Bonds of different series need not parallel one another.

Section 307 Manner of Effecting Partial Redemptions of Particular Bonds. Particular Bonds may be redeemed only in integral multiples of the smallest authorized denomination for Bonds of that series, or \$5,000, whichever is greater (hereinafter called a "Unit"). In the case of Bonds of denominations greater than a Unit, each Unit shall be treated as though it were a separate Bond in the denomination of a Unit. If it is determined that one or more, but not all of the Units of the principal amount represented by any such Bond are to be called for redemption, then upon notice of redemption of such Unit or Units, the Owner of such Bond shall present and surrender the same to the Trustee (i) for the payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) in respect of the Unit or Units called for redemption and (ii) in exchange for a new Bond of such series in the aggregate principal amount of the unredeemed balance of the principal amount not called for redemption. New Bonds representing the unredeemed balance of the principal amount of such Bond shall be issued to the Owner thereof without charge therefor. If the Owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the Unit or Units of the principal amount called for redemption (and to that extent only), and (subject to Section 302 hereof) interest shall cease to accrue on the portion of the principal amount of such Bond represented by such Unit or Units from and after the date fixed for redemption.

If so provided in respect of a particular series of Bonds, partial redemptions of particular Bonds may, in lieu of the provisions of the preceding paragraph, be effected by mailing partial payments to the Owner and by endorsement thereof in a payment record appearing on the instrument evidencing such Bond.

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## ARTICLE IV

### THE SERIES A BONDS

#### Section 401 Creation of Series A Bonds For Issuance.

The Series A Bonds are hereby created for issuance, to be designated as provided in the form of the Series A Bond set forth in Article XV hereof.

The Series A Bonds shall be issued in an aggregate principal amount equal to the Loan Amount, and the maximum aggregate principal amount of Series A Bonds that may be Outstanding at any one time is hereby expressly limited to the Loan Amount.

The Series A Bonds shall be issuable in the form of one or more typewritten fully registered Bonds, in denominations of \$5,000 or any integral multiple thereof. The Series A Bonds shall be lettered with the prefix "A" and numbered consecutively from 1 upwards in the order of their issuance.

Series A Bonds shall be dated, as their original issue date, the date of their delivery to the Purchaser. Series A Bonds shall be dated, as their registration date, the date of their authentication.

The Series A Bonds shall bear interest from their original issue date, shall mature and shall be paid in installments of principal and interest as provided in the form of the Series A Bond set forth in Article XV hereof.

Section 402 Mandatory and Optional Redemption of Series A Bonds. Except as provided in Sections 303, 304 and 604 of this Indenture, the Series A Bonds shall not be subject to prior redemptions other than as provided in this Section 402.

The Series A Bonds are subject to redemption prior to stated maturity at the election and direction of the Borrower in whole or in part in amounts of \$5,000 or more on any principal payment date, and shall be redeemed prior to stated maturity upon and to the extent of any moneys deposited into the Redemption Fund with respect thereto pursuant to Section 704 hereof, as promptly as practicable after any such deposit. The direction of the Borrower, if made, shall be made in accordance with Section 5.3 of the Loan Agreement. No direction of the Borrower shall be required to call Series A Bonds for redemption out of moneys deposited into the Redemption Fund with respect thereto, and the Trustee is hereby authorized and directed to call Bonds for redemption whenever and to the extent provided in this subparagraph.

The redemption price for any redemption provided for in this Section shall be 100% of the principal amount of the Series A Bonds or portions thereof so redeemed, plus accrued interest to the redemption date, and without premium. If a portion of the Series A Bonds is to be so redeemed, the Trustee shall redeem the principal of the Series A Bonds in inverse order of maturity, and pro rata within each maturity.

The Trustee shall give notice of the call for such redemptions in the manner provided in Section 302 of this Indenture.

Section 403 Delivery of Series A Bonds. Upon the execution and delivery of this Indenture, the Issuer shall issue and execute and deliver the Series A Bonds to the Trustee in an aggregate principal amount equal to the Loan Amount, and the Trustee shall authenticate such Series A Bonds and deliver them to the Purchaser if and when directed by the Issuer.

Prior to the delivery by the Trustee of any of the Series A Bonds there shall be filed with the Trustee:

(a) (i) A certified copy of the resolution(s) of the Issuer authorizing the issuance of the Series A Bonds and the execution and delivery of the Loan Agreement and this Indenture; (ii) a certified copy of the resolution(s) of the Board of County Commissioners of St. Johns County approving the issuance of the Series A Bonds.

(b) An original executed counterpart of the Loan Agreement and the original Series A Promissory Note.

(c) An original executed counterpart of this Indenture.

(d) An original executed counterpart of the Mortgage, with proof satisfactory to the Trustee that the Mortgage has been recorded in the official public records of the County.

(e) An original executed counterpart of the Lease, with proof satisfactory to the Trustee that the Lease has been recorded in the official public records of the County.

(f) An original executed counterpart of the Lease Assignment, with proof satisfactory to the Trustee that the Lease Assignment has been recorded in the official public records of the County.

(g) An original executed counterpart of the Guaranty Agreement.

(h) A request and authorization to the Trustee, executed on behalf of the Issuer by its Authorizing Issuer Official or Attesting Issuer Official, to deliver the Series A Bonds to the Purchaser in the form and amount requested, upon payment to the Trustee, for the account of the Issuer, of a specified sum plus accrued interest on the Series A Bonds to the date of delivery thereof.

(i) A copy of a resolution of the Board of Directors of the Lessee approving the execution and delivery of the Guaranty Agreement, duly certified by the Secretary or an Assistant Secretary of the Lessee.

(j) An opinion of bond counsel to the Issuer, addressed to the Issuer, to the purchaser or purchasers thereof and to the Trustee, to the effect that all of the conditions precedent to the issuance of the Series A Bonds as are set forth in this Indenture have been satisfied, that the Indenture, the Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease, the Lease Assignment and the Guaranty Agreement in their final forms are consistent with and valid under the bond validation proceedings for the Series A Bonds.

(k) An opinion of bond counsel to the Issuer, addressed to the Issuer, to the purchaser or purchasers thereof and to the Trustee, to the effect that such Series A Bonds are valid and that under existing law, regulations, rulings and court decisions, the interest thereon is exempt from federal income taxes, except interest for any period during which any such Series A Bond shall be owned by a "substantial user" of the Project or a "related person" to such user (within the meaning of Section 103(b) of the Code).

(l) Certificates from the general partner of the Borrower and the President of the Lessee certifying that there have been no significant or material adverse changes in the finances or operations of the Borrower or the Lessee, respectively, since the finances and operations of the Borrower and the Lessee, respectively, reflected in the Borrower's application, and supporting data submitted to the Issuer on or prior to August 5, 1985, wherein the Borrower requested the Issuer to adopt its inducement resolution for the Project and that there is no litigation pending or threatened which would materially change or affect the finances or operations of the Borrower or the Lessee.

(m) ALTA Form B mortgagee policy of title insurance (or binding commitment therefor), in an amount equal to \$1,800,000 with respect to the Project insuring or committing to insure the

Issuer and the Trustee, as their respective interests may appear, Project, subject only to Permitted Encumbrances (as such term is defined in the Mortgage).

(n) Executed Form UCC-1 Financing Statements with respect to (i) the Trust Estate, executed by the Issuer as debtor and the Trustee as secured party, and (ii) the Project personalty executed by the Borrower as debtor, listing the Issuer as secured party, and executed by the Trustee as assignee of the Issuer; to be filed with the Clerk of the Circuit Court for St. Johns County, Florida, and the Secretary of State of the State.

(o) Evidence of compliance with the insurance requirements contained in Sections 7.5, 7.10(d) and 7.10(e) of the Loan Agreement.

(p) Articles of incorporation, as amended, of the Lessee, certified by the Secretary of State of the State, together with a certificate of good standing with respect to the Lessee issued by the Secretary of State of the State.

(q) Current survey by a State licensed surveyor showing access to the Project from a public road and reflecting no encroachments on the Project site, and showing the location of the Project site to be the location described in the proof of publication of the TEFRA Notice (see subsection (v) below).

(r) Nonarbitrage certificates of the Issuer and the Borrower and such other instruments as the Issuer or Bond Counsel may reasonably request.

(s) An affidavit in the form required by the Trustee confirming that no facts exist which will give rise to any mechanics' or materialmen's liens.

(t) A certified copy of the rezoning ordinance of the County indicating that the Project real property is zoned to allow Project use.

(u) A certified copy of the final judgment validating the Series A Bonds, together with a Clerk's Certificate as to No Appeal showing that the period for appeal therefrom has expired without any appeal having been taken or a certified copy of a mandate of the Supreme Court of Florida upon a decision that the Series A Bonds are valid.

(v) Proof of Publication of the Notice of Public Meeting and Public Hearing (TEFRA NOTICE) published at least 14 days prior to the public hearing held by the Issuer on \_\_\_\_\_, 1985.



(w) A copy of the Borrower's certificate of limited partnership and limited partnership agreement, together with a certificate of a general partner of the Borrower, dated the Closing Date, to the effect that there has been no amendment or restatement of said certificate of limited partnership and limited partnership agreement, together with a certificate of authority to do business in the State of Florida.

(x) A copy of the completed IRS Form 8038 relating to the Series A Bonds.

(y) A copy of the Application of Notice of Intent to Issue Bonds and Request for Written Confirmation signed by the Director of the Office of Planning and Budgeting Executive Office of the Governor confirming the requested allocation.

(z) A copy of the Certificate of Need for the Project.

(aa) Such other instruments as the Trustee or the Issuer may reasonably request.

Section 404 Special Series A Taxable Interest Compensation Fund. Upon the occurrence of a Tax Violation there shall be a mandatory redemption of the Series A Bonds in accordance with Section 304 of this Indenture, which redemption shall be made in the manner specified in the last paragraph of said Section 304.

In addition, upon the occurrence of a Tax Violation the Borrower has agreed in Section 9.6 of the Loan Agreement to pay to the Trustee the Additional Amount (as defined herein). "Additional Amount" means (a) the difference between (i) interest on the Series A Bonds for the Taxable Period at a rate per annum equal to one (1) percentage point over the Base Rate, as adjusted from time to time on the same dates and in the same manner as the interest rate on the Series A Bonds was or would be adjusted pursuant to the provisions of the Series A Bonds, and (ii) the aggregate amount of interest payable on the Series A Bonds for the Taxable Period under the provisions of the Series A Bonds, plus (b) any penalties, interest on past due taxes or income taxes due on receipt of any such penalties or interest by any "Eligible Series A Bondowner," as hereinafter provided, payable by such Eligible Series A Bondowner to the Internal Revenue Service by reason of such Tax Violation; provided, however, that such Additional Amount shall be reduced to the extent necessary to prevent the interest rate payable on the Series A Bonds (calculated as provided by law) from exceeding the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

Any such payment shall be deposited by the Trustee when received into a Trust Fund designated with the names of the Issuer and the Borrower and the label "Special Series A Taxable Interest Compensation Fund."

The Special Series A Taxable Interest Compensation Fund shall be held and applied for the benefit of "Eligible Series A Bondowners" as hereinafter provided. "Eligible Series A Bondowner" means each person who was registered on the Bond Register as the Owner of a Series A Bond at any time during the Taxable Period.

The Trustee shall pay, from money in the Special Series A Taxable Interest Compensation Fund, to each Eligible Series A Bondowner an amount equal to that portion of the Additional Amount attributable to the Series A Bonds held of record by such Owner for the portion of the Taxable Period so held.

The Special Series A Taxable Interest Compensation Fund shall be invested and reinvested by the Trustee, for the benefit of the Borrower, in Qualified Investments having maturities not greater than 30 days from the date of investment.

Any moneys in the Special Series A Taxable Interest Compensation Fund not paid within one year following the expiration of the Taxable Period shall be promptly returned to the Borrower.

The amounts to which Bondowners and former Bondowners may be entitled under this Section 404 are payable solely from available money, if any, in the Special Series A Taxable Interest Compensation Fund. In the event that the available money in the Special Series A Taxable Interest Compensation Fund is insufficient to make the payments required under this Section 404, the available money shall be paid on a pro rata basis, and each Bondowner or former Bondowner shall have a claim against the Borrower for any deficiency.

The Trustee shall give notice of the call for such redemptions in the manner provided in Section 302 of this Indenture.

Section 405. Manner of Effecting Partial Redemption of Series A Bonds. Notwithstanding the provisions of Section 307 hereof, partial redemptions of the Series A Bonds prior to stated maturity shall be effected by mailing the partial payments (as calculated under Section 402 hereof) to the appropriate Owners and by endorsement thereof in a prepayment record appearing on the instrument evidencing such Bond.

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## ARTICLE V

### REPRESENTATIONS AND COVENANTS OF ISSUER

Section 501 Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of, premium, if any, and interest on each Bond issued under this Indenture at the place, on the date and in the manner provided in said Bond according to the true intent and meaning thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from the Pledged Revenues, and nothing in the Bonds or this Indenture shall be considered as pledging any other funds or assets of the Issuer.

Section 502 Performance of Covenants; Authority. The Issuer covenants that upon payment of its reasonable expenses or provision having been made therefor, and upon receipt of indemnity satisfactory to it, the Issuer will faithfully perform each and every undertaking, covenant, stipulation and provision contained in this Indenture and in each and every Bond executed, authenticated and delivered hereunder. The Issuer represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds, to execute this Indenture and to pledge the revenues described and pledged herein. The Issuer represents further that all action on its part for the issuance of the Series A Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Series A Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Issuer according to the tenor and import thereof.

Section 503 Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, pledging, assigning and confirming unto the Trustee all and singular the Trust Estate and the revenues pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds.

Section 504 Inspection of Books. The Issuer and the Trustee each covenant and agree that all books and documents in their possession relating to the Bonds and the Pledged Revenues shall at all times be open to inspection by such accountants or other agents as the Trustee, the Borrower or the Issuer may from time to time designate.

Section 505 Rights Under Loan Agreement and Other Documents. The Issuer covenants and agrees that except as provided herein and in the Loan Agreement it will not sell, assign, pledge, transfer, encumber or otherwise dispose of the Pledged Revenues. The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth covenants and obligations of the Issuer and the Borrower, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Loan Agreement shall not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee. The Issuer agrees that the Trustee in its own name may enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement, the Mortgage and the Promissory Notes for and on behalf of the Bondowners whether or not the Issuer is in default hereunder, but the Trustee shall not thereby be deemed to have assumed the obligations of the Issuer under the Loan Agreement and shall have no obligations thereunder except as expressly provided herein or therein. The Issuer hereby agrees to cooperate fully with the Trustee (at the expense of the Borrower) in any proceedings or to join in or commence in its own name any proceedings necessary to enforce the rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement, the Mortgage and the Promissory Notes, if the Trustee shall so request.

Section 506 Tax-Exempt Status of Bonds. The Issuer covenants that it will not knowingly take any action which would adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code.

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## ARTICLE VI

### CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601 Application of Proceeds of Series A Bonds. The Trustee shall deposit the entire amount received by it for the account of the Issuer from the original sale of the Series A Bonds, as follows:

(a) an amount equal to the accrued interest, if any, received by or for the account of the Issuer upon the original sale of the Series A Bonds shall be deposited into the Bond Fund to be applied to the first interest to become due on the Series A Bonds;

(b) the Issuance Expense Deposit Amount shall be deposited into the Issuance Expense Account; and

(c) the balance shall be deposited into the Construction Account.

Section 602 Issuance Expense Account. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Issuance Expense Account," which shall be a subaccount of the Construction Fund. The Trustee shall deposit into the Issuance Expense Account, when and as received, the amount specified in Section 601(b) hereof.

The Trustee is hereby authorized and directed to disburse moneys from the Issuance Expense Account to pay (or reimburse the Borrower for) the Series A Bond Issuance Costs (as defined in the definition of "Eligible Costs of the Project" in Section 1.1 of the Loan Agreement). Except as otherwise provided below, such disbursements shall be made only upon requisition of the Borrower meeting the requirements of and in accordance with Section 3.2 of the Loan Agreement.

In the event the Borrower and the Trustee shall have entered into an agreement with a title insurance company for the disbursement of the Loan proceeds, disbursements from the Issuance Expense Account shall be subject to such further terms and conditions as may be contained in such agreement.

If an Event of Default shall have happened and be continuing, the Trustee (without any authorization from the Borrower) shall make such disbursements from the Issuance Expense Account directly to the persons determined by the Trustee to be entitled thereto. After all Series A Bond Issuance Costs have

been paid any remaining balance in the Issuance Expense Account shall be applied in accordance with Section 1006 of this Indenture.

If there shall be any balance in the Issuance Expense Account remaining after certification by the Borrower's Representative that all Series A Bond Issuance Costs have been paid, the Trustee shall transfer such remaining balance to the Construction Account.

Section 603 Construction Account; Construction Fund. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Construction Fund," and within such Construction Fund a subaccount to be designated with the names of the Issuer and the Borrower and the label "Construction Account" (in addition to the subaccount provided in Section 602 hereof). The Trustee shall deposit into the Construction Account, when and as received, the amount specified in Section 601(c) hereof and any additional moneys which the Borrower may deliver to the Trustee from time to time with the instruction that such moneys be deposited into the Construction Account.

The Trustee is hereby authorized and directed to disburse moneys from the Construction Account to pay (or reimburse the Borrower for) the Engineering Costs, the Basic Project Costs and the Other Costs of the Project (as defined in the definition of "Eligible Costs of the Project" in Section 1.1 of the Loan Agreement). Except as otherwise provided below, such disbursements shall be made only upon requisition of the Borrower meeting the requirements of and in accordance with Section 3.3 of the Loan Agreement.

The Borrower shall also be entitled to disbursements from the Construction Account to pay the Capitalized Interest Costs, if any, of the Project (as defined in clause (ii) of the definition of "Eligible Costs of the Project" in Section 1.1 of the Loan Agreement). Such disbursements shall be made by transfer to the Bond Fund when and as directed by the Borrower in a requisition meeting the requirements of and in accordance with Section 3.3 of the Loan Agreement.

In the event the Borrower and the Trustee shall have entered into an agreement with a title insurance company or the Purchaser of the Bonds for the disbursement of the Loan proceeds, disbursements from the Construction Account shall be subject to such further terms and conditions as may be contained in such agreement.

If an Event of Default shall have happened and be continuing, the Trustee (without any authorization from the Borrower) may (i) make disbursements from the Construction Account to pay the costs of protecting and enhancing the value of the properties located within the Political Jurisdiction covered by the Mortgage, including payment of any costs necessary to complete the Project, and/or (ii) apply moneys in the Construction Fund in accordance with Section 1006 of this Indenture.

Upon closing of the Construction Fund in accordance with Section 3.6 of the Loan Agreement, any remaining balance in the Construction Fund shall be transferred to the Surplus Construction Fund.

Notwithstanding anything in this Indenture to the contrary, the Trustee is hereby authorized and directed to withhold disbursements from the Construction Account to the extent the Trustee deems necessary in order to have sufficient moneys on hand to make the transfer from the Construction Account to the special account to be held for the sole benefit of the U.S. Treasury, as provided in Section 801 hereof, in order to meet the requirements of Sections 103(c)(6) of the Internal Revenue Code.

Section 604 Surplus Construction Fund. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Surplus Construction Fund."

The Trustee shall deposit into the Surplus Construction Fund, when and as received:

(a) moneys remaining in the Construction Fund after it has been closed in accordance with Section 3.6 of the Loan Agreement, except as otherwise permitted by Section 603 above; and

(b) moneys required to be deposited into the Surplus Construction Fund under the terms of a Supplemental Indenture.

The Trustee is hereby authorized and directed to use the moneys in the Surplus Construction Fund to call for redemption prior to maturity those Outstanding Bonds of the same series as the Bonds from which such Surplus Construction Fund moneys were derived. Such redemption shall be in the largest amount possible and at the earliest possible call date or dates given the call provisions of the Bonds as specified in this Indenture or a Supplemental Indenture.

Notwithstanding the foregoing, during years in which the Bonds are callable only in an amount in excess of available moneys in the Surplus Construction Fund, or during years in which the Bonds are callable but a call premium or penalty is required for such early redemption, the Trustee shall not use the Surplus Construction Fund moneys to call the Bonds for redemption unless directed to do so by the Borrower in a Borrower's Certificate. In addition, during such years and during years in which the Bonds are not callable, the Trustee shall pay a portion of the principal due on each principal installment maturity date occurring within such years, unless directed not to do so by the Borrower in a Borrower's Certificate. The portion of the principal due which the Trustee shall pay with Surplus Construction Fund moneys on each principal installment maturity date shall be equal to an amount that bears the same ratio to the principal due that the moneys then in the Surplus Construction Fund which were derived from Bonds of the same series bears to the outstanding principal balance of such Bonds. The Trustee shall accomplish such payment by transferring the portion of the Surplus Construction Fund specified above to the Bond Fund one business day prior to the principal installment maturity date.

Until used for one or more of the foregoing purposes, any moneys in the Surplus Construction Fund shall be invested in Qualified Investments but may not be invested to provide a yield on such moneys (computed from the Completion Date and taking into account any investment of such moneys during the period from the Completion Date to the date of deposit of such moneys into the Surplus Construction Fund) greater than the yield on the Bonds from the proceeds of which such moneys were derived, all as such terms are defined and used in Section 103(c) of the Internal Revenue Code; provided that such yield restriction on the Surplus Construction Fund shall not apply if the Trustee is furnished with an opinion of Bond Counsel to the effect that the lack of a yield restriction on the Surplus Construction Fund will not result in a Tax Violation.

Section 605 Proceeds of Additional Bonds. The proceeds from the original sale of any Additional Bonds shall be deposited with the Trustee. If the Additional Bonds fund an Additional Loan for "Completion Purposes" or "Capital Improvement Purposes" as described in Section 4.1 of the Loan Agreement, the Supplemental Indenture under which such Additional Bonds are issued shall provide for the use and application of the proceeds of such Additional Bonds in substantially the same manner as is provided herein for the use and application of the proceeds of the Series A Bonds. If the Additional Bonds fund an Additional Loan for "Refunding Purposes" as set forth in Section 4.1 of the Loan Agreement, the Supplemental Indenture under which such Additional Bonds are issued shall provide for the use and application of the



proceeds of such Additional Bonds in a manner consistent with such purpose to the satisfaction of the Trustee.

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## ARTICLE VII

### REVENUES AND FUNDS

Section 701 Source of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable by the Issuer solely from the Pledged Revenues.

Section 702 Pledged Revenues. The Pledged Revenues are hereby specifically, irrevocably and exclusively pledged without recourse to the punctual payment of the principal of, premium, if any, and interest on the Bonds, and shall be used for no other purpose except as otherwise expressly authorized in this Indenture.

Section 703 Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Bond Fund."

The Trustee shall deposit into the Bond Fund, when and as received:

(a) the accrued interest described in Section 601(a) hereof;

(b) all payments from or for the account of the Borrower on the Promissory Notes (except prepayments of principal thereof and premium, if any, thereon required to be deposited into the Redemption Fund) or pursuant to Section 7.2 of the Loan Agreement;

(c) moneys required to be transferred to the Bond Fund from other Trust Funds or from Pledged Revenues in accordance with this Indenture; and

(d) moneys required to be deposited into the Bond Fund pursuant to the terms of a Supplemental Indenture.

The Issuer covenants that it will deposit or cause to be deposited into the Bond Fund, but solely from Pledged Revenues available to the Issuer, amounts sufficient to pay when due the principal of and interest on the Bonds.

Except as otherwise expressly provided herein, moneys in the Bond Fund shall be used solely for the payment of principal of and interest and premium, if any, on the Bonds when due at stated maturity, upon redemption prior to maturity, upon acceleration of maturity or otherwise in accordance with the terms thereof and hereof. The Issuer hereby authorizes and

directs the Trustee to withdraw sufficient moneys from the Bond Fund to pay the Bonds and the interest thereon as the same become due and payable.

Section 704 Redemption Fund. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with names of the Issuer and the Borrower and the label "Redemption Fund."

The Trustee shall deposit into the Redemption Fund, when and as received:

(a) all prepayments of principal by the Borrower on the Loan or any Additional Loan pursuant to Section 5.6 of the Loan Agreement, together with the premium, if any, thereon;

(b) moneys required to be transferred to the Redemption Fund from other Trust Funds, or required to be applied to the redemption of Bonds prior to maturity, in accordance with this Indenture; and

(c) moneys required to be deposited into the Redemption Fund pursuant to the terms of a Supplemental Indenture.

The Issuer hereby authorizes and directs the Trustee to (i) transfer sufficient moneys from the Redemption Fund to the Bond Fund when and as required to pay the principal of any Bonds called for redemption in accordance with this Indenture (other than by operation of a sinking fund in accordance with Section 306 hereof and other than for exchange for Promissory Notes in accordance with Section 304 hereof); (ii) withdraw sufficient moneys from the Redemption Fund to pay any premiums payable on Bonds called for redemption in accordance with this Indenture; and (iii) transfer the entire balance of the Redemption Fund to the Bond Fund to pay the final payment of principal of the Bonds at the last maturity thereof. Except to the extent moneys in the Redemption Fund are needed for the purposes described in the foregoing clauses (i) and (ii), the Trustee is authorized to use moneys in the Redemption Fund for the purchase of Bonds for cancellation; provided, however, that such purchases shall be made only to the extent authorized by the Borrower in a Borrower's Certificate; and provided further that the purchase price for any Bond so purchased shall not exceed the principal amount thereof plus any accrued and unpaid interest thereon.

Moneys deposited or to be deposited in the Redemption Fund may be invested without restriction as to yield for not more than 30 days, and thereafter may be invested only at a yield which does not exceed the yield on the Bonds by more than 1/8%.

Section 705 Mortgaged Property Reserve Fund. There is hereby created by the Issuer and ordered established with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Mortgaged Property Reserve Fund."

The Trustee shall deposit into the Mortgaged Property Reserve Fund, when and as received:

(a) moneys required to be transferred to the Mortgaged Property Reserve Fund from other Trust Funds in accordance with this Indenture;

(b) moneys required to be deposited into the Mortgaged Property Reserve Fund in accordance with the terms of the Loan Agreement or the Mortgage; and

(c) moneys required to be deposited into the Mortgaged Property Reserve Fund in accordance with the terms of a Supplemental Indenture.

The Trustee is hereby authorized and directed to use moneys in the Mortgaged Property Reserve Fund in accordance with directions from the Borrower in a Borrower's Certificate for any or a combination of the following purposes:

(i) transfer to the Redemption Fund;

(ii) to purchase Bonds for cancellation, provided that the purchase price for any Bond so purchased shall not exceed the principal amount thereof plus any accrued and unpaid interest thereon;

(iii) to pay or reimburse the Borrower for costs of depreciable property encumbered by the Mortgage necessary to complete the Project or any Additional Project; or

(iv) to pay or reimburse the Borrower for costs of depreciable property necessary or desirable for improving, enlarging or adding to the Mortgaged Property located within the territorial limits of St. Johns County; provided that (A) such disbursements shall be made only upon requisition of the Borrower substantially in the same form and manner as provided for disbursements from the Construction Fund; and (B) such property shall be made subject to the lien of the Mortgage subject to no liens or encumbrances other than "Permitted Encumbrances" as defined in the Mortgage.

Section 706 Insurance and Condemnation Proceeds Fund. There is hereby created by the Issuer and ordered established

with the Trustee a Trust Fund to be designated with the names of the Issuer and the Borrower and the label "Insurance and Condemnation Proceeds Fund."

The Trustee shall deposit into the Insurance and Condemnation Proceeds Fund, when and as received, the net proceeds (after payment of expenses of collection) of title insurance claims, casualty insurance claims and eminent domain awards in accordance with and to the extent provided in the Mortgage.

The Trustee is hereby authorized and directed to use moneys in the Insurance and Condemnation Proceeds Fund in accordance with directions from the Borrower in a Borrower's Certificate for any of a combination of the following purposes:

(a) to pay or reimburse the Borrower for the costs of repairing, restoring, replacing or rebuilding any Mortgaged Property damaged or destroyed by fire or other casualty; provided that (i) such disbursements shall be made only upon requisition of the Borrower substantially in the same form and manner as provided for disbursements from the Construction Fund, and (ii) the property in respect of which a disbursement is made shall be made subject to the lien of the Mortgage subject to no liens or encumbrances other than "Permitted Encumbrances" as defined in the Mortgage;

(b) to pay or reimburse the Borrower for the costs of acquiring or constructing other land and facilities in the Political Jurisdiction to replace any property destroyed by fire or other casualty, taken by eminent domain or lost by reason of title defect; provided that (i) such disbursements shall be made only upon requisition of the Borrower substantially in the same form and manner as provided for disbursements from the Construction Fund, and (ii) the property in respect of which a disbursement is made shall be made subject to the lien of the Mortgage subject to no liens or encumbrances other than "Permitted Encumbrances" as defined in the Mortgage;

(c) in the case of title insurance proceeds, to pay adverse claimants the amounts necessary to clear title to the Mortgaged Property and to preserve and protect the lien and priority of the Mortgage;

(d) to transfer to the Redemption Fund if the Borrower elects to prepay the Loan and all Additional Loans pursuant to Section 5.1 of the Loan Agreement; or

(e) to transfer to the Mortgaged Property Reserve Fund if (i) the Borrower certifies in a Borrower's Certificate that the

Mortgaged Property damaged, destroyed, taken by eminent domain or lost by reason of title defect, as the case may be, was not necessary to the efficiency and operating unity of the Project Enterprise at the Project Complex or that such efficiency and operating unity has been restored, and (ii) an Independent Engineer certifies to the Trustee that the structural integrity of the Mortgaged Property has not been adversely affected or has been restored.

Section 707 Trust Funds Held in Trust. All Trust Funds shall be held in trust in the custody of the Trustee, subject to the provisions of this Indenture which permit disbursements from the Trust Funds. All moneys and securities held in Trust Funds shall be subject to the first lien of this Indenture thereon and shall not be subject to lien, attachment, garnishment or other claims or proceedings by other creditors of the Borrower or the Issuer.

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## ARTICLE VIII

### INVESTMENTS

#### Section 801 Permitted Investment of Trust Funds.

Moneys held in the Trust Funds shall be separately invested and reinvested by the Trustee in accordance with this Article VIII and Section 9.3 of the Loan Agreement. Each investment shall be held by or under the control of the Trustee and shall be deemed at all times to be part of the particular Trust Fund in which such moneys were held. Income and profit from any such investment shall be credited to the Trust Fund for whose account the investment was made. Any net loss realized and resulting from any such investment shall be charged to the particular Trust Fund for whose account the investment was made.

All such investments and reinvestments shall be made in Qualified Investments having a maturity not later than the estimated time when the moneys so invested will be needed for the purposes of the Trust Fund of which they are a part. Investments and reinvestments of moneys held in the Surplus Construction Fund and in the Redemption Fund shall be restricted as provided in Section 604 and Section 704, respectively, of this Indenture.

The Trustee may make and execute any such investment through its own bond department, money center or other investment operation or through the bond department, money center or investment operation of any affiliated bank.

The Trustee shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 103(c)(6) of the Internal Revenue Code:

(a) Unless the Trustee is furnished with an opinion of Bond Counsel that such determinations are unnecessary, either the Trustee, or Bond Counsel employed by the Trustee, shall make a determination on behalf of the Issuer of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of Bonds) and upon the final payment of the Bonds. If Bond Counsel is employed, the Trustee may pay its reasonable compensation, and any compensation so paid by the Trustee shall be deemed conclusively to be an ordinary and necessary expense incurred in carrying out the terms of this Indenture.

(b) An amount equal to the amount to be paid pursuant to paragraph (a) above shall be transferred from the Construction Fund to be placed into a special account, which shall be held for the sole benefit of the U.S. Treasury and shall not be or be deemed to be a pledged fund (and no moneys deposited therein shall be or

be deemed to be Pledged Revenues). The Borrower shall promptly deposit with the Trustee any deficiency in such amount.

(c) The Trustee shall make payment on behalf of the Issuer to the U.S. Treasury from the special account on the dates and in the manner required by law.

(d) The Trustee shall take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions, delivered by the Issuer in connection with the issuance and sale of the Bonds.

(e) The Trustee shall keep records of the determinations made under this Section on behalf of the Issuer, until six years after the final payment on the Bonds. The Trustee shall keep adequate records, including any necessary certifications, to evidence the fair market value of any certificate of deposit, investment contract or other obligation purchased with Bond proceeds.

Section 802 Arbitrage. The Issuer and the Trustee covenant that they will take no action to permit any investment or other use of the proceeds of the Bonds which would cause any Bond to be classified as an "arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code.

The Issuer and the Trustee covenant that no investment of Bond proceeds shall be made if it would result in a "prohibited payment," as such term is used in Section 103(c)(6) of the Internal Revenue Code.

In the event the Issuer or the Borrower is of the opinion (supported by an opinion of Bond Counsel) that it is necessary or advisable to restrict or limit the yield on the investment of any moneys held in any Trust Fund in order to avoid the Bonds being considered "arbitrage bonds" within the meaning aforesaid, the Issuer may (and shall if so requested by the Borrower) issue to the Trustee a written certificate to such effect together with appropriate written instructions, in which event the Trustee shall take such action as is necessary so to restrict or limit the yield on such investment in accordance with such certificate and instruction, irrespective of whether the Trustee shares such opinion.

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## ARTICLE IX

### DISCHARGE

Section 901 Discharge. If the Issuer shall pay or cause to be paid the principal, premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if the Issuer shall not then be in default in any of the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, or if the Bonds shall be redeemed upon the occurrence of a Tax Violation by exchanging the Promissory Notes for the Bonds pursuant to Section 304 of this Indenture, then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and reconvey, release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except amounts in the Bond Fund required to be paid to the Borrower under Section 213 hereof, except instruments or documents permitted to be assigned to Owners in redemption of Bonds under Section 304 hereof and except moneys or securities held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

Any Bonds shall be deemed to be paid within the meaning of this Article when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture, or otherwise) either (A) shall have been made or caused to be made in accordance with the terms thereof, or (B) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) Government Obligations not redeemable at the option of the issuer or anyone acting on its behalf maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expenses of the Trustee pertaining to the Bond with respect to which such deposit is made. At such time as a Bond shall be deemed to be paid hereunder as aforesaid, it shall no longer be deemed to be Outstanding hereunder and shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (B) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until:

(a) the deposit shall have been made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee consistent herewith; and

(b) in the case of an escrow trust deposit with respect to Bonds subject to redemption prior to maturity, the Borrower shall have delivered a Borrower's Certificate designating when such Bonds are to be paid or redeemed under terms of such escrow trust agreement; and

(c) in case of Bonds which are to be redeemed prior to maturity from such escrow trust deposit, a redemption notice meeting the requirements of Section 302 hereof and stating that such Bonds are being redeemed from a deposit made pursuant to this Article shall either (i) have been given, or (ii) shall have been provided for by delivery to the Trustee of irrevocable instructions for the giving of such notice; and

(d) the Trustee shall have been furnished with an opinion of Bond Counsel to the effect that the payment of the Bonds in accordance with said escrow trust agreement will not adversely affect the tax-exempt status of the Bonds and will not cause the Bonds to be classified as "arbitrage bonds" under Section 103(c) of the Internal Revenue Code; and

(e) the Trustee shall have given notice of such deposit to the Owner of each at the address shown on the Bond Register.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereon, if any) with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in Article XIII hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and the interest and premium, if any, thereon and such Bonds and the interest and premium, if any, thereon shall not have in fact been actually paid in full, no

amendment to the provisions of this Article shall be made without the consent of the Owner of each of the Bonds affected thereby.

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ARTICLE X

DEFAULT PROVISIONS  
AND REMEDIES OF TRUSTEE AND BONDOWNERS

Section 1001 Defaults; Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) default in the due and punctual payment of any interest on any Bond; or

(b) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration, acceleration or otherwise; or

(c) the acceleration for any reason of the maturity of any Promissory Notes; or

(d) default in the performance or observance of any of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained and the continuance thereof for a period of 30 days after written notice given to the Issuer and the Borrower by the Trustee or to the Trustee, the Issuer and the Borrower by the Owners of not less than 10% in aggregate principal amount of Bonds then Outstanding; or

(e) an "Event of Default" (as respectively defined therein) shall have occurred under the Loan Agreement, the Mortgage or the Guaranty Agreement.

Section 1002 Acceleration. Upon the occurrence of an Event of Default, other than the Event of Default set forth in Section 1001(d), the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by notice in writing delivered to the Issuer and the Borrower, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Upon an acceleration of the Promissory Notes pursuant to an "Event of Default" (as defined therein) under the Loan Agreement or the Mortgage, the principal, together with interest accrued thereon, of all Bonds then Outstanding shall become due and payable immediately at the place of payment provided therein without the necessity of any action by the Trustee or any

Bondowner, anything in this Indenture or in the Bonds to the contrary notwithstanding; provided, however, that a rescission or annulment of the acceleration of the maturity of all the Promissory Notes shall also constitute a waiver of the Event of Default described in Section 1001(c) and of its consequences; but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 1003 Remedies. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds or on the Promissory Notes.

The Trustee, as assignee of rights and interests of the Issuer in and to the Loan Agreement and the Mortgage shall enforce such of its rights and the rights of the Issuer thereunder as it shall deem necessary or appropriate. In exercising such rights and the rights given the Trustee under this Article X, the Trustee shall take such action as, in the judgment of the Trustee applying the standards described in Section 1101 hereof, would best serve the interests of the Bondowners.

If an Event of Default shall have occurred, and if requested so to do by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in subsection (1) of Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondowners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners 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 Trustee pursuant to the provisions of Section 1010 hereof or by the Bondowners, shall extend to or shall affect any

subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 1004 Right of Bondowners to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding the Owners 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 Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture and further provided that the Trustee shall be entitled to indemnification as provided in subsection (1) of Section 1101 hereof.

Section 1005 Waiver of Certain Rights. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through it or under it, shall set up, claim or seek to take advantage of any moratorium, stay, extension or redemption laws now or hereafter in force to prevent or hinder the enforcement of this Indenture, but the Issuer for itself and all who may claim through or under it hereby waives, to the extent that it lawfully may do so, the benefit of all such laws to which it may be entitled by law.

Section 1006 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, of the expenses, liabilities and advances incurred or made by the Trustee and the Issuer and of the Trustee's fees, be deposited into 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 has become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest including interest (to the extent permitted by law) on overdue installments of interest at the Late Payment Rate, 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 privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal and premium, if any 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 Indenture), in the order of their due dates, with interest (to the extent permitted by law) on such Bonds from the respective dates upon which they became due at the Late Payment Rate, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due and premium, if any, on such date, to the persons entitled thereto without any discrimination or privilege.

(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, premium, if any, and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

(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 paragraph (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 paragraph (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 from time to time as the 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 Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit and shall not be required to make

payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section 1006 and all fees, charges and expenses of the Trustee, the Issuer, and any paying agents and all other amounts required to be paid hereunder have been paid, any balance remaining in the Bond Fund shall be paid to the Borrower.

Section 1007 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds appertaining thereto, and any recovery of judgment shall, subject to the provisions of Section 1006 hereof, be for the equal benefit of the Owners of the Outstanding Bonds.

Section 1008 Rights and Remedies of Bondowners. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in subsection (h) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an Event of Default and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have 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 nor unless also they have offered to the Trustee indemnity as provided in Section 1101 nor unless also the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture by its, his or their action or to enforce any



right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after the stated maturity thereof, 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 Owners of the Bonds at the time, place, from the source and in the manner herein and in said Bonds expressed.

Section 1009 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Borrower and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1010 Waivers of Events of Default. The 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 upon the written request of the Owners of a majority of an aggregate principal amount of all of the Bonds then Outstanding; provided, however, that there shall not be waived without the consent of the Owners of all the Bonds Outstanding (i) any Event of Default in the payment of the principal of any Outstanding Bonds on any principal payment date specified therein or at the date fixed for the redemption thereof, or (ii) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) on overdue installments of interest at the Late Payment Rate, or all arrears of payments of principal, with interest (to the extent permitted by law) on overdue principal at the Late Payment Rate, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 1011 Opportunity of Borrower to Cure Defaults By Issuer. With regard to any alleged default by the Issuer hereunder, the Issuer hereby names and appoints the Borrower as its attorney-in-fact and agent with full authority to perform any covenant or obligation alleged to constitute a default by the Issuer, in the name and stead of the Issuer with full power to do any and all things and acts with power of substitution, provided, however, that the Borrower shall not have the power to increase or add any obligations or duties of the Issuer.

Section 1012 Certain Notices to Borrower. In the event that the Trustee fails to receive when due any payment of principal or interest by the Borrower on a Promissory Note, the Trustee shall immediately give written notice thereof by telegram or if telegraphic service is not available then by registered or certified mail, postage prepaid, or by messenger to the Borrower specifying such failure. Such notice, however, shall not be a condition precedent to the exercise of any remedy hereunder, and failure to give such notice shall not preclude such default from being an Event of Default.

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## ARTICLE XI

### THE TRUSTEE

Section 1101. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of any 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 Indenture and the Loan Agreement. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable and prudent person would exercise or use under the circumstances in the conduct of personal affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents and employees as may reasonably be employed in connection with the trust hereof. The Trustee may act upon an opinion of Independent 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 upon such opinion of Independent Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds other than its own (except in respect to the certificate of the Trustee endorsed on the Bonds) or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower in connection with the Loan Agreement or the Mortgage, or on the part of the Guarantor in connection with the Guaranty Agreement, except as hereinafter set forth; and the Trustee shall

not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VIII hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated and then delivered hereunder. The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not Trustee. The Trustee may in good faith buy, sell, own and deal in any of the Bonds and may join in any action which any other Bondowner may be entitled to take with like effect as if the Trustee were not a party to this Indenture.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document 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 Trustee pursuant to this Indenture upon 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 upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by the Authorizing Issuer Official or such other person as may be designated for such purpose by resolution of the Governing Body and attested by the Attesting Issuer Official or such other person as may be designated for such purpose by resolution of the Governing Body as sufficient evidence of the facts therein contained; and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept and rely upon 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 Trustee may accept a certificate of the Attesting Issuer Official under the Issuer's seal to the effect that a resolution in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such resolution has been duly adopted, and is in full force and effect. The resolutions, orders, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and

authority to the Trustee for the withdrawal of cash and the taking or omitting of any other action hereunder.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be presumed to have knowledge of any default or Event of Default hereunder except failure to pay the principal of, premium, if any, and interest on the Bonds or the Promissory Notes, unless the Trustee shall be specifically notified in writing of such default by the Borrower, the Issuer or, by the Owners of at least 10% in aggregate principal amount of Bonds then Outstanding.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect all books, papers and records of the Issuer pertaining to the Bonds and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises, unless required to do so by State law.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, 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 Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee reasonably deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(m) All moneys received by the Trustee or any Alternate Paying Agent shall, until used promptly or applied or invested as

herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. Neither the Trustee nor any Alternate Paying Agent shall be under any liability for interest on any non-invested moneys received hereunder except such as may be agreed upon.

Section 1102 Specific Duty of Trustee to Revise Loan Maturity Schedule. In the event the Trustee shall be directed by the Borrower to use moneys in the Redemption Fund or the Surplus Construction Fund to purchase Bonds for cancellation, the Trustee shall use its best efforts so to do, subject however to the limitations set forth in Sections 604 or 704 hereof, as the case may be.

In the event of any partial prepayments of the Loan pursuant to Article V of the Loan Agreement, any purchase and cancellation of Bonds or any discharge pursuant to Article IX hereof, the Trustee shall in each such case revise the Loan Maturity Schedule accordingly, if required, and shall furnish copies thereof to the Borrower and the Issuer. The revisions shall be such that the required repayments of principal and payments of interest on the Loan will provide revenues sufficient to pay when due (including mandatory sinking fund redemptions, if any) the principal of and interest on the Bonds.

Section 1103 Notice to Bondowners if Default Occurs. If a default occurs of which the Trustee is by subsection (h) of Section 1101 hereof presumed to have knowledge, then the Trustee shall give written notice thereof by first-class mail to the Owners of all Bonds then Outstanding.

Section 1104 Intervention by Trustee. In any judicial proceedings to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Bondowners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding, provided that the Trustee shall first have been offered such reasonable indemnity against such liability as it may incur in or by reason of such proceedings. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1105 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its 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, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, duties, obligations, 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 1106 Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' prior written notice to the Issuer and the Borrower, and by first-class mail to each Owner of Bonds. Such resignation shall take effect, however, only upon the appointment of a successor Trustee (or a temporary Trustee as provided in Section 1108 hereof) by the Bondowners or by the Issuer and the acceptance of such appointment.

Section 1107 Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding; such removal shall be effective only upon appointment of a successor Trustee.

Section 1108 Appointment of Successor Trustee by Bondowners; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall 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 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 by their attorneys-in-fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by the Authorizing Issuer Official and attested by the Attesting Issuer Official under its seal may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondowners in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondowners. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized and in good standing under the laws of the United States of America or any state of the United States of America having the power and any authority to assume the duties and trusts hereby

created and having a reported capital, surplus and undivided profits of not less than the Requisite Capitalization for Corporate Trustees, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 1109 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer and the Borrower an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all of the properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor 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.

Section 1110 Appointment of Co-Trustee. At any time or times, for the purposes of conforming to any legal requirements, restrictions or conditions in any state, or if the Trustee shall be advised by Independent Counsel that it is necessary or advisable in the interest of the Bondowners so to do, the Issuer and the Trustee shall have power to appoint (and upon the request of the Trustee, the Issuer shall for such purpose join with the Trustee in the execution, delivery and recording of all instruments and agreements necessary or proper to appoint) another corporation or one or more persons, approved by the Trustee, either to act as separate Trustee or Trustees or Co-Trustees of all or any of the trust estate jointly with the Trustee hereunder.

Every separate Trustee or Co-Trustee (other than the Trustee initially acting as Trustee hereunder, hereinafter in this Section called the "Initial Trustee," and any Trustee which may be appointed as successor to it) shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(i) the Bonds secured hereby shall be authenticated and delivered, and all powers, duties, obligations and rights, conferred upon the Trustee in respect of the custody of all funds and any securities pledged hereunder, shall be exercised solely by the Initial Trustee or its successors in trust hereunder;



(ii) no power shall be exercised hereunder by such separate Trustee or Co-Trustee except with the consent in writing of the Initial Trustee or its successors in the trust hereunder;

(iii) the Issuer and the Initial Trustee or its successors in the trust hereunder, at any time by an instrument in writing executed by them jointly, may accept the resignation or remove any separate Trustee or Co-Trustee appointed under this Section, and may likewise and in like manner appoint a successor to such separate Trustee or Co-Trustee who shall be so removed or who shall have resigned as provided in Section 1106 hereof, anything herein contained to the contrary notwithstanding; and

(iv) no Trustee or Co-Trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee or Co-Trustee hereunder.

Any notice, request or other writing, by or on behalf of the Owners of the Bonds issued hereunder, delivered solely to the Initial Trustee, or its successors in trust, shall be deemed to have been delivered to all of the then Trustees and Co-Trustees as effectually as if delivered to each of them. Every instrument appointing any Trustee or Co-Trustee other than a successor to the Initial Trustee shall refer to this Indenture and the conditions in this Section expressed, and upon the acceptance in writing by such Trustee or Co-Trustee, he, she, they or it shall have the duties and obligations and be vested with the rights, powers, estate and/or property specified in such instrument either jointly with the Initial Trustee, or its successor, or separately, as may be provided therein, subject to all the trusts, conditions and provisions of this Indenture; and every such instrument shall be filed with the Initial Trustee or its successors in the trust. Any separate Trustee or Co-Trustee may at any time by an instrument in writing constitute the Initial Trustee or its successors in the trusts hereunder, his, her, their or its agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, her, them or it, for and in behalf of him, her, them or it, and in his, her their or its name. Any Co-Trustee may, as to any action hereunder, whether discretionary or otherwise, act by attorney-in-fact. In case any separate Trustee or Co-Trustee, or a successor to any of them, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of said separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Initial Trustee or its successors in trust until the appointment of a successor to such separate Trustee or Co-Trustee.

Section 1111 Acquisition of Conflicting Interests by Trustee. If the Trustee has or shall acquire any conflicting interest, the Trustee shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate the same or resign by giving notice in accordance with Section 1106 hereof to the Issuer, the Borrower and Bondowners within such period; provided that such resignation shall become effective upon the appointment of a successor Trustee and such successor's acceptance of such appointment, and the Issuer and the Trustee agree to take prompt steps to have a successor appointed in the manner herein provided.

The Trustee shall be deemed to have a conflicting interest hereunder if it has a "conflicting interest" within the meaning of Section 310(b)(1) to (9), inclusive, of the Trust Indenture Act of 1939, as amended, except that the Trustee shall not be deemed to have a conflicting interest solely by reason of its having for itself or as a banker become a purchaser, seller or pledgee of Bonds, it being understood that the Trustee may so deal with Bonds with the same rights that it would have if it were not Trustee and without liability or accountability to the Issuer or Owners of Bonds on account thereof. Also, it may act as a depository for any purpose for any committee formed to protect the rights of Bondowners or effect or aid in any reorganization growing out of or involving the enforcement of the Bonds or this Indenture whether or not any such committee shall represent the Owners of a majority in amount of the Bonds Outstanding hereunder.

In the event that the Trustee shall fail to comply with the provisions of this Section, the Trustee shall within 10 days after the expiration of such 90-day period, transmit notice of such failure to the Bondowners.

Any Bondowner who has been a bona fide Owner of a Bond or Bonds for at least six months may, on behalf of himself, herself or itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor, if the Trustee fails, after written request therefor by such Owner, to comply with the provisions of this Section.

Section 1112 Requirement of a Corporate Trustee. There shall at all times be one or more Trustees hereunder. One of the Trustees hereunder shall at all times be a corporate Trustee, and the corporate Trustee and any successor to the corporate Trustee, appointed as hereinbefore provided, shall be a corporation organized and doing business under the laws of the United States of America or any state or territory thereof, or of the District of

Columbia, and shall be authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by federal, state, territorial or District of Columbia authority and have a combined capital, surplus and undivided profits of not less than the Requisite Capitalization for Corporate Trustees; provided, however, that the preceding combined capital, surplus and undivided profits test shall not apply to the Initial Trustee under this Indenture. If such corporate Trustees publish reports of their condition at least annually, pursuant to law or to the requirements of any supervising or examining authority hereinbefore referred to, then for the purposes of this Section, the combined capital, surplus and undivided profits of the corporate Trustee shall be deemed its combined capital, surplus and undivided profits as the same is set forth in such corporate Trustee's most recent report of condition so published.

Section 1113 Trustee's Fees. The Borrower has agreed in Section 9.1 of the Loan Agreement to pay certain fees and expenses of the Trustee for acting as Trustee hereunder. The Trustee shall not be entitled to any payment from the Issuer for fees or expenses of the Trustee, except to the extent payable from Pledged Revenues. During the continuance of an Event of Default, the Trustee shall have a first lien on Pledged Revenues for payment of its fees and expenses in accordance with Section 9.1 of the Loan Agreement, with a right of payment therefrom prior to payment of any principal, premium, or interest on the Bonds. The Trustee shall not be entitled to any payments of fees or reimbursements of expenses which result from the negligence or willful misconduct of the Trustee.

Section 1114 Concerning the Mortgage and the Mortgaged Property. The Trustee may take such actions with respect to the Mortgage and the Mortgaged Property and the Lease as it deems necessary or advisable in the interests of the Bondowners to maintain the priority of the Mortgage and to preserve and protect the value of the Mortgaged Property and the Lease; provided, however, that the Trustee shall not be responsible for the value of the Mortgaged Property and the Lease, the payment of taxes thereon or the maintenance of insurance with respect thereto.

If during the continuance of a default or an Event of Default the Trustee deems it advisable in the interests of the Bondowners to pay delinquent taxes on the Mortgaged Property or to pay insurance premiums with respect to insurance on the Mortgaged Property, it may advance the funds necessary therefor and, to such extent, shall be reimbursed with interest at the Late Payment Rate from the first Pledged Revenues collected thereafter.

Reference is made to the provisions of the Loan Agreement and the Mortgage whereby the Borrower has reserved the right to withdraw certain properties or rights and interests from the lien of the Mortgage upon compliance with the terms and conditions of the Loan Agreement and the Mortgage. The Trustee shall release from the lien of the Mortgage and this Indenture any such property, rights and interest upon compliance with the provisions of the Loan Agreement and the Mortgage.

Section 1115 Trustee Acceptable to Court. The Trustee, all successor Trustees, all separate Trustees, and all Co-Trustees shall be bonded Trustees acceptable to the validation court, if any, and shall certify the proper expenditure of the proceeds of the Series A Bonds as provided by Section 75.04(2), Florida Statutes, as amended.

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## ARTICLE XII

### ADDITIONAL BONDS

Section 1201 Authorized Purposes. Subject to the conditions contained in Section 1203 hereof, the Issuer may issue Additional Bonds from time to time to fund Additional Loans to the Borrower for one or more of the authorized purposes specified in Section 4.1 of the Loan Agreement.

Section 1202 Terms of Additional Bonds. All Additional Bonds shall rank equally and on a parity with each other and with the Series A Bonds. The Additional Bonds shall be dated, bear interest at such rate or rates, have such optional redemption and sinking fund redemption features, if any, mature in such years and in such amounts and shall have such other terms and provisions not inconsistent herewith as shall be provided in the Supplemental Indenture under which they are issued. Except as may otherwise be provided, interest on Additional Bonds shall be payable on the same Interest Payment Dates as provided herein for the Series A Bonds, and the principal of Additional Bonds shall be payable on same day(s) of the same month(s) as provided herein for the Series A Bonds.

Series 1203 Conditions Precedent. Upon the execution and delivery in each instance of a Supplemental Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate such Additional Bonds and deliver them to such purchaser(s) as the Issuer may direct; provided, however, that there shall have been furnished to the Trustee each of the following:

(a) evidence satisfactory to the Trustee that each condition of Section 4.2 of the Loan Agreement has been satisfied;

(b) a certified copy of the proceedings of the Governing Body authorizing the issuance of the Additional Bonds and the execution of the Supplemental Indenture and the Supplemental Loan Agreement in connection therewith;

(c) such amendments or supplements to the Mortgage and the Guaranty Agreement as the Trustee deems necessary to provide for parity of all Bonds;

(d) the written consent of the Borrower and the Guarantor to the issuance of the Additional Bonds;

(e) an opinion of Bond Counsel to the effect that the Additional Bonds have been duly and validly authorized and issued

and that the issuance and sale of the Additional Bonds will not adversely affect the tax-exempt status of any Bonds theretofore issued;

(f) opinions of Independent Counsel to the effect that the Supplemental Loan Agreement and the Supplemental Indenture and any other agreements delivered in connection with the issuance of the Additional Bonds are valid and binding obligations of the respective parties thereto;

(g) such other customary closing papers as the Trustee or Bond Counsel may reasonably require; and

(h) such other items as the Issuer may require.

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ARTICLE XIII

SUPPLEMENTAL INDENTURES

Section 1301 Amendments and Supplements Without Bondowner's Consent. This Indenture may be amended or supplemented from time to time, without the consent of the Bondowners, by a Supplemental Indenture authorized by a resolution of the Governing Body filed with the Trustee, for one or more of the following purposes:

(a) if the conditions for the issuance of Additional Bonds are otherwise satisfied, to set forth any or all of the matters in connection with the issuance of Additional Bonds required or permitted by Articles II, III and XII hereof;

(b) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer; and

(c) for any purpose not inconsistent with the terms of this Indenture or 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 Indenture which shall not be inconsistent with the provisions of this Indenture and which, in the judgment of the Trustee, shall not adversely affect the interests of the Owners of the Bonds.

Section 1302 Amendments With Bondowners' Consent. This Indenture may be amended from time to time by a Supplemental Indenture consented to by the Borrower and approved by Requisite Consent of Bondowners who would be affected by the action proposed to be taken; provided, that no amendment shall be made which adversely affects one or more but less than all series of Bonds without the consent of Bondowners of each series so affected; provided further that no amendment shall be made which so affects the rights of some but less than all the Outstanding Bonds of any one series without the consent of Bondowners so affected; and provided further that unanimous written consent of the Bondowners shall be required for any amendment with respect to (i) the amount or due date of any principal or interest payment upon any Bonds, (ii) the mandatory redemption provisions of any Bonds, and (iii) this Article XIII and Article XIV hereof.

If at any time the Issuer shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of

this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail a copy of the notice by first-class mail to each Owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Trustee's Principal Office for inspection by all Bondowners. If within six months following the giving of such notice, the execution of any such Supplemental Indenture shall have been consented to and approved as herein provided, no Owner 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 Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

The Trustee may receive an opinion of Independent Counsel as conclusive evidence that any Supplemental Indenture complies with the provisions of this Article XIII.

Section 1303 Consents of Borrower or Guarantor. Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Article XIII which affects any rights of the Borrower or the Guarantor shall not become effective unless and until the Borrower or any of the Guarantor or all of them, as the case may be, shall have consented in writing to the execution and delivery of such Supplemental Indenture.

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ARTICLE XIV

AMENDMENT OF LOAN AGREEMENT, PROMISSORY NOTES,  
MORTGAGE, GUARANTY AGREEMENT, LEASE AND LEASE  
ASSIGNMENT

Section 1401 Amendments, etc., to Loan Agreement, Promissory Notes, Mortgage, Guaranty Agreement, Lease and Lease Assignment Not Requiring Consent of Bondowners. The Issuer and the Trustee may without the consent of or notice to the Bondowners agree to any amendment, change or modification of the Loan Agreement, the Promissory Notes, the Mortgage, the Lease, the Lease Assignment and the Guaranty Agreement in connection with any change therein for any of the following purposes:

(a) if the conditions for the issuance of Additional Bonds are otherwise satisfied, to set forth any or all of the matters in connection with the issuance of Additional Bonds required or permitted by Articles II, III and XII hereof;

(b) to add additional covenants of the Borrower or the Guarantor or to surrender any right or power therein conferred upon the Borrower or the Guarantor or to add additional security for the performance of their obligations; and

(c) to make such other provisions in regard to matters or questions arising thereunder which shall not be inconsistent with the provisions of this Indenture and which, in the judgment of the Trustee, shall not adversely affect the interests of the Owners of the Bonds.

Section 1402 Amendments, etc., to Loan Agreement, Promissory Notes, Mortgage, Guaranty Agreement, Lease and Lease Assignment Requiring Consent of Bondowners. Except for amendments, changes or modifications as provided in Section 1401 hereof, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement, the Promissory Notes, the Mortgage, the Guaranty Agreement, the Lease and Lease Assignment without the giving of notice and the Requisite Consent of Bondowners which would be affected by the action proposed to be taken; provided, that the Trustee shall consent to no amendment which adversely affects one or more but less than all series of Bonds without the consent of Bondowners of each series so affected, and no amendment shall be consented to which so affects the rights of some but less than all the Outstanding Bonds of any one series without the consent of Bondowners so affected; and provided further that the Trustee shall not without the unanimous written consent of the Bondowners consent to any amendment which would (i) decrease the amounts payable on the

Promissory Notes, (ii) change the date of payment of principal of or interest on the Promissory Notes, or (iii) change Section 7.2 of the Loan Agreement.

If at any time the Trustee shall be requested to consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, notify the Issuer, the Guarantor and the Borrower and cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 1302 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 copies of the instrument embodying the same are on file at the Trustee's Principal Office for inspection by all Bondowners.

Section 1403 Consents of Borrower or Guarantor. Anything herein to the contrary notwithstanding, any amendment, change or modification under this Article XIV which affects any rights or obligations of the Borrower or the Guarantor shall not become effective unless and until the Borrower or the Guarantor, or both of them, as the case may be, shall have consented in writing thereto. The consent of the Issuer shall be required for any amendment, change or modification to the Guaranty Agreement, including the addition of, substitution for or release of any of the Guarantor thereunder.

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ARTICLE XV

FORM OF BONDS

Section 1501 Forms Generally. The Bonds and the certificates of authentication thereon shall be in substantially the forms set forth in this Article XV, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with the rules of any securities exchange, or as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution of the Bonds. Any portions of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

Section 1502 Form of Bond. Each particular Bond shall be substantially in the following form, with such insertions and alterations as shall be necessary to identify such Bond by series, purpose, number, date and CUSIP number and to indicate the principal amount, principal installment maturities, Owner, interest rate(s) and redemption features of such Bond; and the Trustee's Certificate of authentication to appear on all Bonds shall be substantially in the following form, with such alteration as shall be necessary to identify the series of Bond:

\* \* \* \* \*

REGISTERED UNITED STATES OF AMERICA REGISTERED  
No. A-\_\_ STATE OF FLORIDA \$1,800,000

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A  
(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

KNOW ALL MEN BY THESE PRESENTS that ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Issuer"), for value received, promises to pay, but solely from the source and as hereinafter provided and not otherwise, to \_\_\_\_\_, or registered assigns, the principal sum of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) and to pay interest as hereinafter provided on the unpaid principal balance thereof outstanding from time to time from the date hereof to maturity (whether at fixed maturity, upon date fixed for redemption or by acceleration of maturity), but solely from said source and as so provided and not otherwise, which principal sum shall be paid in 300 monthly installments of \$6,000 each commencing January 1, 1987, and continuing on the first day of each calendar month thereafter through and including December 1, 2011.

Interest shall accrue from the date hereof on the outstanding principal balance and be payable monthly commencing January 1, 1986, and continuing on the first day of each calendar month thereafter through and including December 1, 2011, at a rate per annum (the "Bond Rate") equal to eighty percent (80%) of the Base Rate ("Base Rate" means at any time that rate of interest described by Equitable Bank, National Association, a national banking association, Baltimore, Maryland, or its corporate successor, as its "prime rate" of interest, whether or not such prime rate shall be otherwise published, as such rate shall vary from time to time, or if said prime rate is discontinued or is not (in the opinion of said bank) susceptible of ascertainment, such other rate as shall be substantially equivalent thereto as shall be designated by said bank), to be adjusted with each change in the Base Rate; provided, however, that the Bond Rate (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law (the "Highest Lawful Rate"). The Bond Rate shall be subject to increase as provided in the following paragraphs (i) and (ii).

(i) Change in Maximum Marginal Federal Income Tax Rate on Corporations. In the event that the maximum federal corporate income tax rate shall, during any period with respect to which interest shall be accruing hereon be less than forty-six percent

(46%), the Bond Rate (calculated as provided by law) shall be increased during such period to a "Revised Bond Rate," which is equal to such percentage of the Base Rate (subject to periodic adjustment with changes in the Base Rate as hereinabove provided) as shall equal the product obtained by multiplying the Bond Rate by a fraction, the numerator of which shall be one hundred percent (100%) minus the then applicable maximum federal corporate income tax rate percentage, and the denominator of which shall be fifty-four percent (54%); such product to be rounded to the nearest one-tenth of one percent and any minimum or maximum limits on such rate shall be adjusted correspondingly; provided, however, that the Revised Bond Rate (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

(ii) Partial Taxability. In the event that the federal statutes imposing a federal income tax on corporations are amended in a manner which causes the interest hereon to become partially taxable or which causes such interest to be subject to a minimum tax or otherwise subjects the interest received hereon by any corporate owner hereof to any tax, or which causes an increase in tax on account of the disallowance, in whole or in part, of a deduction for interest paid on obligations incurred or continuing during the period in which the owner's investments include securities exempt from federal income taxation, which interest deduction is not otherwise disallowed under existing provisions of law and which applies in such a manner as to increase the owner's tax liability as a result of its owning of this Bond, the rate of interest hereon shall be increased (in such a manner as shall be determined by the Trustee, hereinafter described) to a rate per annum (the "Partially Taxable Rate") which is equal to such percentage of the Base Rate (subject to periodic adjustment with changes in the Base Rate as hereinabove provided) as shall result in the net amount of interest received by the owner hereof after payment of such taxes or increase in tax caused by the owning of this Bond, to equal the amount such owner hereof would have received at the Bond Rate (or the Revised Bond Rate, if applicable) had no such taxes or increase in tax been payable; provided, however, that the Partially Taxable Rate (calculated as provided by law) shall never exceed the Highest Lawful Rate.

Principal installments and interest unpaid at the maturity thereof (whether at fixed maturity, upon date fixed for redemption or by acceleration of maturity) shall bear interest (to the extent legally enforceable) from the maturity thereof until paid, at a rate per annum which is equal to one and one-half (1 1/2) percentage points over the Base Rate, to be adjusted with each change in the Base Rate; provided, however, that the rate of interest thereon (calculated as provided by law) shall never exceed the maximum nonusurious contract rate of interest allowed from time to time by applicable law.

The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America at the principal corporate trust office of Equitable Bank, National Association, Baltimore, Maryland, or at the principal corporate trust office of its successor or successors, as trustee (hereinafter referred to as the "Trustee"). Payments of the principal of, premium, if any, and interest on this Bond which are payable, and punctually paid or duly provided for, on any date for such payment shall be remitted by check drawn by the Trustee payable to the order of the person in whose name this Bond is registered on the Bond Register maintained by the Trustee at the close of business on the Regular Record Date for such payment, which Regular Record Date shall be the 15th day (whether or not a business day) of the calendar month next preceding the date for such payment and mailed to such person at the address shown on said Bond Register, without the necessity of presenting or surrendering this Bond, except in the case of the final payment hereon. The final payment of the principal of, premium, if any, and interest on this Bond shall be made upon presentation and surrender of this Bond at the principal corporate trust office of the Trustee. Payments of principal and interest and prepayments of installments of principal (and premium, if any, thereon) shall be noted by the registered owner on the Payment and Prepayment Records annexed to and made a part of this Bond. Upon request and presentation of this Bond to the Trustee, the Trustee shall by appropriate endorsement verify the entries made on the Payment and Prepayment Records. Any such principal, premium, or interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted principal, premium or interest to be fixed by the Trustee, notice whereof shall be given to Bondowners not less than 10 days prior to such Special Record Date.

This Bond is one of a duly authorized issue of Bonds of the Issuer, of the series designated on the face hereof, limited in aggregate principal amount to \$1,800,000 (the "Series A Bonds"), issued and authorized to be issued for the purpose of funding a \$1,800,000 nonrecourse loan to St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Borrower"), under and pursuant to a Loan Agreement made and entered into as of December 1, 1985, between the Issuer and the Borrower (the "Loan Agreement"). The purpose of the Series A Bond issue and of the loan funded thereby is to provide a means for the Borrower to finance a project (the "Project") at the Borrower's facilities (the "Project Complex") located in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality. The Project is to be leased by the Borrower to Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida (the "Lessee"), pursuant to an initial

five-year lease entered into as of December 1, 1985, between the Borrower, as landlord, and the Lessee, as tenant (the "Lease"). Pursuant to the Loan Agreement and as evidence of the borrowing made thereunder, the Borrower has executed and delivered its promissory note, dated the date of issuance and delivery hereof, payable to the order of the Issuer in the principal amount of \$1,800,000, maturing in such principal installments with and bearing interest on the unpaid principal balance thereof at such rate or rates as to provide the Issuer with sufficient revenues to pay when due the principal of, premium, if any, and interest on the Series A Bonds (the "Series A Promissory Note").

The obligations of the Borrower under the Loan Agreement and the Series A Promissory Note are nonrecourse obligations and the Borrower's liability in connection with any judgment for the payment of said obligations shall be limited to the collateral and assets of the said Borrower pledged or granted to the Issuer as security for said obligations, as provided in Section 2.9 of the Loan Agreement.

The Series A Bonds are all issued under and are equally and ratably secured and entitled to the protection and benefits given by an Indenture of Trust, dated as of December 1, 1985, duly executed and delivered by the Issuer to the Trustee (the "Indenture"). As provided in the Indenture and subject to the conditions specified therein, additional series of Bonds ("Additional Bonds") may be issued under the Indenture and will rank equally and on a parity with each other and with the Series A Bonds. In connection with the issuance of any such series of Additional Bonds, the Borrower is obligated to deliver an additional promissory note which corresponds to such series of Additional Bonds in the same manner that the Series A Promissory Note corresponds to the Series A Bonds. The Series A Bonds and all Additional Bonds are hereinafter collectively referred to as "Bonds," and the Series A Promissory Note and all such additional promissory notes of the Borrower are hereinafter collectively referred to as "Promissory Notes." Reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms upon which Additional Bonds may be issued and secured.

The payment of the Series A Promissory Note and the performance of the Borrower's other obligations under the Loan Agreement are secured by a Mortgage and Security Agreement and by an Assignment of Leases, Rents and Profits, each dated as of December 1, 1985 (collectively, the "Mortgage"), from the Borrower to the Issuer covering certain properties of the Borrower. All of the Issuer's right, title and interest in and to the Loan Agreement (except for its right to enforce certain limited provisions

of the Loan Agreement), the Series A Promissory Note and the Mortgage have been pledged and assigned to the Trustee under the Indenture as security for the payment of the Bonds. The prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles has been unconditionally guaranteed by the Lessee pursuant to a Guaranty Agreement, dated as of December 1, 1985 (the "Guaranty Agreement"), delivered to the Trustee.

THE SERIES A BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE BY THE ISSUER SOLELY FROM THE LOAN PAYMENTS AND OTHER REVENUES AND PROCEEDS PLEDGED THEREFOR AS PROVIDED IN THE INDENTURE AND THE LOAN AGREEMENT. THE SERIES A BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER OR OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE OF FLORIDA, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, HEREON AND THE OWNERS OF THE SERIES A BONDS SHALL NOT HAVE ANY RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE ISSUER OR OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF, TO ENFORCE SUCH PAYMENT. AS OF THE DATE HEREOF, THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES A BONDS OR FOR ANY CLAIM BASED HEREON OR THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT CONTAINED IN THE SERIES A BONDS, THE INDENTURE OR THE LOAN AGREEMENT, AGAINST ANY PAST, PRESENT OR FUTURE MEMBER, COMMISSIONER, OFFICER OR EMPLOYEE OF THE ISSUER, OR ANY EMPLOYEE OF ANY SUCCESSOR OF THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH MEMBER, COMMISSIONER, OFFICER OR EMPLOYEE, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND IN CONSIDERATION FOR THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THE SERIES A BONDS.

The Series A Bonds have been issued pursuant to and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 159, Parts II and III, Florida Statutes, as amended, and by authority of a resolution adopted by the Issuer's governing body. The principal of, premium, if any, and interest on the Series A Bonds are payable by the Issuer solely from "Pledged Revenues" as defined in the Indenture, including all payments by the Borrower on the Promissory Notes and all net



proceeds derived by recourse to the Mortgage or the Guaranty Agreement. The Borrower has unconditionally agreed in the Loan Agreement to provide the Issuer with revenues sufficient to pay when due the principal of, premium, if any, and interest on the Bonds.

The Series A Bonds are, and any Additional Bonds shall be, subject to redemption at any time, in whole but not in part, if the Borrower shall elect to prepay the Promissory Notes within one year after the occurrence of any of the events specified in Section 303 of the Indenture (relating to damage, condemnation, court or administrative orders affecting the Project Complex or certain changes of law which adversely affect the Loan Agreement or which result in unreasonable burdens on the Issuer or the Borrower, all as more fully set forth in said Section of the Indenture). The redemption price in such event shall be 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date, and without premium.

The Series A Bonds are, and any Additional Bonds shall be, subject to mandatory redemption, in whole but not in part, on the earliest practicable date following the date on which a "Tax Violation" shall be deemed to have occurred as determined in accordance with Section 5.2 of the Loan Agreement (relating to certain circumstances of loss of tax-exempt status for any Bond). The redemption price in such event shall be 100% of the principal amount of Bonds so redeemed, plus accrued interest to the redemption date, without premium. If all the Bonds are redeemed, such redemption price for the Series A Bonds shall be paid by an assignment of the Series A Promissory Note, from the Trustee to the registered owners of the Series A Bond, and in such event, the Trustee shall assign the Loan Agreement, the Mortgage and the Guaranty Agreement to the registered owners of the Series A Bonds and of any other series of Bonds redeemed in the same manner, whereupon such Bonds shall be deemed to be redeemed and shall no longer be deemed to be Outstanding for any purpose or to be entitled to any benefits, and the owners thereof shall surrender such Bonds to the Trustee for cancellation. In addition, in such event certain Series A Bondowners may be entitled to certain additional compensatory payments in accordance with the provisions of Section 404 of the Indenture.

The Series A Bonds are subject to mandatory redemption in part out of any moneys deposited in the Surplus Construction Fund pursuant to Section 604 of the Indenture, at the earliest possible redemption date after any such deposit. The redemption price in such event shall be 100% of the principal amount of the Series A Bonds so redeemed, plus accrued interest to the redemption date, without premium.

Notwithstanding the foregoing, the Series A Bonds are subject to redemption at the option of the Issuer (at the direction of the Borrower) in whole or in part in integral multiples

of \$5,000 on any principal payment date, and shall be redeemed prior to stated maturity upon and to the extent of any moneys deposited into the Redemption Fund created under the Indenture with respect thereto pursuant to Section 704 of the Indenture, as promptly as practicable after any such deposit in the manner provided in Section 402 of the Indenture. The redemption price in such event shall be 100% of the principal amount of the Series A Bonds or portions thereof so redeemed, plus accrued interest to the redemption date, without premium. If a portion of the Series A Bonds is to be redeemed pursuant to said Section 402, the Trustee shall redeem the principal of the Series A Bonds in inverse order of maturity, and pro rata within each maturity.

Notice of the call for any redemption of Bonds prior to maturity shall be given by mailing a copy of the redemption notice by first-class mail not less than 30 nor more than 60 days prior to the redemption date to the registered owner of each Bond to be redeemed at the address shown on the Bond Register maintained by the Trustee. All Bonds or portions thereof so called for redemption or otherwise due and payable (whether at fixed maturity or by acceleration of maturity) shall cease to bear interest on the specified redemption or maturity date and shall no longer be deemed to be outstanding under the provisions of the Indenture if funds sufficient for their redemption or payment are on deposit at the place of payment at that time.

Except as provided in the Indenture, the owners of the Bonds shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Under the circumstances described in Section 1010 of the Indenture, certain Events of Default (as defined in the Indenture) may be waived by the Trustee. Amendments, modifications and alterations of the Loan Agreement, the Mortgage, the Guaranty Agreement, the Lease, the Lease Assignment and the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall be fully negotiable, but may be transferred only by a written assignment duly executed by the registered owner hereof or by such owner's duly authorized legal representative. Upon presentation and surrender of this Bond together with said executed form of assignment at the principal corporate trust office of the Trustee, the Trustee shall register the transfer of this Bond in the Bond Register maintained by the Trustee; provided, however, that the Trustee shall have no obligation to register

the transfer unless the executed assignment shall be satisfactory to it in form and substance. Upon registration of the transfer of this Bond, the Trustee shall cancel this Bond, and the Issuer shall issue, and the Trustee shall authenticate, one or more new Bonds of authorized denominations of the same maturity and interest rate and in the same aggregate outstanding principal amount as this Bond. The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest due hereon and for all other purposes, and neither the Issuer, nor the Trustee nor any alternate paying agent shall be affected by any notice to the contrary. *Amended*

*Notwithstanding anything to the contrary contained herein*  
*CAPS 27*  
All Bonds are issuable in the form of fully registered bonds. In the manner and subject to the conditions provided in the Indenture, Bonds, upon surrender thereof at the principal corporate trust office of the Trustee together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or such owner's duly authorized legal representative, may be exchanged for an equal outstanding aggregate principal amount of Bonds of the same series, maturities and interest rates of any authorized denomination. The Trustee shall not be required to register any Series A Bonds, to register the transfer of any Series A Bonds or to exchange any Series A Bonds during the 15-day period next preceding the first publication of notice of any redemption of Series A Bonds. Similarly, the Trustee shall not be required to register the transfer or to exchange any particular Series A Bond after such Series A Bond has been called for redemption. The Series A Bondowner requesting any registration of transfer or exchange of Series A Bonds shall pay with respect thereto any resulting tax or governmental charge. All such payments shall be conditions precedent to the exercise of the Series A Bondowner's rights of registration of transfer or exchange.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the series of which it forms a part has been duly authorized by the Issuer and does not exceed or violate any constitutional or statutory limitation. This Bond is issued with the intent that the laws of the State of Florida will govern its construction. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

*In addition, this Bond nor any Bonds of this series may be transferred or conveyed to any entity that is not a Bank, a Savings and Loan Association or an Insurance Company, unless such transfer or conveyance has first been approved by the Issuer in writing*

The Bonds were validated by Judgment of the Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida, rendered on \_\_\_\_\_, 1985.

IN WITNESS WHEREOF, St. Johns County Industrial Development Authority has caused this Bond to be executed in its name by the manual or facsimile signatures of its Chairman or Vice Chairman and its Secretary or Assistant Secretary and its corporate seal to be hereunto affixed, impressed, imprinted or otherwise reproduced.

Dated December \_\_, 1985.

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

(SEAL OF ISSUER)

ATTEST:

By \_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary

Registration Date: December \_\_, 1985

Certificate of Authentication:

This Bond is one of the Bonds described in the within-mentioned Indenture of Trust and Loan Agreement.

EQUITABLE BANK, NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

Registrar and Paying Agent: Equitable Bank, National Association

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

(Please Print or Typewrite Name, Address and Social Security or Taxpayer Identification Number of Transferee)

the within Series A Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney to transfer the within Series A Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series A Bond in every particular, without alteration or enlargement or any change whatever.

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Date Paid</u>	<u>Trustee Verification</u>
(enter dates)	(enter amount)	(enter amounts)	(leave blank)	(leave blank)	(leave blank)	(leave blank)

PREPAYMENT RECORD

<u>Principal Due Date</u>	<u>Principal Prepayment Amount</u>	<u>Principal Balance Due</u>	<u>Trustee Verification</u>
(leave blank)	(leave blank)	(leave blank)	(leave blank)

\* \* \* \* \*

Section 1503 Additional Matters Appearing on Bonds.

There may be printed or otherwise reproduced on any Bond form (i) the legal opinion of Bond Counsel, (ii) customary "back file panel" summary information, (iii) restrictions on transfer in form approved by the Trustee as required in particular instances, and (iv) any other information deemed necessary or appropriate by the Issuer or the Trustee with the approval of Bond Counsel to give notice of information to Bondowners.

In the case of Additional Bonds, the forms of Bonds hereinabove set forth may be modified to make appropriate references to the applicable Supplemental Indentures and Supplemental Loan Agreements and to any other applicable documents or agreements as may be deemed necessary or appropriate by the Issuer or the Trustee with the approval of Bond Counsel.

[The next page is Sixteen-1]

## ARTICLE XVI

### MISCELLANEOUS

Section 1601 Consent of Bondowners. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners 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 and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely: The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law had power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

Section 1602 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Borrower, the Guarantor and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture, or any covenants, conditions and provisions hereof, which are and are intended to be for the sole and exclusive benefit of the parties hereto, the Borrower, the Guarantor and the Owners of the Bonds as herein provided.

Section 1603 Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provisions in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained shall not affect the remaining portions of the Indenture, or any part thereof.

Section 1604 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and

shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram addressed as follows: (i) if to the Issuer, at the Issuer's Address and (ii) if to the Trustee, at the Trustee's Address.

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Trustee shall also be concurrently given to the Borrower at the Borrower's Address and to the Guarantor at the Guarantor's Address as specified in the Guaranty Agreement.

Section 1605 Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city in which the Trustee's Principal Office is located or any city in which any Alternate Paying Agent is located, a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, the payment of principal, premium, if any, and interest need not be made on such date in such city but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest need be included in that month's payment but shall be included in the following month's payment for interest which accrues for the period after such date and prior to the date of payment as aforesaid.

Section 1606 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

Section 1607 Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1608 Governing Law. The laws of the State shall govern this Indenture.

Section 1609 No Liability on General Credit of Issuer. No provision, covenant or agreement contained in this Indenture or in the Bonds, or any obligations herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers or a pecuniary liability upon a member of the Governing Body or upon the officers, agents and employees of the Issuer nor shall they be liable personally on the Bonds or for any act or omission related to the



authorization and issuance of the Bonds. In making the agreements, provisions and covenants set forth in this Indenture, the Issuer has not obligated itself except with respect to the application of the Pledged Revenues.

Section 1610 Nonrecourse Nature of Debt. The obligations of the Borrower under the Indenture are nonrecourse, and the Borrower's liability in connection with any judgment for the payment of said obligations shall be limited to the collateral and assets of the Borrower pledged or granted to the Issuer as security for said obligations, in the manner provided in Section 2.9 of the Loan Agreement.

Section 1611 No Personal Liability. Notwithstanding anything to the contrary contained herein or in any of the Bonds, or the Loan Agreement, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, commissioner, officer, employee or agent of the Issuer, or of any incorporator, member, commissioner, director, trustee, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its Chairman or Vice Chairman and its Secretary or Assistant Secretary thereunto duly authorized and its seal to be hereunto affixed, and the Trustee has caused this Indenture to be executed in its name and

behalf by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the date first above written.

Signed, sealed and delivered in the presence of:

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

\_\_\_\_\_

By \_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_  
(Witnesses to Issuer)

Attest: \_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary

(SEAL OF ISSUER)

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985, by Ross S. Mickey and Andrew J. DuPont, Jr., the Chairman and the Secretary, respectively, of St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida, on behalf of St. Johns County Industrial Development Authority.

\_\_\_\_\_  
Notary Public, State of Florida  
at Large

(NOTARIAL SEAL)

My Commission Expires:

Signed, sealed and delivered  
in the presence of:

EQUITABLE BANK, NATIONAL ASSOCIATION,  
as Trustee

\_\_\_\_\_  
\_\_\_\_\_  
(Witnesses to Trustee)

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest: \_\_\_\_\_  
Its \_\_\_\_\_

(SEAL OF TRUSTEE)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of December, 1985, by \_\_\_\_\_ and \_\_\_\_\_,  
the \_\_\_\_\_ and the \_\_\_\_\_, respec-  
tively, of Equitable Bank, National Association, a national bank-  
ing association, on behalf of said banking association.

\_\_\_\_\_  
Notary Public, State of Florida  
at Large

(NOTARIAL SEAL)

My Commission Expires:

PS2SJMT11/2

F&L/TBS 9/26/85

MORTGAGE AND SECURITY AGREEMENT

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Dated as of December 1, 1985

From

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP,  
as Mortgagor

To

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
as Mortgagee

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Relating to:

\$1,800,000  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A  
(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

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Notice of Assignment:

All rights and interest of St. Johns County Industrial Development Authority, under this Mortgage and Security Agreement have been assigned to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee under an Indenture of Trust of even date herewith.

---

This Instrument Prepared By  
and Should Be Returned to:

THIS INSTRUMENT EXEMPT  
FROM ALL FLORIDA TAXES

THIS INSTRUMENT SECURES  
FUTURE ADVANCES AS HEREIN  
PROVIDED

Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
P.O. Box 1290  
Jacksonville, FL 32201-1290  
(904) 356-2029

EXHIBIT III

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MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement made and entered into as of December 1, 1985, by ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, a Maryland limited partnership duly authorized to transact business in the State of Florida (herein called "Borrower"), to ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (herein called "Issuer");

W I T N E S S E T H :

WHEREAS, the Borrower is borrowing or is about to borrow from the Issuer the principal sum of \$1,800,000 pursuant to the terms of a Loan Agreement, dated as of the date hereof (the "Loan Agreement"), said borrowing being evidenced by the Borrower's promissory note dated the date of the Series A Bonds (as herein defined) in said principal amount, a copy of which promissory note is attached hereto as Exhibit C, incorporated herein by this reference and made a part hereof; and

WHEREAS, the Issuer is obtaining funds for said loan through the issuance and sale of a like principal amount of its Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project) (the "Series A Bonds"); and

WHEREAS, the Borrower has agreed under the terms of the Loan Agreement to apply loan proceeds to the costs of a project to be located in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality, and to be owned by the Borrower and leased to Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida (the "Lessee") pursuant to an initial five-year lease whereby the Lessee will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, and to make payments sufficient in the aggregate to pay all of the principal of and interest and redemption premium, if any, on the Bonds during the term of such lease; and

WHEREAS, the Borrower desires the Issuer to issue the aforesaid Bonds and is willing hereby to secure its obligations under the Loan Agreement and said promissory note (as well as certain future debt obligations, as herein defined) to induce the Issuer to issue the Bonds and loan the proceeds thereof to the Borrower and to induce the purchase of the Bonds by all who shall at any time become owners of the Bonds;

NOW, THEREFORE, THIS MORTGAGE FURTHER WITNESSETH:

[The next page is One-1]

## ARTICLE I

### DEFINITIONS AND USES OF PHRASES

Section 1.1 Definitions. As used in this Mortgage, the following terms shall have the following meanings:

"Act" means Chapter 159, Parts II and III, Florida Statutes, as amended from time to time.

"Additional Bonds" means Bonds issued or to be issued under the Indenture in accordance with Article XII thereof pursuant to the request of the Borrower and the authorization of the Issuer.

"Additional Loans" means any loan or loans made to the Borrower pursuant to Article IV of the Loan Agreement.

"Authorized Officers of the Borrower" means the General Partner of the Borrower, and if the General Partner is a corporation, means the President or any Vice President and the Secretary or any Assistant Secretary of the General Partner.

"Bonds" means the Issuer's Industrial Development Revenue Bonds of all series issued or to be issued under the Indenture, namely the Series A Bonds and all Additional Bonds.

"Borrower" means St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in Section 7.9 of the Loan Agreement.

"Borrower's Address" means the address which the Borrower designates for the delivery of notices hereunder. Until changed by notice from Authorized Officers of the Borrower to the Issuer and the Trustee, the Borrower's Address shall be:

St. Johns Meridian Limited Partnership  
c/o Meridian Nursing Centers, Inc.  
21 West Road  
Towson, MD 21204

Attention: Mr. James W. Jeffcoat

"Borrower's Certificate" means a certificate signed by one of the Authorized Officers of the Borrower on behalf of the Borrower and delivered to the Issuer and the Trustee.

"Event of Default" has the meaning assigned to it in Section 6.1 of this Mortgage.



"Guarantor" means the Lessee, and any successor, surviving, resulting or transferee person as provided in the Guaranty Agreement.

"Guaranty Agreement" means the Guaranty Agreement, dated as of the date hereof, from the Guarantor to the Trustee, as supplemented or amended from time to time pursuant to Article XIV of the Indenture.

"Indenture" means the Indenture of Trust from the Issuer to the Trustee, dated as of the date hereof, under which the Series A Bonds are to be issued, as amended from time to time by Supplemental Indentures.

"Independent Counsel" means any attorney or firm of attorneys who or which shall be acceptable to the Trustee and who or which is not an employee of the Borrower, the Lessee or the Issuer.

"Independent Engineer" means an engineer registered and qualified to practice the profession of engineering in the State, who shall be acceptable to the Trustee and who is not an employee of the Borrower, the Lessee or the Issuer.

"Insurance and Condemnation Proceeds Fund" means the trust fund described in Section 706 of the Indenture.

"Issuer" means St. Johns County Industrial Development Authority, a public body corporate and politic of the State, its successors and assigns.

"Lease" means the initial five-year lease of the Borrower's Mortgaged Property, or any part thereof, comprising a health care facility, dated as of the date hereof, between the Borrower, as landlord, and the Lessee, as tenant.

"Lease Assignment" means the Assignment of Leases, Rents and Profits, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee).

"Lessee" means Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Lease.

"Loan Agreement" means that certain Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower, as from time to time amended and supplemented by Supplemental Loan Agreements.

"Loan Amount" means \$1,800,000, which is both the principal amount of the Series A Bond issue and the amount of the Loan.

"Mortgage" means this Mortgage and Security Agreement and the Lease Assignment as each may be from time to time amended and supplemented in accordance with Article XIV of the Indenture.

"Mortgaged Equipment" has the meaning assigned to it in Section 3.1 hereof.

"Mortgaged Property" means collectively the Mortgaged Real Estate and the Mortgaged Equipment.

"Mortgaged Property Reserve Fund" means the trust fund described in Section 705 of the Indenture.

"Mortgaged Real Estate" has the meaning assigned to it in Section 2.1 hereof.

"Permitted Encumbrances" means, as of any particular time (i) liens for ad valorem taxes and assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted or to be conducted with the Mortgaged Property, (iii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to properties similar in character to the Mortgaged Property and as do not, in the opinion of an Independent Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Borrower, (iv) municipal ordinances, zoning ordinances and laws that do not, in the opinion of an Independent Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Borrower, (v) construction liens, undetermined or inchoate liens and charges that have not at the time been filed and perfected in the manner prescribed by law, (vi) liens or encumbrances that are subordinated to this Mortgage and the rights and interests of the Issuer and the Trustee hereunder, but only as to which the Borrower shall have received the Requisite Consent of Bondowners (as defined in the Loan Agreement), (vii) the Indenture, this Mortgage and (viii) the Lease and the Lease Assignment, provided that each Lease shall be expressly made subject and subordinate to the lien and security interest of this Mortgage.

"Person" means an individual, a partnership, a joint venture, an association, a joint-stock company, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department, agency or political subdivision thereof.

"Promissory Notes" means the Series A Promissory Note and any additional promissory notes of the Borrower issued to evidence an Additional Loan.

"Purchase Agreement" means the Bond Purchase Agreement, dated as of the date hereof, among the Issuer, the Borrower, the Guarantor and the Purchaser.

"Purchaser" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as the initial purchaser of the Series A Bonds, its successors and assigns.

"Self-Administered Amount" means \$50,000 in Article IV hereof and \$10,000 in Article V hereof.

"Series A Bonds" means the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), issued under the Indenture in the aggregate principal amount of the Loan Amount for the purpose of funding a loan to the Borrower in said amount pursuant to the Loan Agreement.

"Series A Promissory Note" means the Borrower's promissory note, dated the date of the Series A Bonds, issued in the principal amount of the Loan Amount payable to the order of the Issuer as evidence of the loan made pursuant to the Loan Agreement.

"State" means the State of Florida.

"Supplemental Indenture" means any supplement to or amendment of the Indenture entered into in accordance with Article XIII of the Indenture.

"Supplemental Loan Agreement" means any supplement to or amendment of the Loan Agreement entered into in accordance with Article XIV of the Indenture.

"Title Insurance Amount" means an amount equal to \$1,800,000.

"Trustee" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, and any successor banking corporation, banking association or trust company at the time serving as corporate trustee under the Indenture.

Section 1.2 Use of Phrases. The following provisions shall be applied wherever appropriate herein:

"Herein," "hereby," "hereunder," "hereof" and other equivalent words refer to this Mortgage as an entirety and not solely to the particular portion of this Mortgage in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

Wherever used herein, any defined term and any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders.

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## ARTICLE II

### REAL ESTATE MORTGAGE

Section 2.1 Mortgage. To secure the due and timely payment of the principal of, premium, if any, and interest on the Promissory Notes and to secure the Borrower's performance and observance of each and every term, covenant, agreement and condition contained herein, in the Promissory Notes, in the Purchase Agreement and in the Loan Agreement, now existing or hereafter incurred or arising, the Borrower has granted, bargained, sold, aliened, released, remised, transferred, mortgaged and conveyed and by these presents does hereby grant, bargain, sell, alien, release, remise, transfer, mortgage and convey unto the Issuer, and its successors and assigns forever, all and singular the following described properties (herein collectively called the "Mortgaged Real Estate"), to wit:

(a) all right, title and interest of the Borrower in and to the parcel of real estate described in Exhibit A attached hereto and hereby made a part of this Mortgage;

(b) all right, title and interest of the Borrower, now or at any time hereafter existing, in and to all highways, roads, streets, alleys and other public thoroughfares, bordering on or adjacent to any and all real estate covered or intended to be covered by this Mortgage, together with all right, title and interest of the Borrower to the land lying within such highways, roads, streets, alleys and other public thoroughfares, and together with all heretofore or hereafter vacated highways, roads, streets, alleys and public thoroughfares and all strips and gores adjoining or within such real estate or any part thereof;

(c) all right, title and interest of the Borrower, now or at any time hereafter existing, in and to all buildings, structures, railroad spur tracks and sidings, and real property improvements, now or at any time hereafter located on any or all of the real estate covered or intended to be covered by this Mortgage, and without any further act all extensions, additions, betterments and replacements thereof;

(d) all right, title and interest of the Borrower in and to all fixtures of every kind and description, now or at any time hereafter, installed or located on or used or intended to be installed, located on or used in connection with the real estate covered or intended to be covered by this Mortgage or the buildings and improvements situated on such real estate, whether such items of property are now owned or hereafter acquired by the Borrower, including but not limited to, all lighting, heating, cooling, ventilating, air-conditioning, humidifying, dehumidifying, plumbing, sprinkling, incinerating, refrigerating,

air-cooling, lifting, fire extinguishing, cleaning, communicating and electrical systems (as well as all machinery, appliances, fixtures and equipment pertaining to or necessary for the operation of the foregoing), and all awnings, carpeting, drapes, screens, storm doors and windows, shades, floor coverings, wallbeds, cabinets, partitions, conduits, ducts and compressors; provided that so-called "trade fixtures," which can be removed without damage to the buildings covered hereby, are not intended to be covered by this Section 2.1;

(e) all rights, privileges, licenses, easements, tenements, hereditaments and appurtenances now or at any time hereafter belonging to or in any way appertaining to the real estate covered or intended to be covered by this Mortgage, or to any property now or at any time hereafter comprising a part of the property subject to this Mortgage; and all right, title and interest of the Borrower, whether now or at any time hereafter existing, in all reversions and remainders to such real estate and other property;

(f) any and all real estate and other property, whether now owned or hereafter acquired by the Borrower, which may, from time to time after the execution of this Mortgage, by delivery or by writing of any kind, for the purposes hereof, be conveyed, mortgaged, pledged, assigned or transferred by the Borrower, or by anyone in its behalf or with its consent, as and for additional security for the purposes hereof;

(g) any and all proceeds of the conversion, whether voluntary or involuntary, of all or any part of the foregoing property into cash or liquidated claims, including without limitation by reason of specification, proceeds of casualty and title insurance and condemnation awards; and

(h) with respect to the property described in paragraphs (a) through (g) above, all leases, rents, issues and profits thereof, and the tenements, hereditaments, easements and appurtenances thereto.

Any reference herein to the "Mortgaged Real Estate" shall be deemed to apply to all the properties expressed in the foregoing subparagraphs (a) through (h), unless the context shall require otherwise. It is understood that all the properties hereby granted, bargained, sold, aliened, released, remised, transferred, mortgaged and conveyed are intended so to be as a unit and are hereby understood, agreed, and declared to form a part and parcel of the Mortgaged Real Estate and to be appropriated to the use of the Mortgaged Real Estate, and shall for the purposes of this Mortgage, so far as permitted by law, be deemed to be real estate and covered by the lien of this Mortgage, and as to the balance of the properties as aforesaid, this Mortgage is hereby deemed to be as well a security agreement

for the purpose of creating a security interest in said properties, which security interest the Borrower hereby grants to the Issuer as security for the obligations aforesaid.

SUBJECT, HOWEVER, to Permitted Encumbrances;

TO HAVE AND TO HOLD, all and singular, whether now owned or hereafter acquired, unto the Issuer and its successors and assigns forever;

PROVIDED, HOWEVER, that this Mortgage is on the express condition that if all the principal of, premium, if any, and interest on the Promissory Notes shall be paid and discharged in accordance with the terms and conditions pertaining thereto, and if all other agreements and obligations of the Borrower under the Loan Agreement and this Mortgage shall be discharged in accordance with the terms and conditions therein and herein expressed, then these presents shall cease, terminate and be void, otherwise to remain in full force and effect.

Section 2.2 Remedies Upon Event of Default. If an Event of Default occurs, the Issuer shall have the following remedies, in addition to any other remedies then provided by law or in equity:

(a) The Issuer may, by written notice to the Borrower, declare the then outstanding principal of the Promissory Notes to be forthwith due and payable, and upon such declaration the principal, together with interest accrued thereon, shall become due and payable forthwith at the place of payment specified. In addition, the Issuer may proceed to protect and enforce its rights under this Mortgage by foreclosure proceedings or by other suit in equity, action at law, or other appropriate proceedings, including actions for the specific performance of any covenant or agreement contained in this Mortgage or in the Loan Agreement, or in aid of the exercise of any power granted in this Mortgage or in the Loan Agreement, or may proceed in any other manner to enforce the payment of the Promissory Notes and any other legal or equitable right of the Issuer. The Borrower expressly understands and agrees that on the bringing of any suit to foreclose this Mortgage, or to enforce any other remedy of the Issuer hereunder, the Issuer shall be entitled as a matter of right, without notice and without giving bond to the Borrower, or anyone claiming through, by or under it, and without regard to the value of the Mortgaged Property and/or the adequacy of the collateral for the Promissory Notes to have a receiver appointed of all or any part of the Mortgaged Property and of the earnings, income, rents, issues and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer. Such receiver shall have the right to complete construction of the buildings and improvements which the Borrower is obligated to construct under the Loan Agreement, the

Borrower hereby confirming that the only way to preserve the value of the time, money, talent, labor and materials invested and incorporated into partially completed buildings and improvements is to complete the same. The Borrower does hereby irrevocably consent to such appointment.

(b) To the extent permitted by law, the Issuer, either by itself or by its agents or attorneys, may, in its discretion, enter upon and take possession of the Mortgaged Property, or any part or parts thereof, and may exclude the Borrower and its agents and servants wholly therefrom, and having and holding the same, the Issuer may use, operate, manage and control the Mortgaged Property or any part thereof, demand and receive all rents, issues and profits thereof, and conduct the business thereof, either personally or by superintendents, managers, agents, servants and attorneys and from time to time, by purchase, repair or construction, may maintain and restore and may insure and keep insured, the buildings, structures, improvements, fixtures and other property comprising the Mortgaged Property. The Issuer may cause construction of the buildings and improvements to be completed, and the Issuer for such purpose may use all available materials and equipment at the Mortgaged Real Estate and acquire all other necessary materials and equipment and employ contractors and other employees. All sums expended by the Issuer for such purpose shall constitute disbursements pursuant to the Loan Agreement and shall be secured by this Mortgage and shall forthwith be due and payable by the Borrower to the Issuer together with interest thereon at the Late Payment Rate (as such term is defined in the Loan Agreement) from the date of disbursement until paid. The authority and agency conferred hereby upon the Issuer shall be deemed to create a power coupled with an interest and shall be irrevocable.

(c) To the extent permitted by law, and without limiting or restricting any of the other remedies herein, the Issuer in its discretion may, with or without entry, personally or by attorney, by foreclosure or otherwise as permitted by law, sell or cause to be sold to the highest bidder all or any part of the Mortgaged Property, and all right, title, interest, claim and demand therein, and the right of redemption thereof, in one lot as an entirety, or in separate lots, as the Issuer may elect, and in one sale or in any number of separate sales held at one time or at any number of times, which such sale or sales shall be made at public auction at such place(s) in the county in which the Mortgaged Property to be sold is situated and at such time and upon such terms as may be fixed by the Issuer and briefly specified in the notice of such sale or sales, or otherwise as required by law. Any sale by the Issuer may nevertheless, at its option, be made at such other place or places, and in such other manner, as may now or hereafter be authorized by law. Notice of any sale by the Issuer pursuant to the provisions hereof shall state the time and place when and where the same is to be made



and shall contain a brief general description of the property to be sold and shall be sufficiently given if given in the manner provided by law. Upon completion of any sale or sales, as specified above, the Issuer shall transfer and deliver, or cause to be transferred and delivered, to the accepted purchaser or purchasers, the property so sold, and, to the extent permitted by law, the Issuer is hereby irrevocably appointed the true and lawful attorney-in-fact of the Borrower, in its name and stead, to make all necessary transfers of property thus sold, and for that purpose the Issuer may execute and deliver, for and in the name of the Borrower all necessary instruments of assignment and transfer, the Borrower hereby ratifying and confirming all that its said attorney-in-fact shall lawfully do by virtue hereof.

(d) The Borrower agrees that to the extent permitted by law, this Mortgage may be foreclosed by the Issuer, at its option.

(e) The Trustee, any Bondowner or the Issuer may bid on and purchase the Mortgaged Property.

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### ARTICLE III

#### SECURITY AGREEMENT

Section 3.1 Security Interest. To secure payment of the principal of, premium, if any, and interest on the Promissory Notes and to secure the performance and observance by the Borrower of each and every term, covenant, agreement and condition contained herein and in the Loan Agreement, whether now existing or hereafter existing, the Borrower hereby grants the Issuer a security interest in the following described properties now existing or hereafter acquired (herein collectively called the "Mortgaged Equipment"), to wit:

(a) the machinery, equipment, fixtures and other property, if any, described in Exhibit B attached hereto and hereby made a part of this Mortgage and any other property acquired with the proceeds of the Bonds; and

(b) all revenues, securities and funds held by the Trustee pursuant to the Indenture; and

(c) all renewals, replacements, additions, accessions, substitutions, products and proceeds to, for or of any of the property described in paragraph (a) above;

SUBJECT, HOWEVER, to Permitted Encumbrances.

Section 3.2 Remedies Upon Event of Default. If an Event of Default occurs, the Borrower shall have the rights and duties of a debtor under the Uniform Commercial Code of the State and the Issuer shall have the duties, rights, remedies and options of a secured party under such Code with respect to the Mortgaged Equipment and may exercise any or all such remedies as it may deem proper. In exercising any such remedies, the Issuer may sell all the Mortgaged Equipment as a unit even though the sales price thereof may exceed the amount remaining unpaid on the Promissory Notes. The Issuer, the Trustee or any Bondowner (as defined in the Indenture) may purchase the Mortgaged Equipment or any part thereof at any sale or sales. Any requirement of said Uniform Commercial Code as to reasonable notice shall be met by mailing written notice to the Borrower, at the Borrower's Address, five days prior to any such sale.

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## ARTICLE IV

### COVENANTS

Section 4.1 Payment and Performance. The Borrower shall duly and punctually pay the principal of, premium, if any, and interest on the Promissory Notes when and as the same shall become due and payable in accordance with their terms and shall duly and punctually perform and observe all of the terms, covenants and conditions to be performed or observed by the Borrower herein and in the Loan Agreement, in the Lease, in the Lease Assignment and in the Purchase Agreement.

Section 4.2 Maintenance and Improvement of Properties. The Borrower covenants that it shall maintain the Mortgaged Property in good condition and repair and not permit its value to be impaired by waste or neglect. Subject to the provisions of Article V hereof and to the Loan Agreement, the Borrower shall have the right to make any additions, alterations or improvements to the Mortgaged Property which will not impair its value.

Section 4.3 Insurance. Without limiting the generality of the requirements of Section 7.5 of the Loan Agreement, the Borrower agrees that it shall take out and continuously maintain in effect insurance policies meeting the following minimum specifications:

(a) insurance to the extent of the full replacement value of the Mortgaged Property against loss or damage by fire, with standard extended coverage endorsements and with loss payable endorsements in favor of the Issuer and the Trustee as their interests may appear; and

(b) insurance against liability for personal injury including the death of persons resulting from injuries occurring on or in any way related to the Mortgaged Property in the minimum amount of \$1,000,000 per occurrence, and for damage to property occurring on or in any way relating to the Mortgaged Property in the minimum amount of \$500,000 per occurrence, with endorsements naming the Issuer and the Trustee as additional insureds.

All insurance policies required under this Section 4.3 shall be taken out and maintained with generally recognized responsible insurance companies, qualified under the laws of the State to assume the respective risks undertaken and may be written with deductible amounts, co-insurance features and exceptions and exclusions comparable to those on similar policies carried by other companies similarly situated. All policies evidencing the insurance required by this Section 4.3 shall be deposited with the Trustee and the Issuer, or in lieu thereof the Borrower may deposit with the Trustee and the Issuer a certificate or certificates of the respective insurers attesting the fact that such

insurance is in force and effect. The Borrower shall, upon request of the Issuer or the Trustee, make available for inspection by representatives of the Issuer or the Trustee the original insurance policies herein required. Each policy of insurance required by this Section 4.3 shall contain a provision that it is noncancellable by the insurer except upon at least 30 days' prior written notice to the Borrower, the Trustee and the Issuer. Prior to the expiration or cancellation of any policy required by this Section 4.3, the Borrower will furnish to the Trustee and the Issuer satisfactory evidence that such policy has been renewed or replaced by another policy or policies which cover not only the Mortgaged Property but other properties owned or leased by the Borrower which policies may contain comparable deductible amounts, co-insurance features and exceptions and exclusions to those permitted above.

Section 4.4 Title Insurance; Documents to be Furnished at or Prior to Project Completion. As soon as possible after the delivery of this Mortgage, the Borrower shall deliver to the Issuer a standard form American Land Title Association loan policy of title insurance in respect of the Mortgaged Real Estate in the Title Insurance Amount insuring the Issuer and the Trustee as their interests may appear. Such policy shall show fee simple title to the Mortgaged Real Estate in the Borrower subject to this Mortgage, but subject to no additional or prior liens, encumbrances or clouds on title other than Permitted Encumbrances and those exceptions and exclusions from coverage which are standard in such forms of loan policies of title insurance. All net proceeds of claims made under said policy shall be paid to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund.

As soon as practicable (but no later than the Completion Date, as such term is defined in the Loan Agreement, certified pursuant to Section 3.5 of the Loan Agreement or two years after the date hereof, whichever occurs first), the Borrower shall furnish the Issuer and the Trustee with the following:

(a) an "as built" survey showing the Mortgaged Real Estate and the location of the building(s) thereon;

(b) an endorsement to the aforesaid loan policy of title insurance removing all exceptions, if any, relating to encroachments and other matters which would be disclosed by a survey; and

(c) an endorsement to the aforesaid loan policy of title insurance removing all exceptions, if any, relating to construction liens.

Section 4.5 Minor Damage to Mortgaged Property. If the Mortgaged Property or any portion of it shall be damaged by fire, flood, windstorm or other casualty, and the claim for loss

resulting from such damage is not greater than the Self-Administered Amount, the insurance proceeds shall be paid to the Borrower, and the Borrower shall promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Borrower and as will not impair the character, structural integrity or operating unity of the Mortgaged Property.

Section 4.6 Major Damage to Mortgaged Property. Unless the Borrower shall have elected to prepay the Promissory Notes prior to maturity pursuant to the provisions of Section 5.1 of the Loan Agreement, if the Mortgaged Property or any portion of it shall be damaged or partially or totally destroyed by fire, flood, windstorm or other casualty to such extent that the claim for loss resulting from such destruction or damage exceeds the Self-Administered Amount, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee. In such event, all net proceeds of insurance policies resulting from claims for such losses shall be paid to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund whereupon the Borrower shall proceed to repair, restore, replace or rebuild the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) to the extent necessary to restore (i) the efficiency and operating unity of the Mortgaged Property, and (ii) the structural integrity of the Mortgaged Property. If said net proceeds are insufficient to pay in full the costs of such repair, restoration, replacement or rebuilding, the Borrower shall nevertheless complete the work thereof and provide for the full payment of the cost thereof.

The moneys so deposited into the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee in accordance with and subject to the conditions of Section 706 of the Indenture.

Any property purchased with moneys from the Insurance and Condemnation Proceeds Fund shall be made subject to the lien of this Mortgage subject to no liens or encumbrances other than Permitted Encumbrances. Any property replaced may be released from the lien of this Mortgage if the salvage value or proceeds of other disposition thereof (whichever is greater) are paid to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund.

Section 4.7 Eminent Domain. Unless the Borrower shall have elected to prepay the Promissory Notes prior to maturity pursuant to the provisions of Section 5.1 of the Loan Agreement, if title to or the temporary use of the Mortgaged Property or any part of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or

corporation acting under governmental authority, all net proceeds received from any award made in such eminent domain proceedings shall be paid to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund whereupon the Borrower shall proceed to restore or replace the property so taken (including the substitution and addition of other property) to the extent necessary to restore (i) the efficiency and operating unity of the Mortgaged Property, and (ii) the structural integrity of the Mortgaged Property. If said net proceeds are insufficient to pay in full the costs of such restoration or replacement, the Borrower shall nevertheless complete such restoration or replacement and provide for the full payment of the cost thereof.

The moneys so deposited into the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee in accordance with and subject to the conditions of Section 706 of the Indenture.

Any property purchased with moneys from the Insurance and Condemnation Proceeds Fund shall be made subject to the lien of this Mortgage subject to no liens or encumbrances other than Permitted Encumbrances. Any property taken by eminent domain or replaced as a consequence thereof may be released from the lien of this Mortgage if the salvage value or proceeds of other disposition thereof (whichever is greater) are paid to the Trustee for deposit into the Insurance and Condemnation Proceeds Fund.

Section 4.8 Warranty of Title; Negative Lien Covenant; Maintenance of Lien. The Borrower represents and warrants that it has good and marketable title in fee simple to the property described in Exhibit A hereto, subject to no liens, security interests or encumbrances other than Permitted Encumbrances. The Borrower represents and warrants that it has good and marketable title to the properties described in Exhibit B hereto, and will have, upon acquisition, marketable title to the other personal property which is collateral hereunder, subject to no liens, security interests or encumbrances.

The Borrower agrees that it shall not create or permit to exist any liens, security interests or encumbrances on the Mortgaged Property except Permitted Encumbrances.

The Borrower shall have the right in good faith and by appropriate proceeding to dispute or contest the validity or amount of any tax lien or construction lien on the Mortgaged Property, and during the pendency of any such dispute or contest the Borrower shall not be deemed to be in default under this Section 4.8 if it shall have furnished a bond or made other arrangements satisfactory to the Trustee for the discharge of such lien in the event the dispute or contest is resolved adversely to the Borrower.

The Borrower agrees that it shall take such actions as are reasonably necessary (including all actions reasonably required of it by the Trustee) to perfect, protect and maintain the mortgage lien and security interest priority of this Mortgage, including all filings and continuation statements under the Uniform Commercial Code.

The Borrower agrees that the Issuer and the Trustee shall have the right to cure any defaults of the Borrower hereunder and any advances made to cure such defaults or reasonably required to protect the title to or value of the Mortgaged Property shall be reimbursed to the Issuer or the Trustee, as the case may be, on demand, together with interest thereon from the date of disbursement until paid at the Late Payment Rate (as such term is defined in the Loan Agreement), and all such payments shall be secured by this Mortgage.

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ARTICLE V

RELEASE OF MORTGAGED PROPERTY

Section 5.1 Granting of Easements on Mortgaged Real Estate. If no Event of Default shall have happened and be continuing, the Borrower may at any time or times grant easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to the Mortgaged Real Estate, free from the lien of this Mortgage, or the Borrower may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the Issuer will (at the Borrower's expense) execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or privilege upon receipt of:

(a) a copy of the instrument of grant or release;

(b) a Borrower's Certificate stating (i) that such grant or release is not detrimental to the proper conduct of Borrower's business, and (ii) that such grant or release will not impair the effective use or interfere with the operation of the Mortgaged Property and will not impair the operating unity of the Mortgaged Property; and

(c) in the case of any such grant, an opinion of Independent Counsel to the effect that such grant constitutes a Permitted Encumbrance.

Section 5.2 "Tie-In" Walls and Facilities Affecting Mortgaged Property. If no Event of Default shall have happened and be continuing, the Borrower may, at its own expense, connect or "tie-in" walls (including use of existing walls for the support of future adjacent building) and utilities and other facilities located on the Mortgaged Real Estate to other facilities erected on real property adjacent to or near the Mortgaged Real Estate or partly on such adjacent real property and partly on the Mortgaged Real Estate, or in connection with the expansion or the improvement of any building on the Mortgaged Real Estate, tear down any wall of such building and build an addition to such building (either on the Mortgaged Real Estate or on real property adjacent thereto), if the Borrower:

(a) furnishes the Issuer and the Trustee an opinion of an Independent Engineer to the effect that such expansion, addition or connection and the "tie-in" of walls, utilities and other facilities will not impair the structural integrity of the Mortgaged Property; and



(b) at its option, either (i) subjects the real property on which such expansion or addition is built to the mortgage lien of this Mortgage subject to no prior liens or encumbrances other than Permitted Encumbrances; (ii) deposits in escrow with the Trustee (under a separate agreement containing terms not inconsistent herewith) sufficient moneys to restore the Mortgaged Real Estate substantially to its original condition, if necessary; (iii) deposits with the Trustee a surety bond equal to the estimated cost of restoration for the restoration of said Mortgaged Real Estate substantially to its original condition, if necessary; or (iv) takes such other action as may be satisfactory to the Issuer and the Trustee assuring that the Mortgaged Real Estate will, if necessary, be restored substantially to its original condition.

Section 5.3 Release of Unimproved Land. The Borrower shall have, and is hereby granted, the privilege of having released from this Mortgage any unimproved part of the land of which the Mortgaged Real Estate is comprised (but on which roads, transportation facilities, parking lots, wires, lines, conduits, poles or pipes servicing the Mortgaged Property may be located) at any time and from time to time provided that the Borrower first furnishes the Issuer and the Trustee with:

(a) a Borrower's Certificate containing or stating, as the case may be (i) an adequate legal description of the land to be released, (ii) a notice that the Borrower intends to exercise its privilege of having such land released, (iii) that the portion of the Mortgaged Real Estate with respect to which the release is requested is not needed to operate the Mortgaged Property, or that the Borrower has reserved sufficient right, title and interest to fulfill such needs, and (iv) that the release will not impair ingress and egress to and from or the operating unity of the Mortgaged Property; and

(b) cash equal to the value of the land to be released as determined by independent appraisal, which cash shall be deposited in the Mortgaged Property Reserve Fund.

Section 5.4 Substitution for Mortgaged Equipment. The Borrower shall have the privilege from time to time of substituting machinery and equipment for any Mortgaged Equipment included under the terms of this Mortgage, provided that the machinery and equipment so substituted shall be machinery and equipment of substantially equivalent value and utility to that replaced, shall be subject to no security interests other than as granted in this Mortgage, and shall be property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code of 1954, as amended. Any such substituted machinery and equipment shall be identified in writing by the Borrower to the Issuer and the Trustee (and a UCC-1 financing statement executed and delivered, if required by the Trustee) and

shall become a part of the Mortgaged Equipment and be included as such under the terms of this Mortgage. Upon compliance with the foregoing, the machinery and equipment for which substitution has been made shall without further consideration be released from and free and clear of the security interest created by this Mortgage.

Section 5.5 Release of Mortgaged Equipment. The Borrower also shall have the privilege of having the Mortgaged Equipment released from the security interest and lien of this Mortgage without substitution therefor, so long as the Mortgaged Equipment to be released is not essential to the operating unity of the Mortgaged Property; provided that: (i) in the case of the sale of any such Mortgaged Equipment, or in the case of the scrapping thereof, the Borrower shall pay to the Trustee for deposit in the Mortgaged Property Reserve Fund the proceeds from such sale or the fair market value thereof, whichever is greater, (ii) in the case of the trade-in of such Mortgaged Equipment for other machinery or equipment not to be installed in or on the Mortgaged Real Estate, the Borrower shall pay to the Trustee for deposit in the Mortgaged Property Reserve Fund the amount of credit received by it in such trade-in or the fair market value, whichever is greater, and (iii) in any other case, the Borrower shall pay to the Trustee for deposit in the Mortgaged Property Reserve Fund an amount equal to the liquidation value of such Mortgaged Equipment as determined by an independent appraiser. Unless released from this Mortgage pursuant to this Article V, no Mortgaged Equipment may be removed from the Mortgaged Real Estate. Mortgaged Equipment released pursuant to this Section 5.5 shall be free and clear of the security interest of this Mortgage.

Section 5.6 Aggregate Accounting for Substitutions, Removals of Purchases of Mortgaged Equipment. The Borrower will promptly report to the Trustee and the Issuer each removal, substitution, sale and other disposition pursuant to this Article V and will pay to the Trustee such amounts as are required by the provisions of Section 5.5 hereof to the Mortgaged Property Reserve Fund promptly after any sale, trade-in or other disposition requiring such payment; provided, that no such report or payment need be made until the aggregate amount to be paid into the Mortgaged Property Reserve Fund on account of all such sales, trade-ins or other disposition aggregates the Self-Administered Amount.

Section 5.7 Instruments of Transfer. The Issuer and the Borrower agree to execute and deliver such documents (if any) as the Issuer or the Borrower or the Trustee may reasonably request in connection with any action taken by the Issuer or Borrower under this Article V.

[The next page is Six-1]

ARTICLE VI

EVENTS OF DEFAULT

Section 6.1 Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to be an "Event of Default" under this Mortgage:

(a) default in the due and punctual payment of any installment of principal or interest on the Promissory Notes;

(b) a court of competent jurisdiction shall render a judgment of foreclosure or its equivalent in respect of the Mortgaged Real Estate or any part thereof;

(c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Borrower in this Mortgage contained and the continuance thereof for a period of 30 days after receipt by the Borrower of written notice from the Issuer, the Trustee or the owners of at least 10% in aggregate principal amount of the Bonds then outstanding specifying such default and requesting that it be corrected; or

(d) an "Event of Default" (as defined therein) shall occur under the Loan Agreement, the Guaranty Agreement or the Indenture.

Section 6.2 Cross Default. The Borrower agrees that an "Event of Default" hereunder shall constitute an "event of default" (as respectively defined therein) under the Lease Assignment, the Loan Agreement, the Guaranty Agreement or the Indenture and that an "event of default" (as respectively defined therein) under the Lease Assignment, the Loan Agreement, the Guaranty Agreement or the Indenture (regardless how or by whom caused) shall constitute an Event of Default hereunder.

[The next page is Seven-1]

## ARTICLE VII

### MISCELLANEOUS

Section 7.1 Mortgage to Secure Certain Future Advances. In the event of any future advances, including any future advances in the form of Additional Loan(s) made pursuant to a Supplemental Loan Agreement(s) (and funded by Additional Bonds), or disbursements for taxes, levies or insurance, made within 20 years from the date hereof, the mortgage liens and security interests of this Mortgage shall extend to and secure such Additional Loan(s) and the Promissory Note(s) evidencing the same, equally and ratably with the Series A Promissory Note and the loan evidenced thereby and such disbursements with interest thereon; provided, however, that the total unpaid balance of the indebtedness secured hereby shall never exceed the sum of \$10,000,000, plus interest thereon and any disbursements made for the payment of taxes, levies or insurance on the Mortgaged Property, with interest on such disbursements.

Section 7.2 Remedies Not Exclusive. No remedy herein conferred on or otherwise available to the Issuer is intended to be or shall be construed to be exclusive of any other remedy or remedies; 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. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default, or an acquiescence therein; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Mortgage operate to prejudice, waive or affect the security of this Mortgage or any rights, powers or remedies hereunder; nor shall the Issuer be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees. To the greatest extent permitted by law, the Borrower hereby waives all rights to require marshalling of assets by the Issuer.

Section 7.3 Effect of Extensions, Forbearances, Etc. If the Issuer (i) grants any extension of time or forbearance with respect to the payment of any indebtedness secured by this Mortgage; (ii) takes other or additional security for the payment thereof; (iii) waives or fails to exercise any right granted herein or in the Loan Agreement or the Lease Assignment; (iv) grants any release, with or without consideration, of the whole or any part of the security held for the payment of the debt secured hereby or the release of any person liable for payment of such debt; (v) amends or modifies in any respect with the consent of the Borrower any of the terms and provisions hereof or of the Loan Agreement or the Promissory Notes; then and in any such event, such act or omission to act shall not release the Borrower, or

any co-makers, sureties or Guarantor of this Mortgage or of the Promissory Notes, nor preclude the Issuer from exercising any right, remedy, power or privilege herein granted or intended to be granted in the event of any other default then made or any subsequent default and without in any way impairing or affecting the lien or priority of this Mortgage.

Section 7.4 Subrogation. The Issuer shall be subrogated to all liens, although released of record, which are paid out of the proceeds of any loans secured by this Mortgage.

Section 7.5 Severability. If any provision of this Mortgage shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Mortgage, shall not affect the remaining portions of this Mortgage, or any part thereof.

Section 7.6 Governing Law. The laws of the State shall govern this Mortgage.

Section 7.7 Binding Effect. All the covenants and conditions hereof shall run with the land and shall be binding upon the successors and assigns of Borrower.

Section 7.8 Nonrecourse Obligations. It is hereby acknowledged that the covenants and obligations of the Borrower secured hereby are and shall be nonrecourse obligations, which shall mean that the Borrower's liability in connection with any judgment for the payment of said obligations shall be limited to the collateral and assets of the Borrower pledged or granted to the Issuer as security for said obligations, namely, the Mortgaged Property and any other asset or collateral now or hereafter given by the Borrower as security for said obligations. No recourse, in order to satisfy any deficiency judgment following any action brought to foreclose under or otherwise to enforce this Mortgage, may be had against those assets of the Borrower, if any, that remain unpledged to the Issuer for the obligations secured hereby; provided, however, that nothing herein shall limit the Issuer's ability to exercise any right or remedy which it may have with respect to any property pledged or granted to the Issuer or to exercise any right against the Borrower or any other person or entity on account of any claim for fraud, deceit or other actionable tortious conduct. Furthermore, the Borrower shall be fully

liable for the misapplication of (i) proceeds paid prior to any foreclosure under any and all insurance policies by reason of damage, loss or destruction to any portion of the Mortgaged Property, to the full extent of such proceeds, (ii) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of any portion of the Mortgaged Property, to the full extent of such proceeds and awards, (iii) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of a default under any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith but prior to the foreclosure, and (iv) proceeds from the sale of all or any part of the Mortgaged Property. The limit on the Borrower's liability set forth in this Section shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by the Loan Agreement or the Promissory Notes or a release, in whole or in part, or an impairment of the lien and security interest of any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith upon the properties described therein, or to preclude the Issuer from foreclosing the documents executed by the Borrower for the benefit of the Issuer in connection herewith in case of any default or enforcing any other right of the Issuer or to alter, limit or affect the liability of any person or party who may now or hereafter guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under any of the documents executed by the Borrower for the benefit of the Issuer in connection herewith.

Section 7.9 Assignments to Trustee; Application of Proceeds. The Issuer has assigned all its right, title and interest in, under and to this Mortgage (and the mortgage liens and security interests created hereby) and the Lease Assignment to the Trustee as security for payment of the Bonds. So long as any Bonds shall be outstanding, the Issuer shall take no action to enforce this Mortgage or the Lease Assignment without the prior written consent of the Trustee. The Borrower consents to such assignments and expressly agrees that the Trustee shall be entitled to each and every right, option and privilege of the Issuer hereunder and thereunder, including without limitation, the right to enforce any or all remedies herein and therein, at law or in equity granted to the Issuer for the enforcement of this Mortgage. All proceeds realized upon resort to the collateral security described in Articles II and III hereof shall be applied by the Trustee in accordance with Section 1006 of the Indenture.

Section 7.10 Payment of Costs and Expenses. If the Borrower defaults under any provisions of this Mortgage and the Issuer or the Trustee, or both, employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation

or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

IN WITNESS WHEREOF, the Borrower has executed these presents, under seal, as of the day and year first above written.

Signed, sealed and delivered  
in the presence of:

ST. JOHNS MERIDIAN LIMITED  
PARTNERSHIP  
By Meridian Nursing Centers, Inc.  
Its General Partner

\_\_\_\_\_

\_\_\_\_\_  
(Witnesses as to Borrower)

By \_\_\_\_\_  
James W. Jeffcoat,  
Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary

(SEAL)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985, by James W. Jeffcoat and \_\_\_\_\_ the Vice President and Secretary, respectively, of Meridian Nursing Centers, Inc., the general partner, of St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, on behalf of said partnership.

\_\_\_\_\_  
Notary Public, State of  
Florida, at Large

(NOTARIAL SEAL)

My Commission Expires: \_\_\_\_\_



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned St. Johns County Industrial Development Authority hereby assigns, without recourse, all of its right, title and interest in and to the above Mortgage to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee, and to its successors, as trustee, under the terms and conditions of that certain Indenture of Trust, dated as of December 1, 1985, by and between the undersigned and said Trustee, securing the St. Johns County Industrial Development Authority Industrial Development Revenue Bonds (St. Johns Meridian Limited Partnership Project) of all series issued and to be issued under said Indenture.

Dated as of December 1, 1985.

Signed, sealed and delivered  
in the presence of:

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

\_\_\_\_\_

By \_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_

Witnesses

Attest: \_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary

(SEAL OF ISSUER)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985, by Ross S. Mickey and Andrew J. DuPont, Jr., the Chairman and the Secretary, respectively, of St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida, on behalf of St. Johns County Industrial Development Authority.

\_\_\_\_\_  
Notary Public, State of  
Florida, at Large

(NOTARIAL SEAL)

My Commission Expires: \_\_\_\_\_

Exhibit A

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DESCRIPTION OF MORTGAGED REAL ESTATE

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The Mortgaged Real Estate referred to in this Mortgage is the following real estate situated in St. Johns County, Florida:

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DESCRIPTION OF MORTGAGED EQUIPMENT

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All machinery, equipment, fixtures and other personal property now or hereafter acquired with the proceeds of the sale of the \$1,800,000 principal amount of St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), issued or to be issued under that certain Indenture of Trust dated as of December 1, 1985, by and between the St. Johns County Industrial Development Authority and Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee, and all renewals, replacements, additions, accessions, substitutions, products and proceeds to, for or of any of the foregoing.

PS2SJMMG1

BOND PURCHASE AGREEMENT

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\$1,800,000  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A  
(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

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This is an agreement, dated as of December 1, 1985,  
by and among the following parties (hereinafter collectively  
called the "Parties"):

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a  
public body corporate and politic of the State of  
Florida (hereinafter called the "Issuer"); and

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, a Maryland  
limited partnership duly authorized to transact busi-  
ness in the State of Florida (hereinafter called the  
"Borrower"); and

MERIDIAN NURSING CENTERS, INC., a Maryland corporation  
duly authorized to transact business in the State of  
Florida (the "Lessee") (sometimes herein called the  
"Guarantor"); and

EQUITABLE BANK, NATIONAL ASSOCIATION, a national banking  
association, Baltimore, Maryland, as the institutional  
investor which is a signatory party hereto (hereinafter  
called the "Bond Purchaser").

EXHIBIT IV

ARTICLE I

DEFINITIONS

SECTION 1.1. Participants. In addition to the Parties, various persons and firms will participate in the financing to which this Bond Purchase Agreement relates. Among them are those identified below (hereinafter collectively called the "Participants"):

Attesting Issuer Official: The person at the time incumbent in the office of Secretary or Assistant Secretary of the Issuer, or in the event of the death, disability or absence of such person, then the person duly authorized and legally empowered to perform the duties of such office in such event.

Authorizing Issuer Official: The person at the time incumbent in the office of Chairman or Vice Chairman of the Issuer, or in the event of the death, disability or absence of such person, then the person duly authorized and legally empowered to perform the duties of such office in such event.

Bond Counsel: The law firm of Foley & Lardner, Jacksonville, Florida.

Borrower's Authorized Officers: the General Partner of the Borrower and if the General Partner is a corporation, means the President or any Vice President and the Secretary or any Assistant Secretary of the General Partner.

Borrower's Counsel: The law firm of Gallagher, Evelius & Jones, Baltimore, Maryland.

Borrower's Financial Officers: \_\_\_\_\_.

Governing Body: The board of members of the Issuer in their capacity as appointed members of the Issuer.

Issuer's Counsel: Mr. James G. Sisco, County Attorney, St. Augustine, Florida.

Lessee's Authorized Officers: The President or Vice President and Secretary or Assistant Secretary of the Lessee.

Lessee's Financial Officers: The President and the Treasurer of the Lessee.

Purchaser's Counsel: \_\_\_\_\_.

Trustee: Equitable Bank, National Association, a national banking association, with trust powers, having its principal corporate trust office in Baltimore, Maryland.

SECTION 1.2. Contracts, Instruments and Documents. Various contracts, instruments and documents are involved in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Bonds: The Series A Bonds and all additional parity Bonds issued under the Indenture.

Closing Papers: Collectively, the contracts, certificates, opinions, instruments and other documents described in Section 6.2 of this Bond Purchase Agreement.

Guaranty Agreement: The Guaranty Agreement, dated as of the date hereof, to be entered into by and between the Lessee, as guarantor, and the Trustee.

Indenture: The Indenture of Trust, dated as of the date hereof, to be entered into by and between the Issuer, as grantor, and the Trustee, as trustee.

Lease: The initial five-year lease of the Borrower's health care facility, dated as of the date hereof, between the Borrower, as landlord, and the Lessee, as tenant.

Lease Assignment: The Assignment of Leases, Rents and Profits, dated as of the date hereof, from the Borrower as assignor to the Issuer as assignee.

Loan Agreement: The Loan Agreement, dated as of the date hereof, to be entered into by and between the Issuer, as lender, and the Borrower, as borrower.

Mortgage: The Mortgage and Security Agreement, dated as of the date hereof, from the Borrower, as mortgagor and debtor, to the Issuer, as mortgagee, and the Lease Assignment.

Series A Bonds: The St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), to be issued by the Issuer under the Indenture and pursuant to the Bond Resolution and the Act.

Series A Promissory Note: The Series A Promissory Note, to be dated the date of delivery of the Series A Bonds to the Bond Purchaser, issued by the Borrower pursuant to the Loan Agreement in the principal amount of the Series A Bond issue.

SECTION 1.3. Properties. Various properties are involved in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Mortgaged Property: The properties of the Borrower, to be made subject to the Mortgage. A general description of the Mortgaged Property is contained in Exhibit B annexed hereto.

Project: The Project of the Borrower to be financed pursuant to the terms of this Bond Purchase Agreement. A general description of the Project and a summary of the Borrower's budget therefor are contained in Exhibit A annexed hereto.

Project Complex: The Borrower's entire complex to be located in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality.

SECTION 1.4. Legal Authorities. Various legal authorities are involved in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Act: Chapter 159, Parts II and III, Florida Statutes, as amended through and including the Closing Date.

Bond Resolution: The resolution of the Issuer adopted on \_\_\_\_\_, 1985, authorizing the issuance and sale of the Series A Bonds.

Code: The Internal Revenue Code of 1954, as amended through and including the Closing Date, which term includes the regulations thereunder, whether proposed, temporary or final, promulgated thereunder by the Department of the Treasury, Internal Revenue Service.

Memorandum of Agreement: The Memorandum Agreement between the Issuer and the Lessee dated as of August 5, 1985, authorized by the Preliminary Resolution and setting forth the terms of the understanding between the Issuer and the Borrower with respect to the issuance of the Bonds and the financing of the Project.

Preliminary Resolution: The resolution of the Issuer adopted on August 5, 1985, as the "preliminary official action resolution" for the issuance of the Series A Bonds.

"Validation Judgment" means the Final Judgment of Validation dated \_\_\_\_\_, 1985, entered in the proceeding styled St. Johns County Industrial Development Authority, etc., vs. State of Florida, et al, etc., Case No. \_\_\_\_\_, Division A, in the Circuit Court for the Seventh Judicial Circuit in and for St. Johns County, Florida.

SECTION 1.5. Dates and Places. Various dates and places are significant in the financing to which this Bond Purchase Agreement relates. Among them are those identified below:

Closing Date: December \_\_, 1985, or such other date as the Parties may designate by mutual agreement.

Place of Closing: The offices of \_\_\_\_\_  
\_\_\_\_\_, or  
such other place as the Parties may designate by mutual agreement.

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## ARTICLE II

### RECITALS

SECTION 2.1. Purpose. The purpose of this Bond Purchase Agreement is to set forth the terms upon which the Bond Purchaser will provide the Borrower with financing for the Project. The financing is to be evidenced by the Series A Bonds to be issued by the Issuer and sold to the Bond Purchaser. The interest on the Series A Bonds is to be exempt from federal income taxation.

SECTION 2.2. Structure of Financing. The basic structure for the financing is to be this:

(a) The Issuer will issue the Series A Bonds and sell them to the Bond Purchaser on the terms specified in this Bond Purchase Agreement.

(b) The Issuer will lend the proceeds from the Series A Bond sale (exclusive of the accrued interest, if any) to the Borrower pursuant to the Loan Agreement, said borrowing to be evidenced by the Series A Promissory Note.

(c) The Borrower will be required to repay the Series A Promissory Note in installments of principal and interest which are sufficient to pay when due the principal of and interest on the Series A Bonds.

(d) The Series A Promissory Note and the obligations of the Borrower under the Loan Agreement will be secured by the Mortgage which will constitute a real estate mortgage on, and a U.C.C. security interest in, the Mortgaged Property.

(e) The Borrower will lease the Project to the Lessee pursuant to the Lease. The Lease and any and all future leases will be assigned by the Borrower to the Issuer, as security, pursuant to the Lease Assignment.

(f) The Issuer will pledge and assign the Series A Promissory Note, the Mortgage and the Loan Agreement (and the Issuer's right to receive payments thereunder) to the Trustee under the Indenture as security for the Bonds.

(g) The Guarantor will unconditionally guarantee (i) the prompt completion of the construction and installation of the Project, and (ii) the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage

ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles.

SECTION 2.3. Consideration. Each of the Parties acknowledges that performance of this Bond Purchase Agreement by the other Parties will provide good and valuable consideration for the performance of its obligations hereunder.

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## ARTICLE III

### BASIC TERMS OF SERIES A BONDS

SECTION 3.1. Series A Bond Maturities and Interest Rates. The Series A Bonds shall be initially dated as of the date of their delivery to the Bond Purchaser. The Series A Bonds shall be issued in the aggregate principal amount of \$1,800,000, shall be subject to redemption and shall mature and bear interest from their date at the rate or rates per annum specified in the form of Series A Bond set out in Section 1502 of the Indenture.

SECTION 3.2. Form of Series A Bonds. The Series A Bonds shall be issuable in the form of fully registered bonds without coupons in denominations of \$5,000 or any whole multiple thereof.

SECTION 3.3. Additional Parity Bonds. Additional parity bonds may be issued under the Indenture without limit as to principal amount, subject only to the approval of the Issuer and the Borrower and the delivery of the documents, certificates and opinions specified in the Indenture.

SECTION 3.4. Source of Payment by Issuer. The principal of, premium, if any, and interest on the Series A Bonds and all other pecuniary obligations of the Issuer under the Loan Agreement, the Indenture or otherwise, in connection with the Project or the Series A Bonds, shall be payable by the Issuer solely from the loan payments and other revenues and proceeds receivable by the Issuer under the Series A Promissory Note and the Loan Agreement or otherwise from the operation, sale, lease or other disposition of the Project, including proceeds from insurance and condemnation awards and proceeds of any foreclosure or other realization upon the liens or security interests under the Mortgage, the Loan Agreement and the Indenture, the proceeds of the Series A Bonds and income from the temporary investment of the proceeds of the Series A Bonds or of such other revenues and proceeds, as pledged for such payment to the Trustee under and as provided in the Indenture; neither the faith and credit nor the taxing power of the Issuer, of the State of Florida or of any political subdivision thereof is pledged to the payment of the Bonds issuable under the Indenture or of such other pecuniary obligations of the Issuer, and neither the Issuer, the State of Florida nor any political subdivision thereof shall ever be required or obligated to levy ad valorem taxes on any property within their territorial limits to pay the principal of, premium, if any, or interest on the Series A Bonds or other pecuniary obligations or to pay the same from any funds thereof other than such revenues, receipts and proceeds so pledged, and the Series A Bonds shall not constitute a lien upon any property owned by the Issuer or the State of Florida or any political subdivision thereof, other than the Issuer's interest in the Series A

Promissory Note, the Mortgage, and the Loan Agreement and the property rights, receipts, revenues and proceeds pledged therefor under and as provided in the Indenture.

SECTION 3.5. Collateral Security. The payment of the Series A Promissory Note and the performance of the Borrower's other obligations under the Loan Agreement shall be secured by the Mortgage which shall constitute a first mortgage on the real estate comprising the Mortgaged Property and a first security interest in the machinery and equipment comprising the Mortgaged Property, in each case subject only to certain Permitted Encumbrances, as such term is defined in the Mortgage, and by the Lease Assignment assigning as collateral security the Lease and all future leases of any part of the Project Complex, and the rents, issues and profits thereof. The Issuer shall assign the Mortgage and the Lease Assignment, without recourse, to the Trustee under the Indenture for the benefit of the owners of the Series A Bonds.

SECTION 3.6. Guarantee. The prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles shall be unconditionally guaranteed by the Guarantor pursuant to the Guaranty Agreement.

SECTION 3.7 Validation. The Series A Bonds have been validated pursuant to Chapter 75, Florida Statutes, as amended.

[The next page is Four-1]

## ARTICLE IV

### REPRESENTATIONS

SECTION 4.1. Representations of Issuer. As an inducement to the other Parties to enter into this Bond Purchase Agreement, the Issuer makes the following representations:

(a) The Issuer is a public body corporate and politic of the State of Florida duly created and validly existing pursuant to the Constitution and laws of the State of Florida.

(b) The Issuer has full right, power and authority to enter into, execute and deliver this Bond Purchase Agreement and the assignment on the Series A Promissory Note and the Mortgage and to perform its obligations hereunder and thereunder.

(c) The Authorizing Issuer Official and the Attesting Issuer Official are authorized for and in the name of the Issuer to execute, deliver and perform the obligations of the Issuer under this Bond Purchase Agreement, the Series A Bonds, the Loan Agreement, the Indenture and the forms of assignment on the Series A Promissory Note and the Mortgage, and to execute, deliver, file or record such other incidental papers, documents and instruments as shall be necessary to carry out the intention and purposes of this Bond Purchase Agreement and the Bond Resolution.

(d) The execution, delivery and performance of the agreements, documents and instruments referred to in paragraph (c) of this Section 4.1 will not conflict with or constitute a breach of any of the terms, conditions or provisions of any applicable law, constitutional provision, statute, rule or regulation, restriction or limitation, or any agreement, instrument or court or other governmental order to which the Issuer is now a party or by which it is bound, and does not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any of the foregoing.

(e) The Issuer has found and determined that the Project is appropriate to the needs and circumstances of St. Johns County, and that the issuance of the Series A Bonds, the acquisition, construction and installation of the Project and the financing of the Project for the Borrower will further the public purposes of the Act in that it will promote and foster the economic growth and development of St. Johns County, and the State of Florida, increase purchasing power and opportunities for gainful employment, improve living conditions and advance and improve the economic prosperity and the welfare of the State of Florida and its inhabitants, foster the industrial and business development of St.

Johns County, and otherwise contribute to the health, safety and welfare of the people of the State of Florida.

(f) There is no litigation, administrative proceeding or investigation pending (nor, to the knowledge of the Issuer, is any such action threatened) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (i) the validity of the Act, the Preliminary Resolution or the Bond Resolution; (ii) any of the proceedings had or actions taken leading up to the issuance of the Series A Bonds or the execution, delivery or performance of this Bond Purchase Agreement; (iii) the delivery, validity or enforceability of the Bonds or any of the documents referred to in paragraph (c) of this Section 4.1; (iv) the corporate existence of the Issuer; or (v) the right of the Authorizing Issuer Official, the Attesting Issuer Official or any member of the Governing Body to hold his or her office.

(g) By the Preliminary Resolution, the Governing Body took preliminary official action approving and authorizing the execution and delivery of the Memorandum of Agreement, expressing the Issuer's intent to issue and sell the Series A Bonds in order to finance all or a part of the cost of the Project.

(h) A public hearing was duly held by the Issuer on \_\_\_\_\_ 1985, upon reasonable public notice, at which hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the Project and to the issuance of the Series A Bonds. On \_\_\_\_\_, 1985, after the above-mentioned public hearing, the issuance of the Series A Bonds was approved by the Board of County Commissioners of St. Johns County, Florida, which is the governing body of St. Johns County and consists of elected public officials, from which the Issuer derives its authority to issue revenue bonds such as the Series A Bonds, and which is deemed to be the applicable elected representative of the Issuer.

(i) By the Bond Resolution, the Governing Body authorized the issuance and sale of the Series A Bonds to provide funds for financing all or part of the cost of the issuance of the Series A Bonds and acquiring, constructing and installing the Project, and authorizing and approving the Issuer's execution, delivery and performance of this Bond Purchase Agreement, the Loan Agreement, the Indenture, the Series A Bonds, the Mortgage and the other instruments contemplated hereby to be executed and delivered by the Issuer, which resolution has not been amended, modified or rescinded and continues to be in full force and effect.

(j) Under existing statutes and decisions, no taxes on the income of the Issuer to be received under the Loan Agreement are imposed upon the Issuer.

(k) The Governing Body has found and determined that all requirements of the Constitution and other laws of the State of Florida, including the Act, have been complied with.

(l) No member of the Governing Body or officer of the Issuer has any substantial interest (financial, employment or other) in the Borrower or in the transactions contemplated by this Bond Purchase Agreement, the Loan Agreement, the Indenture, the Series A Bonds, the Mortgage and the other instruments contemplated hereby.

(m) The Issuer has not been advised by the Commissioner, any District Director or any other official of the Internal Revenue Service that certifications by the Issuer with respect to arbitrage may not be relied upon.

SECTION 4.2. Representations of the Bond Purchaser. As an inducement to the other Parties to enter into this Bond Purchase Agreement, the Bond Purchaser makes the following representations: \*

(a) It is an institutional investor, meaning thereby that it is either an insurance company, a national banking association organized pursuant to the laws of the United States or a state commercial bank organized under the banking laws of the state in which its home office is located, and it is duly and legally authorized to purchase the Series A Bonds, as provided in this Bond Purchase Agreement.

(b) In entering into this Bond Purchase Agreement it has relied solely upon the representations, warranties and closing conditions contained herein, information furnished to it by or on behalf of the Borrower or the Guarantor and credit investigations and reviews conducted by it and/or its own advisors, and it has not relied upon any other representations, warranties or information furnished by or on behalf of the Issuer or Bond Counsel.

(c) It has been offered copies of or full access to all Series A Bond documents and all records, reports, financial statements and other information concerning the Borrower and the Guarantor and pertinent to the source of payment for the Series A Bonds to which a reasonable investor would attach significance in making investment decisions.

(d) It is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the hereinafter-stated principal amount of the Series A Bonds, and it is aware of the intended use of the proceeds of the Series A Bonds and the risks involved therein.

(e) It understands that the Series A Bonds are not secured by any obligation or pledge of any moneys received or to be received from taxation or from the Issuer, the State of Florida or any political subdivision or taxing district thereof (including, without implied limitation, the Issuer), and that the Series A Bonds will never represent or constitute general obligations, debt or bonded indebtedness of the Issuer, the State of Florida or any political subdivision thereof and that no right will exist to have taxes levied by the Issuer, the State of Florida or any political subdivision thereof for the payment of principal of, redemption premiums, if any, and interest on the Series A Bonds.

(f) It is purchasing the Series A Bonds solely for its own account and not on behalf of others, and solely for investment and not with a view to reselling or otherwise distributing all or any part of or interest in the Series A Bonds, except that it may grant a participation or participations to not more than four other institutional investors of the type described in subsection (a) of this Section. \*

(g) It has been informed by the Borrower and agrees that the Series A Bonds (i) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, (iii) will carry no rating for any rating service and (iv) are not likely to be readily marketable.

(h) It will not offer, sell or otherwise dispose of all or any part of or interest in the Series A Bonds, except (i) in full good faith compliance with all securities registration, broker-dealer, antifraud and other provisions of the applicable state and federal laws, (ii) with full and accurate disclosure of all material facts to the prospective purchaser(s) or transferee(s) and (iii) either under effective federal and state registration statements (which neither the Issuer nor the Borrower shall in any way be obligated to provide) or upon delivery of an opinion of recognized counsel satisfactory to the Borrower to the effect that the Series A Bonds are being offered, sold or otherwise disposed of pursuant to exemptions from such registrations.

(i) It has been informed by the Borrower and agrees that (i) stop transfer notations may be made on the Trustee's transfer records and (ii) a legend may be placed on the Series A Bond certificates or any other documents evidencing ownership of the Series A Bonds to the effect that they have not been registered under the Securities Act of 1933 or any state "Blue Sky" laws and that they may not be disposed of unless they are registered thereunder or an opinion of recognized counsel satisfactory to



the Borrower is delivered to the effect that they may be resold or otherwise disposed of pursuant to an exemption from such registration.

(j) It is not a bond house, broker or other intermediary for the Series A Bonds, and it is not an underwriter for the Series A Bonds, and it has not paid and will not pay any bonus, fee or gratuity to any "finder," within the meaning of Section 218.386, Florida Statutes, as amended, in connection with the sale of the Bonds to it by the Issuer.

(k) It understands, acknowledges and agrees that the Bonds, the Indenture, the obligations of the Borrower under the Loan Agreement and the obligations of the Guarantor under the Guaranty Agreement are being issued and sold, or entered into, in reliance upon exemptions from filing, registration and qualification under the securities laws of Florida, Chapter 517, Florida Statutes, as amended, and that the same have not been and will not be filed, registered or qualified under such laws.

(l) It agrees to indemnify and hold harmless all Parties and Participants involved in this Bond transaction from any and all losses, claims, damages, liabilities and expenses arising out of violations by it of any of the statements, covenants or representations contained in this Section 4.2.

SECTION 4.3. Representations of Borrower. As an inducement to the other Parties to enter into this Bond Purchase Agreement, the Borrower makes the following representations:

(a) The Borrower is a Maryland limited partnership duly authorized to transact business in the State of Florida duly organized and validly existing in good standing under the laws of the State of Maryland.

(b) The Borrower is qualified to do business as a foreign partnership in each state in which the ownership of property or the transaction of business by the Borrower requires as a practical matter that the Borrower so qualify.

(c) The Project will be located in whole within an unincorporated area of St. Johns County, Florida, outside any incorporated municipality.

(d) The Borrower has full right, power and authority to enter into, execute and deliver this Bond Purchase Agreement, the Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease and the Lease Assignment, and to perform its obligations hereunder and thereunder.

(e) The Borrower's Authorized Officers are authorized for and in the name of the Borrower to execute, deliver and perform the obligations of the Borrower under this Bond Purchase Agreement, the Loan Agreement, the Series A Promissory Note, the Mortgage, the Lease and the Lease Assignment, and to execute, deliver, file or record such other incidental papers, documents and instruments as shall be necessary to carry out the intention and purposes of this Bond Purchase Agreement and the Loan Agreement.

(f) No authorization, approval, consent or license of any regulatory body or authority, not already obtained, is required on the part of the Borrower for the valid and lawful execution and delivery of the documents and instruments referred to in paragraph (d) of this Section 4.3 and the performance of the obligations of the Borrower thereunder.

(g) The execution and delivery of the documents and instruments referred to in paragraph (d) of this Section 4.3 and the performance by the Borrower thereunder will not conflict with or constitute a breach of or default under the Borrower's limited partnership agreement, or any indenture, agreement or other instrument to which the Borrower is a party or by which it is bound or to which any of its material assets or properties is subject.

(h) No event has occurred which, with the lapse of time or the giving of notice or both, would give any creditor of the Borrower the right to accelerate the maturity of any of the Borrower's outstanding indebtedness for money borrowed.

(i) The Borrower has heretofore furnished the Bond Purchaser with the financial statements of the Guarantor, general partner of the Borrower. All of said financial statements have been prepared in accordance with generally accepted accounting principles and present fairly the financial position of the Guarantor. There has been no material adverse change in the condition, financial or otherwise, of the Guarantor since the date of the most recent financial statements referred to in this paragraph.

(j) No "industrial development bonds" (as defined in Section 103(b) of the Code) have been issued by or on behalf of the Issuer, the State of Florida or any political subdivision thereof to provide facilities located or to be located in the territorial limits of St. Johns County, or contiguous to or integrated with any facilities so located, used or to be used by the Borrower, the Lessee or any other "principal user" of the Project, or by any "related person" of the Borrower, the Lessee or any other principal user of the Project (as the quoted terms are used in Section 103(b) of the Code).

(k) The Series A Bonds will be "industrial development bonds" as defined in Section 103(b) of the Code, and thus excluded from the meaning of the term "consumer loan bond" within the meaning of Section 103(o) of the Code by virtue of Section 103(o)(2)(B)(ii) of the Code.

(l) The aggregate authorized face amount of the Series A Bonds, when added to the aggregate face amount of all outstanding tax-exempt industrial development bonds "allocated" to any "test-period beneficiary" (within the meaning of and pursuant to Section 103(b)(15) of the Code), will not exceed \$40,000,000.

(m) The proceeds of the Series A Bonds will not be used with the proceeds of any other issue of tax-exempt industrial development bonds to finance a single building, an enclosed shopping mall, or a strip of offices, stores, or warehouses using substantial common facilities.

(n) The general description of the Project and the summary of the Borrower's budget therefor as set forth in Exhibit A to this Bond Purchase Agreement are accurate summaries and budget estimates. The property that comprises the Project consists or will consist of land or property of a character subject to the allowance for depreciation under Section 167 of the Code that the Borrower or any "related person" did not use and for which no obligation was paid or incurred by or on behalf of the Borrower or any "related person" until after the date of the Preliminary Resolution and no part of which was placed in service more than one year prior to the Closing Date. All of the budgeted items are chargeable to the capital account of the Project or would be so chargeable either with a proper election of the Borrower or but for a proper election by the Borrower to deduct such amounts.

(o) No portion of the proceeds of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account (as such terms are defined in the Indenture) or the Construction Account (as such terms are defined in the Indenture) is to be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, or used to provide the following: any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility, racetrack, airplane, skybox, or other private luxury box, any health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(p) Not more than 25% of the proceeds of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction

Account is to be used to provide a facility the primary purpose of which is one of the following: retail food and beverage services, automobile sales or service or the provision of recreation or entertainment.

(q) Any portion of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction Account that is to be used (directly or indirectly) for the acquisition of land (or an interest therein), other than land (or an interest therein) to be used for farming purposes, will be less than 25%.

(r) No portion of the proceeds (including any "imputed proceeds") of the Series A Bonds or investment earnings on Trust Funds to be deposited in or credited to the Issuance Expense Account or the Construction Account is to be used for the acquisition of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition, except as otherwise permitted by Section 103(b)(17)(B) of the Internal Revenue Code and the Income Tax Regulations now or hereafter promulgated thereunder.

(s) The Series A Bonds will not be "federally guaranteed" (as defined in Section 103(h)(2) of the Code). The payment of principal and interest with respect to the Series A Bonds and the loan made to the Borrower with the proceeds thereof will not be guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof. The proceeds of the Series A Bonds will not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent that under Section 103(h)(2) of the Code such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Series A Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, (iii) may be invested in obligations issued by the United States Treasury, or (iv) may be invested in other investments permitted under regulations under Section 103(h)(2) of the Code.

(t) The sum of the outstanding face amount of all prior outstanding exempt small issues of industrial development bonds (within the meaning of the regulations under Section 103(b)(6)(D) of the Code), plus all capital expenditures of a character described in Section 103(b)(6)(D) of the Code that were or will be paid or incurred by the Borrower, the Lessee or any other person during the three-year period ending on the Closing Date, with respect to the Project or any other facilities in the territorial limits of St. Johns County, of which the Borrower, the Lessee or any "related person" (as defined in Section 103(b)(6) of the Code) is or will be a "principal user" within the meaning of Section 103(b)(6) of the Code, when added to the total authorized face amount of the Series A Bonds, does not exceed \$10,000,000.

(u) It will duly and timely file or cause to be filed with the Internal Revenue Service (with copies furnished contemporaneously to the Issuer and the Trustee) all statements, returns or other filings required to be filed or otherwise necessary to preserve the tax-exempt status of the Series A Bonds, including without limitation the supplemental statements described in Section 1.103-10(b)(2)(vi)(c) of the Income Tax Regulations and any successor provision of similar import.

(v) It will furnish to the Issuer prior to the Closing Date a completed Internal Revenue Service Form 8038 pertaining to the Series A Bonds, prepared and signed as preparer by the Borrower or its certified public accountants; it or its certified public accountants will be responsible for the substantive accuracy of such Form 8038, and it will hold harmless the Issuer, any Bondowner and Bond Counsel against all consequences of any material misrepresentation in or material omission from such Form 8038.

(w) It will not make or incur (and it will not permit any other person to make or incur) any capital expenditures of a character described in Section 103(b)(6)(D) of the Code if, as a result of such making or incurrence, the limitation on such capital expenditures described in said Section will be exceeded at any time during the three-year period following the closing of the Series A Bond issue.

(x) The Borrower is (or, upon delivery, construction and installation, will be) the lawful, titled owner of the Project Complex and the Mortgaged Property, subject to no exceptions, liens or encumbrances other than Permitted Encumbrances (as defined in the Mortgage).

(y) The Project is not in violation of any zoning ordinance, permit requirement or code of St. Johns County, Florida.

**Section 4.4. Representations of Guarantor.** As an inducement to the other Parties to enter into this Bond Purchase Agreement, the Guarantor makes the following representations:

(a) The Lessee is a Maryland corporation duly authorized to transact business in the State of Florida duly organized and validly existing in good standing under the laws of the State of Maryland.

(b) The Lessee is qualified to do business as a foreign corporation in each state in which the ownership of property or the transaction of business by the Lessee requires as a practical matter that the Lessee so qualify.

(c) The Lessee has full right, power and authority to enter into, execute and deliver this Bond Purchase Agreement, the Guaranty Agreement and the Lease and to perform its obligations hereunder and thereunder.

(d) The Lessee's Authorized Officers are authorized for and in the name of the Lessee to execute, deliver and perform the obligations of the Lessee under the documents and instruments referred to in paragraph (c) of this Section 4.4, and to execute, deliver, file or record such other incidental papers, documents and instruments as shall be necessary to carry out the intention and purpose thereof.

(e) No authorization, approval, consent or license of any regulatory body or authority, not already obtained, is required on the part of the Lessee for the valid and lawful execution and delivery of this Bond Purchase Agreement, the Guaranty Agreement and the Lease and such other incidental papers, documents and instruments as shall be necessary to carry out the intention and purposes of this Bond Purchase Agreement, the Guaranty Agreement and the Lease and the performance of the obligations of the Lessee thereunder.

(f) The execution and delivery of the documents and instruments referred to in paragraph (c) of this Section 4.4 and the performance by the Lessee thereunder will not conflict with or constitute a breach of or default under the Lessee's Articles of Incorporation or Bylaws or any indenture, agreement or other instrument to which the Lessee is a party or by which it is bound or to which any of its material assets or properties is subject.

(g) No event has occurred which, with the lapse of time or the giving of notice or both, would give any creditor of any of the Guarantor, the right to accelerate the maturity of any of the Guarantor's outstanding indebtedness for money borrowed.

(h) The Lessee has heretofore furnished the Bond Purchaser with financial statements of the Lessee for the previous three fiscal years of the Lessee. All of said financial statements have been prepared in accordance with generally accepted accounting principles and present fairly the financial position of the Lessee. There has been no material adverse change in the condition, financial or otherwise, of the Lessee since the date of the most recent financial statements referred to in this paragraph.

(i) The representations of the Borrower in Section 4.3 hereof, insofar as they relate to the Lessee as a "related person" of the Borrower, are true and correct, and insofar as they relate

to other matters, are true and correct to the best knowledge of the Lessee (after reasonable investigation by the Lessee).

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## ARTICLE V

### AGREEMENT TO PURCHASE SERIES A BONDS

SECTION 5.1. Contemporaneous Delivery of Documents to the Bond Purchaser. Prior to or simultaneously with the execution of this Bond Purchase Agreement, the Bond Purchaser shall have received one copy each of the Loan Agreement, the Mortgage, the Lease, the Lease Assignment, the Guaranty Agreement and the Indenture substantially in the forms submitted to the Governing Body at the time of adoption of the Bond Resolution with such changes, corrections, insertions and deletions as may be approved by the Authorizing Issuer Official or the Attesting Issuer Official, such approval to be evidenced conclusively by their execution thereof.

SECTION 5.2. Agreements to Sell and Purchase Series A Bonds. Upon the basis of the representations and upon the terms and conditions set forth in this Bond Purchase Agreement, the Bond Purchaser agrees to purchase from the Issuer and the Issuer agrees to sell to the Bond Purchaser all (but not less than all) of the Series A Bonds for an aggregate purchase price of 100% of the \$1,800,000 principal amount thereof plus accrued interest thereon from the date thereof through the day immediately preceding the Closing Date. Payment of the purchase price shall be made by the Bond Purchaser to the order of the Trustee (for the account of the Issuer) on the Closing Date in federal or other immediately available funds at the principal office of the Trustee. The Series A Bonds shall be delivered to the Bond Purchaser at the Place of Closing on the Closing Date in definitive form, and duly executed and authenticated in accordance with the Indenture. The Series A Bonds shall be delivered in the form of a single fully registered bond, without coupons, typewritten, computer printed or reproduced by photocopying a typewritten or computer printed form.

SECTION 5.3. Approval of the Borrower and the Guarantor. The Borrower and the Guarantor approve the purchase and sale described in Section 5.2 of this Bond Purchase Agreement and agree (to the extent within their control) to cause each of the conditions set forth in Article VI of this Bond Purchase Agreement and in Section 403 of the Indenture to be satisfied by the Closing Date.

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## ARTICLE VI

### CLOSING CONDITIONS

SECTION 6.1. Performance of Obligations. The respective obligations and agreements of the Issuer and the Bond Purchaser under this Bond Purchase Agreement are expressly made subject to the due performance by the other and by the Borrower and the Guarantor at or prior to the Closing Date of their respective obligations and undertakings pursuant to this Bond Purchase Agreement. The Issuer shall not be liable to any of the parties or participants if for any reason the Series A Bonds are not sold and delivered.

SECTION 6.2. Delivery of Closing Papers. The obligations and agreements of the Issuer and the Bond Purchaser under this Bond Purchase Agreement are further expressly made subject to the condition that, at or prior to the Closing Date, there shall have been delivered to the Trustee the items described in Section 403 of the Indenture and to the Issuer and to the Bond Purchaser the following:

(a) Basic Documents:

(i) One fully executed counterpart each of the Loan Agreement, the Mortgage, the Lease, the Lease Assignment, the Guaranty Agreement and the Indenture in the respective forms thereof delivered to the Bond Purchaser pursuant to Section 5.1 of this Bond Purchase Agreement, with only such revisions therein or additions thereto as shall have been required to incorporate terms specified in this Bond Purchase Agreement or as shall have been approved by or on behalf of the Issuer (as evidenced conclusively by the signature of an Authorizing Issuer Official to the Loan Agreement, to the assignments of the Mortgage and the Lease Assignment and to the Indenture) and the Bond Purchaser (as evidenced conclusively by the Bond Purchaser's acceptance of the Series A Bonds and payment of the purchase price therefor).

(ii) One conformed or photographic copy of the Series A Promissory Note.

(b) Closing Papers to be Furnished by Borrower:

(i) One copy of the Borrower's certificate of limited partnership and limited partnership agreement, as amended or restated, certified by the general partner of the Borrower to be a true and correct copy thereof, together with a certificate of authority to do business in the State of Florida.

(ii) One signed copy of the approving opinion of Borrower's Counsel, dated the Closing Date, substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel.

(iii) One copy of a "Borrower's Closing Certificate" substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel.

(iv) One copy of a "Borrower's Tax Matters Certificate" substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by the General Partners of the Borrower.

(v) One copy of an A.L.T.A. form loan policy of title insurance, or commitment therefor, in the amount of \$1,800,000 issued at or prior to the Closing Date by a reputable title insurance company, in favor of the Issuer and the Trustee, insuring or committing to insure (subject to standard exclusions from coverage in such policies of insurance) that the Borrower has good and marketable fee simple title to the real estate comprising the Mortgaged Property subject only to the Mortgage and such other exceptions as shall, in the opinion of Borrower's Counsel, be Permitted Encumbrances as defined in the Mortgage.

(vi) One copy of a completed Internal Revenue Service Form 8038, signed by the Public Accountants as the preparer thereof.

(vii) One copy of the Certificate of Need for the Project.

(c) Closing Papers to be Furnished by Guarantor:

(i) One copy of the Lessee's Articles of Incorporation, as amended or restated, certified not more than 30 days prior to the Closing Date by the appropriate certifying agency of the domicile state of the Lessee, together with a certificate of the Secretary of the Lessee, dated the Closing Date, to the effect that there has been no amendment or restatement of said documents subsequent to the date of certification by said agency.

(ii) One copy of a certificate of existence and good standing issued by the appropriate agency of the Lessee's domicile state on a date as close as practicable to the Closing Date.

(iii) One copy of the authorizing resolutions of the Lessee's governing body in respect of this Bond Purchase Agreement and the transactions contemplated hereby, certified by the Secretary of the Lessee to be a true and correct copy thereof as adopted and as in full force and effect as of the Closing Date.

(iv) One copy of the Bylaws of the Lessee as in force on the date of the adoption of the resolutions referred to in clause (c)(iii) and one copy of all subsequent amendments, if any, thereto, in each case certified by the Secretary of the Lessee to be a true and correct copy thereof.

(v) One copy of a "Guarantor's Closing Certificate" substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by the Guarantor.

(vi) One copy of the approving opinion of Guarantor's Counsel, dated the Closing Date, substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel and the Bond Purchaser.

(d) Closing Papers to be Furnished by Issuer:

(i) One copy of the Preliminary Resolution certified by the Attesting Issuer Official to be a true and correct copy thereof as adopted and approved.

(ii) One copy of the Bond Resolution certified by the Attesting Issuer Official to be a true and correct copy thereof as adopted and approved.

(iii) One copy of an "Issuer's Closing Certificate" Substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by the Authorizing Issuer Official and the Attesting Issuer Official.

(iv) One copy of a "Nonarbitrage Certificate" substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a

form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by the Authorizing Issuer Official.

(v) One signed copy of the approving opinion of Issuer's Counsel, dated the Closing Date, substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel.

(vi) The unqualified approving opinion of Bond Counsel with respect to the Series A Bonds, dated the Closing Date, substantially in the form included in the packet of closing papers distributed to the Parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel.

(vii) One copy of the Application for Notice of Intent to Issue Bonds and Request for Written Confirmation signed by the Director of the Office of Planning and Budgeting, Executive Office of the Governor, approving the requested allocation.

(viii) One copy of a certified copy of the Validation Judgment.

(ix) One copy of a certified copy of the Certificate as to No Appeal filed with respect to the Validation Judgment.

(e) Closing Papers to be Furnished by Trustee:

(i) One copy of a "Trustee's Authorization and Incumbency Closing Certificate" substantially in the form included in the packet of closing papers distributed to the parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by authorized officers of the Trustee.

(ii) One copy of a "Cross Receipts Closing Certificate" substantially in the form included in the packet of closing papers distributed to the parties on the date hereof, or in a form satisfactory to Bond Counsel, Issuer's Counsel, Purchaser's Counsel and Trustee's Counsel, dated the Closing Date and signed by the Parties indicated.

(f) Other Assurances: Such additional legal opinions, certificates, proceedings, instruments and other documents as the Issuer, the Bond Purchaser or Bond Counsel may reasonably request to verify or evidence (i) compliance by the Parties and

Participants with applicable legal requirements, (ii) the truth and accuracy of the representations or opinions of the Parties and Participants contained in this Bond Purchase Agreement or in any Closing Paper, or (iii) the due performance of all agreements and the satisfaction of all conditions required to be performed or satisfied at or prior to the Closing Date.

SECTION 6.3. Form of Closing Papers; Waiver of Conditions. The Closing Papers to be delivered to the Issuer and the Bond Purchaser pursuant to this Bond Purchase Agreement shall be deemed to be in compliance with the conditions of this Bond Purchase Agreement if, but only if, in the reasonable judgment of the Issuer or the Bond Purchaser, as the case may be, they are satisfactory in form and substance. No condition hereof shall be deemed to have been waived by the Issuer or the Bond Purchaser unless expressed specifically in a writing signed by the Issuer or the Bond Purchaser, as the case may be.

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## ARTICLE VII

### TERMINATION; PAYMENT OF EXPENSES

SECTION 7.1. Termination. This Bond Purchase Agreement may be terminated by the Issuer or the Bond Purchaser, if, prior to the Closing Date:

(a) Any representation of the other or of the Borrower or of the Guarantor contained in Article IV of this Bond Purchase Agreement or in any Closing Paper shall prove to have been false in any material respect; or

(b) There shall be a failure of any of the conditions set forth in Sections 6.1 or 6.2 of this Bond Purchase Agreement.

SECTION 7.2. Payment of Expenses. The following costs and expenses relating to the transactions contemplated or described in this Bond Purchase Agreement shall be borne and paid by the Borrower regardless of whether the transactions herein contemplated shall close: reproduction of the Series A Bonds; printing and photostating of Closing Papers in such quantities as Bond Counsel may reasonably determine; fees and disbursements of Bond Counsel; fees and disbursements of Borrower's Counsel; fees and disbursements of Purchaser's Counsel and Trustee's Counsel; fees and disbursements of Guarantor's Counsel; fees and disbursements of Issuer's Counsel, if any; fees and disbursements of Public Accountants; Trustee's fees, if any, and disbursements; Bond Purchaser's financing, placement or commitment fees, if any; title insurance premiums and other costs of title assurances; documentary and surtax stamps and intangible taxes, if any; and out-of-pocket expenses and fees of the Issuer.

The Issuer shall bear no out-of-pocket expense in connection with the transactions contemplated by this Bond Purchase Agreement. Except as otherwise provided above, the Borrower, the Guarantor and the Bond Purchaser shall each bear the costs and expenses incident to the performance of their respective obligations under this Bond Purchase Agreement. Recourse of the other parties hereto for any breach of this Bond Purchase Agreement is limited solely to the Bond proceeds if and when the Bonds are sold and delivered.

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ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Parties and Interests; Survival of Representations. This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Borrower, the Guarantor and the Bond Purchaser, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Party and shall survive the delivery of and payment for the Series A Bonds.

SECTION 8.2. Notices. All notices, demands, certificates or other communications (other than the Closing Papers) under this Bond Purchase Agreement shall be sufficiently given and shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram, with proper address as indicated below:

<u>To the Issuer:</u>	St. Johns County Industrial Development Authority c/o Mr. James G. Sisco, County Attorney St. Johns County Courthouse, Room 261 St. Decemberine, FL 32084
<u>To the Borrower:</u>	St. Johns Meridian Limited Partnership c/o Meridian Nursing Centers, Inc. 21 West Road Towson, MD 21204  Attention: Mr. James W. Jeffcoat
<u>To the Guarantor:</u>	Meridian Nursing Centers, Inc. 21 West Road Towson, MD 21204  Attention: Mr. James W. Jeffcoat
<u>To the Bond Purchaser:</u>	Equitable Bank, National Association 100 South Charles Street Baltimore, MD 21201  Attention: Vice President

Any party may, by written notice to the other Parties, designate a change of address for the purposes aforesaid.

SECTION 8.3. Amendment. This Bond Purchase Agreement shall not be effectively amended, changed, modified, altered or terminated without the concurring consent of the Trustee, and no modification, alteration or amendment to this Bond Purchase Agreement shall be binding upon any party hereto until such modification, alteration or amendment is reduced to writing and executed by all parties hereto.

SECTION 8.4. Governing Law. The laws of the State of Florida shall govern this Bond Purchase Agreement.

SECTION 8.5. Captions. The captions or headings in this Bond Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Bond Purchase Agreement.

SECTION 8.6. Counterparts. This Bond Purchase Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 8.7. Severability. If any provisions of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provisions in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Bond Purchase Agreement contained, shall not affect the remaining portions of this Bond Purchase Agreement, or any part thereof.

SECTION 8.8. No Personal Liability. Notwithstanding anything to the contrary contained herein or in any of the Series A Bonds, or the Indenture or the Loan Agreement, or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future member, officer, employee or agent of the Issuer, or of any incorporator, member, director, officer, employee or agent of any successor to the Issuer, in any such person's individual capacity, and no such person, in his individual capacity,



shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Series A Bonds or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

Dated as of December 1, 1985.

The Issuer:

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

(SEAL OF ISSUER)

ATTEST:

By

\_\_\_\_\_  
Ross S. Mickey  
Chairman

\_\_\_\_\_  
Andrew J. DuPont, Jr.  
Secretary

The Borrower:

Signed, sealed and delivered  
in the presence of:

\_\_\_\_\_

\_\_\_\_\_  
(Witnesses as to Borrower)

ST. JOHNS MERIDIAN LIMITED  
PARTNERSHIP  
By Meridian Nursing Centers,  
Inc.  
Its General Partner

By \_\_\_\_\_  
James W. Jeffcoat  
Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary

(SEAL)

The Guarantor:

(SEAL)

MERIDIAN NURSING CENTERS, INC.

ATTEST:

By \_\_\_\_\_  
James W. Jeffcoat  
Vice President

\_\_\_\_\_  
Its Secretary

The Bond Purchaser:

EQUITABLE BANK, NATIONAL ASSOCIATION

By \_\_\_\_\_  
William N. Apollony  
Vice President

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Item</u>
A	Description of Project; Project Budget
B	Description of Mortgaged Property
C	Form of Bond Counsel Opinion

EXHIBIT B

DESCRIPTION OF MORTGAGED PROPERTY

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DESCRIPTION OF MORTGAGED REAL ESTATE

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DESCRIPTION OF MORTGAGED EQUIPMENT

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EXHIBIT C

4(k)

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FORM OF OPINION OF  
BOND COUNSEL

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December \_\_\_\_\_, 1985

St. Johns County Industrial  
Development Authority  
c/o Clerk of Courts  
St. Johns County Courthouse  
King and Cordova Streets  
St. Augustine, FL 32084

Equitable Bank, N.A.  
100 South Charles Street  
Baltimore, MD 21201  
  
Attention: Trust Department

Equitable Bank, N.A.  
100 South Charles Street  
Baltimore, MD 21201

Attention: Vice President

Re: \$1,800,000 St. Johns County Industrial  
Development Authority Industrial Develop-  
ment Revenue Bonds, Series A (St. Johns  
Meridian Limited Partnership Project)

Gentlemen:

We have acted as bond counsel in connection with the issuance by the St. Johns County Industrial Development Authority (the "Issuer") of its Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project) (the "Bonds"). We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion, including certain portions of the bond validation proceedings in the Circuit Court of the Seventh Judicial Circuit, St. Johns County, Florida, in the case styled St. Johns County Industrial Development Authority v. State of Florida, et al., Case No. \_\_\_\_\_, Division A, including a copy of the Final Judgment of Validation entered therein on \_\_\_\_\_, 1985.

The Bonds were issued pursuant to a resolution of the Issuer adopted August 5, 1985, and a resolution of the Issuer adopted \_\_\_\_\_, 1985 (collectively, the "Issuer Resolutions"); a

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Equitable Bank, N.A.,  
as Trustee  
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Bond Purchase Agreement (the "Purchase Agreement") among the Issuer, St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Borrower"), Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida (the "Lessee") (sometimes referred to as the "Guarantor"), and Equitable Bank, National Association, a national banking association, Baltimore, Maryland, (the "Purchaser"); and an Indenture of Trust (the "Indenture") between the Issuer and Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee (the "Trustee"). The Issuer loaned the Bond proceeds to the Borrower pursuant to a Loan Agreement (the "Loan Agreement") between the Issuer and the Borrower, and the Borrower executed and delivered to the Issuer its Series A Promissory Note (the "Promissory Note") in a principal amount equal to the aggregate principal amount of the Bonds. Under the Loan Agreement and by the Promissory Note, the Borrower agreed to make payments sufficient to pay when due the principal of, premium (if any) and interest on the Bonds, and such payments ("Loan Repayments") and the rights of the Issuer under the Loan Agreement and the Promissory Note (except for the right to enforce certain limited provisions of the Loan Agreement) were pledged and assigned by the Issuer as security for the Bonds. The purpose of the Bond issue and the loan funded thereby was to provide a means for the Borrower to finance a project (the "Project"), which Project will be leased by the Borrower to the Lessee under an initial five-year lease entered into as of December 1, 1985 (the "Lease"). Pursuant to a Guaranty Agreement (the "Guaranty Agreement") from the Lessee, as guarantor to the Trustee, the Lessee has fully and unconditionally guaranteed the prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles. As security for its obligations under the Loan Agreement, the Borrower has entered into a Mortgage and Security Agreement (the "Mortgage"), pursuant to which it has mortgaged certain real property and granted a security interest in certain personal property to the Issuer, and the Borrower has assigned the Lease to the Issuer under an Assignment of Leases, Rents and Profits dated as of December 1, 1985 (the "Lease Assignment"). The obligations of the Borrower under

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as Trustee  
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the Loan Agreement, the Series A Promissory Note, the Mortgage and the Lease Assignment are nonrecourse, and the Borrower's liability in connection with any judgment for the payment of said obligations shall be limited to the collateral and assets of the Borrower pledged or granted to the Issuer as security for said obligations, as provided in Section 2.9 of the Loan Agreement. The Issuer has assigned the Mortgage, the Lease Assignment and the Promissory Note to the Trustee as security for the Bonds.

The Bonds were validated pursuant to Chapter 75, Florida Statutes, as amended, in the Bond validation proceedings in the Circuit Court of the Seventh Judicial Circuit in and for St. Johns County, Florida, in the case styled St. Johns County Industrial Development Authority v. State of Florida, et al., Case No. \_\_\_\_\_, Division A. A Final Judgment of Validation was entered on \_\_\_\_\_, 1985, and a Clerk's Certificate as to No Appeal, dated \_\_\_\_\_, 1985, was filed.

The Bonds are payable solely from (1) Loan Repayments received by the Trustee, (2) all cash and securities held by the Trustee from time to time in specified trust funds under the Indenture, and (3) net amounts derived by recourse to the Mortgage, the Lease Assignment or the Guaranty Agreement (collectively, the "Pledged Revenues").

The law firm of Gallagher, Evelius & Jones, Baltimore, Maryland, rendered an opinion of even date with respect to, among other matters, the obligations of the Borrower under the Loan Agreement, the Promissory Note, the Mortgage, the Lease and the Lease Assignment. Said opinion is in a form satisfactory to us. In rendering this opinion, we are relying on said opinion with respect to the Borrower's authority to enter into and perform its obligations under the Loan Agreement, the Promissory Note, the Mortgage, the Lease and the Lease Assignment and the authorization, execution and delivery by the Borrower of the Loan Agreement, the Promissory Note, the Mortgage, the Lease and the Lease Assignment.

The law firm of Gallagher, Eveluis & Jones, Baltimore, Maryland, also rendered an opinion of even date with respect to, among other matters, the obligations of the Lessee under the Guaranty Agreement and the Lease. Said opinion is in a form satisfactory to us. In rendering this opinion, we are relying on said

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opinion with respect to the Lessee's authority to enter into and perform its obligations under the Guaranty Agreement and the Lease and the authorization, execution and delivery by the Lessee of the Guaranty Agreement and the Lease.

James G. Sisco, Esquire, St. Augustine, Florida, counsel for the Issuer, rendered an opinion of even date with respect to, among other matters, the obligations of the Issuer under the Issuer Resolutions, the Purchase Agreement, the Bonds, the Loan Agreement, the Indenture and the assignments of the Promissory Note, the Mortgage and the Lease Assignment by the Issuer to the Trustee. Said opinion is in a form satisfactory to us. In rendering this opinion, we are relying on said opinion with respect to the Issuer's corporate existence, the Issuer's corporate power to enter into and perform its obligations under the Issuer Resolutions, the Purchase Agreement, the Loan Agreement and the Indenture, to issue the Bonds and to assign the Promissory Note, the Mortgage and the Lease Assignment to the Trustee, the adoption by the Board of County Commissioners of St. Johns County, Florida, of a resolution approving the issuance of the Bonds after a public meeting thereon held by the Issuer, and the authorization, execution and delivery by the Issuer of the Purchase Agreement, the Bonds, the Loan Agreement, and the Indenture and the assignments of the Promissory Note, the Mortgage and the Lease Assignment to the Trustee.

We were not engaged to render any opinion on title to the real or personal property covered by the Mortgage or the Lease Assignment or any opinion on the Lease, or the priority of the Mortgage or the Lease Assignment with respect thereto, and no opinion is expressed thereon.

As to questions of fact material to our opinion, we relied upon the Issuer Resolutions and representations of the Issuer, the Borrower, the Lessee, the Purchaser and the Trustee contained in the Indenture, the Loan Agreement, the Purchase Agreement, the Lease, certificates of the Issuer, the Borrower, the Lessee and the Trustee and certificates of public officials (including certifications as to the use of Bond proceeds), without undertaking to verify the same by independent investigation. Further, we assumed that the expenditures reported by the Borrower and the Lessee and used as the basis of the \$10,000,000 election under Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended



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(the "Code"), constitute all capital expenditures to date which should be applied against the \$10,000,000 limit contained in that section, and we assumed that the aggregate authorized face amount of the Bonds, when added to the aggregate face amount of all outstanding tax-exempt industrial development bonds "allocated" to any "test period beneficiary" (within the meaning of and pursuant to Section 103(b)(15) of the Code), will not exceed \$40,000,000.

We have not passed upon any matters relating to the business, properties, affairs or condition (financial or otherwise) of the Borrower or the Lessee, and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the Borrower or the Lessee to perform their respective obligations under the instruments and documents described herein.

Based upon the foregoing, we are of the opinion that, as of the date hereof:

1. The Issuer validly exists as a public body corporate and politic of the State of Florida and has the power to issue the Bonds and to enter into and perform the Indenture and the Loan Agreement.

2. The Indenture, the Loan Agreement, the Promissory Note, the Guaranty Agreement, the Lease, the Lease Assignment and the Mortgage were duly authorized, executed and delivered by the respective parties thereto and are valid, binding and enforceable obligations of such parties. The Indenture creates a valid pledge of the Pledged Revenues and a valid security interest in the rights of the Issuer under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement) on a parity with other bonds (if any) issued or to be issued under the Indenture, subject, however, to the proper filing of appropriate Uniform Commercial Code continuation statements every five years and to the requirement that the Trustee maintain physical possession of any money or instruments that may constitute or evidence the Pledged Revenues.

3. The Bonds were duly authorized, executed and delivered by the Issuer and are valid and binding special and limited obligations of the Issuer, payable solely from the Pledged Revenues.

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Equitable Bank, N.A.  
Equitable Bank, N.A.,  
as Trustee  
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4. Under existing law, the interest on the Bonds is exempt from federal income taxes as of the date hereof pursuant to Sections 103(a) and 103(b)(6)(D) of the Code, except for interest on any Bond during any period while it is held by a "substantial user" of the facilities financed by the Bonds or a "related person," as such terms are used in Section 103(b)(13) of the Code and the Regulations thereunder, and except for interest on any Bond during any period that it is not in "registered form," as such term is used in Section 103(j) of the Code and Regulations thereunder. Although the Borrower has agreed, to the extent within its control, to take such actions as may be necessary to maintain the tax-exempt status of the Bonds, it is nevertheless possible that future action or inaction by the Borrower or the Lessee, and in some cases by other parties, could cause interest on the Bonds to become subject to federal income taxes, in which event the Indenture provides for mandatory redemption of the Bonds. Under existing law, the bonds are not "arbitrage bonds" within the meaning of Section 103(c) of the Code or the Regulations thereunder.

5. The Bonds are of the type covered by Section 159.31, Florida Statutes, which provides that revenue bonds issued under the Florida Industrial Development Financing Act, their transfer and the income therefrom (including any profit made on the sale thereof) are free from taxation by the State of Florida or any local unit or political subdivision or other instrumentality of the State of Florida, except as to estate taxes and taxes on interest, income and profits or debt obligations owned by corporations, banks and saving associations as defined by Chapter 220, Florida Statutes, as amended. No opinion is expressed as to any exemption from taxes with respect to the rents payable under the Lease at any time, or with respect to the Mortgage, the Lease Assignment, the Lease, the Loan Agreement, the Indenture, the Bonds or the Promissory Note or interest thereon, after the occurrence of any Tax Violation (as defined in the Loan Agreement) or after any redemption of the Bonds pursuant to Section 304 of the Indenture.

6. No registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended, need be made in connection with the offering and sale of the Bonds, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended. We have not passed upon any

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matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Bonds, nor have we passed upon any matters pertaining to the disclosure requirements of applicable federal and state securities laws.

7. All conditions precedent to the issuance of the Bonds set forth in the Indenture have been satisfied. The Indenture, the Loan Agreement, the Promissory Note, the Mortgage, the Lease, the Lease Assignment and the Guaranty Agreement in their final forms are consistent with and valid under the bond validation proceedings for the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement, the Promissory Note, the Guaranty Agreement, the Mortgage, the Lease and the Lease Assignment may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to limitations and restrictions on the exercise of certain remedies provided for therein under the laws of the State of Florida and to the exercise of judicial discretion in accordance with general principles of equity, however, in our judgment, such limitations, restrictions and equitable principles do not make the remedies provided for in such instruments and agreements (taken as a whole) inadequate for the practical realization of the benefits intended to be afforded thereby.

Very truly yours,

FOLEY & LARDNER

PS2SJMBP1

F&L/TBS 9/18/85

GUARANTY AGREEMENT

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Dated as of December 1, 1985

From

MERIDIAN NURSING CENTERS, INC.,  
as Guarantor

To

EQUITABLE BANK, NATIONAL ASSOCIATION,  
as Trustee

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Relating to:

\$1,800,000  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES A  
(ST. JOHNS MERIDIAN LIMITED PARTNERSHIP PROJECT)

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This Instrument Prepared By:  
Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
P.O. Box 1290  
Jacksonville, Florida 32201-1290  
(904) 356-2029

EXHIBIT V

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, made and entered into as of December 1, 1985, by and between MERIDIAN NURSING CENTERS, INC., (the "Lessee") (hereinafter called the "Guarantor"), and EQUITABLE BANK, NATIONAL ASSOCIATION, a national banking association, Baltimore, Maryland, as trustee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida (the "Issuer"), intends to issue its Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), in an aggregate principal amount of \$1,800,000 (the "Series A Bonds"); and

WHEREAS, the Series A Bonds are to be issued under and pursuant to an Indenture of Trust, dated as of the date hereof, by and between the Issuer and the Trustee (the "Indenture"); and

WHEREAS, the proceeds derived from the issuance and sale of the Series A Bonds are to be loaned to St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, as borrower (hereinafter sometimes referred to as the "Borrower"), under a Loan Agreement, dated as of the date hereof, between the Issuer and the Borrower (the "Loan Agreement"); and

WHEREAS, the loan proceeds are to be applied by the Borrower to acquire, construct and install a Project (as defined in the Loan Agreement) to be owned by the Borrower and leased to the Lessee for use by the Lessee as a health care facility as defined in Chapter 159, Parts II and III, Florida Statutes, as amended; and

WHEREAS, the Guarantor is desirous that the Issuer issue the Series A Bonds and apply the proceeds as aforesaid and are willing to enter into this Guaranty Agreement to achieve cost savings to the Guarantor and as an inducement to the issuance of the Series A Bonds by the Issuer and to the purchase of the Series A Bonds by all who shall at any time become owners of the Series A Bonds;

NOW, THEREFORE, in consideration of the premises, the Guarantor does hereby covenant and agree as follows:

[The next page is One-1]

## ARTICLE I

### DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. As used in this Guaranty Agreement and the recitals hereto, the following terms and phrases shall have the following meanings:

"Additional Bonds" means Bonds issued or to be issued under the Indenture in accordance with Article XII thereof pursuant to the request of the Borrower and the authorization of the Issuer.

"Additional Loans" means any loan or loans made to the Borrower pursuant to Article IV of the Loan Agreement.

"Authorized Officers of the Guarantor" means the President or any Vice President and the Secretary or any Assistant Secretary of the Lessee.

"Bonds" means the Issuer's Industrial Development Revenue Bonds of all series issued or to be issued under the Indenture, namely the Series A Bonds and all Additional Bonds.

"Bondowners" and "Owners" means, at the time or times of determination, the Persons who are registered owners of Bonds.

"Borrower" means St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in Section 7.9 of the Loan Agreement.

"Event of Default" has the meaning assigned to it in Section 4.1 of this Guaranty Agreement.

"Guarantor" means the Lessee, and any successor, surviving, resulting or transferee person as provided in the Guaranty Agreement.

"Guarantor's Address" means the address which the Guarantor designates for the delivery of notices hereunder. Until changed by notice from one of the Authorized Officers of the Guarantor to the Trustee, the Guarantor's Address shall be:

Meridian Nursing Center, Inc.  
21 West Road  
Towson, MD 21204

Attention: Mr. James W. Jeffcoat

"Guarantor's Certificate" means a certificate signed by Authorized Officers of the Guarantor on behalf of the Guarantor and delivered to the Trustee.

"Guaranty Agreement" means this Guaranty Agreement, from the Guarantor to the Trustee, as supplemented or amended from time to time pursuant to Article XIV of the Indenture.

"Indenture" means the Indenture of Trust from the Issuer to the Trustee, dated as of the date hereof, under which the Series A Bonds are to be issued, as amended from time to time by Supplemental Indentures.

"Issuer" means St. Johns County Industrial Development Authority, a public body corporate and politic of the State, its successors and assigns.

"Lease" means the initial five-year lease of the Project Complex (as defined in the Loan Agreement) comprising the Borrower's health care facility, or any part thereof, dated as of the date hereof, between the Borrower, as landlord, and the Lessee, as tenant.

"Lease Assignment" means the Assignment of Leases, Rents and Profits, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee).

"Lessee" means Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, and any successor, surviving, resulting or transferee Person as provided in the Lease.

"Loan" means the Loan described in Section 2.2 of the Loan Agreement.

"Loan Agreement" means the Loan Agreement, dated as of the date hereof, between the Issuer, as lender, and the Borrower, as borrower, as amended from time to time by Supplemental Loan Agreements.

"Mortgage" means the Mortgage and Security Agreement, dated as of the date hereof, from the Borrower to the Issuer (and assigned without recourse by the Issuer to the Trustee), and the Lease Assignment and any mortgage, security agreement or other agreement or instrument heretofore or hereafter entered into by the Borrower or any third party (with the written consent of the Borrower) and delivered to the Issuer or the Trustee for the purpose of providing mortgage, security interest or other collateral security for the payment of the Bonds, the Loan, any Additional Loan, the performance of the Borrower's obligations under the Loan Agreement or any combination thereof.

"Outstanding Bonds" and "Outstanding," when used with reference to Bonds, means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(i) Bonds or portions thereof canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds in lieu of which other Bonds have been authenticated and delivered in accordance with Sections 207 and 210 of the Indenture; and

(iii) Bonds which are not deemed to be outstanding in accordance with the provisions of Sections 213 and 901 of the Indenture.

"Person" means an individual, a partnership, a joint venture, an association, a joint-stock company, a corporation, a trust, a limited liability company, an unincorporated organization and a government or any department, agency or political subdivision thereof.

"Purchase Agreement" means the Bond Purchase Agreement, dated as of the date hereof, between the Issuer, the Borrower, the Guarantor and the Purchaser.

"Purchaser" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as the initial purchaser of the Series A Bonds, its successors and assigns.

"Requisite Consent of Bondowners" means the affirmative written consent of Bondowners owning in aggregate not less than 66 2/3% in principal amount of the Bonds (other than Bonds owned by the Borrower, any Lessee or any Guarantor, or any "related person" to any of them as defined in Section 103(b) of the Internal Revenue Code of 1954, as amended) at the time Outstanding.

"Series A Bonds" means the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project) issued under the Indenture in the aggregate principal amount of the Loan Amount for the purpose of financing Eligible Costs of the Project by funding the Loan to the Borrower (as the capitalized terms are defined or used in the Loan Agreement).

"State" means the State of Florida.

"Supplemental Indenture" means any supplement to or amendment of the Indenture entered into in accordance with Article XIII of the Indenture.



"Supplemental Loan Agreement" means any supplement to or amendment of the Loan Agreement entered into in accordance with Section 11.1 of the Loan Agreement and Article XIV of the Indenture.

"Trustee" means Equitable Bank, National Association, a national banking association, Baltimore, Maryland, and any successor banking corporation, banking association or trust company at the time serving as corporate trustee under the Indenture.

"Trustee's Address" and "Trustee's Principal Office" mean the address or office which the Trustee designates for the delivery of notices or payments hereunder or under the Indenture. Until changed by notice from the Trustee to the Guarantor, the Trustee's Address and Principal Office is:

<u>Mailing Address</u>	<u>Principal Office</u>
Equitable Bank, N.A. 100 South Charles Street Baltimore, Maryland 21201	Equitable Bank, N.A. 100 South Charles Street Baltimore, Maryland 21201
Attention: Trust Department	Attention: Trust Department

Section 1.2 Use of Phrases; Rules of Construction. The following provisions shall be applied wherever appropriate herein:

"Herein," "hereby," "hereunder," "hereof" and other equivalent words refer to this Guaranty Agreement as an entirety and not solely to the particular portion of this Guaranty Agreement in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are used herein in the singular or the plural.

Wherever used herein, any defined term and any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders.

Unless otherwise provided, any determinations or reports hereunder which require the application of accounting concepts or principles shall be made in accordance with generally accepted accounting principles.

(The next page is Two-1)

## ARTICLE II

### REPRESENTATIONS OF GUARANTOR

Section 2.1 Benefit to Guarantor. The Guarantor represents that the financing represented by the Series A Bonds is expected to result in financial and other valuable benefits to the Guarantor and constitutes good, sufficient and valuable consideration for the assumption by the Guarantor of their obligations hereunder.

Section 2.2 Existence and Authorizations. The Guarantor represents that it is duly organized and validly existing in good standing under the laws of the State of Maryland and that it has obtained all authorizations necessary on its part for the due and valid execution and delivery of this Guaranty Agreement and the assumption of the obligations represented hereby.

Section 2.3 Absence of Conflicting Agreements. The Guarantor represents that the execution and delivery of this Guaranty Agreement and the performance by the Guarantor hereunder will not conflict with or constitute a breach of or default under its charter document(s), or any indenture, loan agreement or instrument or agreement to which the Guarantor is a party or by which its properties are bound.

Section 2.4 Taxes. The Guarantor represents that it has no materially large outstanding unpaid tax liabilities (other than taxes which are currently accruing from its current operations and ownership of property, which are not delinquent) and that no tax deficiencies are proposed or have been assessed and are unsatisfied against the Guarantor.

Section 2.5 Regulatory Approvals. The Guarantor represents that no authorization, approval, consent or license of any governmental regulatory body or authority, not already obtained, is required for the valid and lawful execution and delivery of this Guaranty Agreement by the Guarantor or the assumption of the obligations of the Guarantor represented hereby.

Section 2.6 Absence of Litigation. The Guarantor represents that it is not a party to any litigation or administrative proceeding, nor so far as is known by the Guarantor is any litigation or administrative proceeding threatened against it which in either case would if adversely determined, cause any material adverse change in its financial condition, the conduct of its business or its ability to perform its obligations under this Guaranty Agreement.

Section 2.7 Date and Survival of Representations; Exceptions. The representations of the Guarantor made in this Article II are made as of the date of delivery of this Guaranty

Agreement and all such representations shall survive the execution and delivery of this Guaranty Agreement.

Any exceptions to the representations made in this Article II shall be set forth in a Guarantor's Certificate delivered to the Trustee and the Purchaser, contemporaneously herewith, and to the extent so set forth, they shall be exceptions to the representations made in this Article II to the same extent as if they were expressly stated herein.

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## ARTICLE III

### COVENANTS AND AGREEMENTS

Section 3.1 Obligation Guaranteed. The Guarantor hereby unconditionally guarantees to the Trustee for the benefit of the Owners from time to time of the Series A Bonds (i) the timely completion of the construction and installation of the Project in accordance with the Project Plans and Specifications (as defined in the Loan Agreement) and the terms and conditions of the Loan Agreement, (ii) until the expiration of the time limitation terms described in Section 3.12 hereto, the prompt payment of up to 20% of the principal of and premium, if any, on each Series A Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, (iii) until the expiration of the time limitation terms described in Section 3.12 hereof, the prompt payment of up to 20% of the interest payable on each Series A Bond when and as the same shall become due, and (iv) until the expiration of the time limitation terms described in Section 3.12 hereof, the prompt payment of up to 20% of all sums required to be paid by the Borrower under the Series A Promissory Note, the Loan Agreement and the Mortgage. All payments by the Guarantor shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of, premium, if any, or interest on any Series A Bond or any payments required to be made by the Borrower under the Series A Promissory Note, the Loan Agreement or the Mortgage shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 3.2 Guarantee is Absolute and Unconditional. This is a continuing guarantee of payment and not of collection. The obligations of the Guarantor under this Guaranty Agreement shall be absolute and unconditional and shall remain in full force and effect until terminated in accordance with the provisions of Section 3.12 hereof, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, any Guarantor:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer or the Borrower under the Indenture, the Series A Promissory Note, the Loan Agreement, the Lease, the Lease Assignment or the Mortgage;

(b) the failure to give notice to any Guarantor of the occurrence of an Event of Default under the terms and provisions of this Guaranty Agreement, the Indenture, the Series A Promissory Note, the Loan Agreement, the Lease, the Lease Assignment or the Mortgage;

(c) the waiver by the Trustee or the Issuer of the payment, performance or observance by the Issuer, the Borrower or any Guarantor of any of the obligations, covenants or agreements of it contained in the Indenture, the Series A Promissory Note, the Loan Agreement, this Guaranty Agreement, the Lease, the Lease Assignment or the Mortgage;

(d) the extension of the time for payment of any principal of, premium, if any, or interest on any Series A Bonds under this or any other guarantee of the Series A Bonds or of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture, the Series A Promissory Note, the Loan Agreement, the Mortgage or this or any other guarantee of the Series A Bonds or the extension or the renewal of any thereof or the extension of the time for payment of rents under any Lease;

(e) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture, the Series A Promissory Note, the Loan Agreement or the Mortgage;

(f) the taking or the omission of any of the actions referred to in the Indenture, the Series A Promissory Note, the Loan Agreement, the Lease, the Lease Assignment or the Mortgage;

(g) any failure, omission, delay or lack of diligence on the part of the Issuer or the Trustee to enforce, assert or exercise or the failure or unavailability of any right, power or remedy conferred on the Issuer or the Trustee in this Guaranty Agreement, the Loan Agreement, the Series A Promissory Note, the Indenture, the Lease, the Lease Assignment or the Mortgage or any other act or acts on the part of the Issuer, the Trustee or any of the Bondowners;

(h) to the extent permitted by law, the release or discharge of any Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement by operation of law;

(i) the failure of the Borrower to remit to the Trustee pursuant to the Lease Assignment the rents thereunder payable by the Lessee to the Borrower under any Lease;

(j) the default or failure of any Guarantor fully to perform any of its obligations set forth in this Guaranty Agreement;

(k) the assignment or mortgaging of the Project or the failure to obtain or loss of all or any part of the right, title or interest of the Issuer, the Trustee, the Borrower or any of

them, in and to the Project or the release, surrender or substitution, either with or without consideration, of any property, collateral or other security, guarantee or endorsement of any kind or nature whatsoever held by the Trustee or the Issuer, or held by any other Person on behalf of or for the account of the Trustee, the Issuer or the Bondowners, securing any obligation covered under this Guaranty Agreement;

(l) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, receivership, insolvency, bankruptcy, assignment, composition with creditors or other similar proceedings or actions affecting the Issuer, the Borrower, any Guarantor or the Trustee, or any of them or any of their assets;

(m) the invalidity or unenforceability of any of the obligations guaranteed herein or of any part of this Guaranty Agreement, including, to the extent permitted by law, any invalidity or unenforceability resulting from any statute of limitations;

(n) the creation or incurring of any new or additional obligation of the Issuer, the Trustee, the Borrower or any Guarantor;

(o) the breach of any duty on the part of the Issuer, the Trustee, the Borrower, any Bondowner or any other Person to disclose to any of the Guarantor any facts which such Person may now or hereafter know, regardless of whether any such Person has reason to believe that any such facts materially increase the risks of any of the Guarantor and regardless of whether any such Person has reason to believe that such facts are unknown to any of the Guarantor; and

(p) the existence of any defense based upon an election of remedies by the Issuer, the Trustee or any Bondowners, including, without limitation, an election to accept a deed to all or any part of the Project or the taking of any action that would impair any Guarantor's subrogation rights.

Section 3.3 No Set-off, Etc. No set-off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature which any Guarantor has or may have against the Issuer, the Trustee or any Series A Bondowner shall be available hereunder to any Guarantor against the Issuer, the Trustee or any Series A Bondowner.

Section 3.4 First Recourse. In the event of a default in the payment of the principal of, or premium, if any, on any Series A Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any

interest on any Series A Bond when and as the same shall become due, or in the event of default in the payment of any other obligation of the Borrower under the Bonds, the Promissory Notes, the Loan Agreement or the Mortgage, the Trustee may proceed hereunder. The Trustee shall have the right to proceed first and directly against each and every Guarantor under this Guaranty Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Trustee.

Section 3.5 Waiver or Notice. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Series A Bonds shall have been issued, sold and delivered. The Guarantor hereby expressly waives notice from the Trustee and any Bondowner from time to time of any of the Series A Bonds of their acceptance and reliance on this Guaranty Agreement.

Section 3.6 Expenses. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Guaranty Agreement following any Event of Default whether the same shall be enforced by suit or otherwise and including costs, expenses and fees on appeal.

Section 3.7 Benefit. This Guaranty Agreement is entered into by the Guarantor for the benefit of the Issuer and the Trustee and the Owners from time to time of the Bonds and any successor trustee or trustees under the Indenture, and any assignee of the Series A Promissory Note, all of whom shall be entitled to enforce performance and observance of this Guaranty Agreement to the same extent provided for enforcement of remedies under the Indenture.

Section 3.8 Maintenance of Existence. The Guarantor agrees that, except as otherwise permitted in Section 3.9 of this Guaranty Agreement, it will maintain its existence and will neither dissolve nor institute any proceedings for dissolution.

Section 3.9 Mergers, Consolidations and Transfers of Assets. The Guarantor agrees that it will not (in a single transaction or any series of transactions) dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it; provided, however, that the Guarantor may, without violating the foregoing, to the extent permitted by law, consolidate with or merge into another corporation or partnership, or permit one or more other corporations or partnerships to consolidate with or merge into it, or transfer all or substantially all of its assets to another corporation, general partnership or limited partnership (and thereafter be released of all further obligation hereunder and dissolve or not dissolve as it may elect) if:

(a) the Guarantor shall have obtained the Requisite Consent of Bondowners to such transaction prior to the closing thereof, which consent shall not be unreasonably withheld; and

(b) the resulting, surviving or transferee Person, as the case may be, is a corporation, general partnership or limited partnership duly organized and existing in good standing under the laws of one of the states of the United States of America or the District of Columbia; and

(c) an independent certified public accounting firm of recognized standing satisfactory to the Trustee certifies to the Trustee that the net worth of such resulting, surviving or transferee Person immediately following and after giving effect to such transaction will be not less than 90% of the net worth of the Guarantor immediately prior and before giving effect to such transaction; and

(d) such resulting, surviving or transferee Person expressly assumes in writing (delivered to the Issuer and the Trustee) all of the obligations of the Guarantor contained in this Guaranty Agreement (after which it shall be a "Guarantor" for purposes hereof).

Section 3.10 Accounting Records; Financial Statements.

(a) The Guarantor agrees to maintain a system of accounting in accordance with generally accepted accounting principles, and the Guarantor agrees to furnish to the Trustee:

(i) within 45 days after the end of each of the first three quarters of each fiscal year of the Guarantor, a balance sheet of the Guarantor and its consolidated subsidiaries, if any, as of the close of such quarter, and a statement of income of the Guarantor and its consolidated subsidiaries, if any, for such quarter, all in reasonable detail and certified as having been prepared in accordance with generally accepted accounting principles (subject to audit and normal year-end adjustments) by a proper accounting officer of the Guarantor;

(ii) as soon as available and in any event within 120 days after the close of each fiscal year of the Guarantor, a balance sheet of the Guarantor and its consolidated subsidiaries, if any, as of the close of such year, and a statement of income, changes in stockholders' investment and sources and application of funds of the Guarantor and its consolidated subsidiaries, if any, for such year, which financial statements together with any necessary schedules shall be accompanied by an opinion of independent certified public accountants of recognized standing to the effect that



either (i) such financial statements present fairly the financial position of the Guarantor and its consolidated subsidiaries, if any, as of the close of the year then ended and the results of operations and the source and applications of funds for the year then ended, all in conformity with generally accepted accounting principles applied on a basis consistent with the prior year, or (ii) a statement and explanation of why such opinion was not rendered, including an identification of all items and matters not presented in conformity with generally accepted accounting principles; and

(iii) together with the material described in clause (b), a certificate of said accountants addressed to the Trustee stating that either (i) during the course of their audit of the Guarantor nothing came to their attention which led them to believe that the Guarantor was in default under this Guaranty Agreement, or (ii) the nature and extent of any matter which led them to believe that such default had occurred.

(b) The Issuer and any Series A Bondowner may inspect such financial statements, opinions and certificates at the Trustee's Principal Office. In addition, the Guarantor agrees that upon written request it will furnish the foregoing financial statements and opinions (but not such certificates) to (i) any Owner of more than 10% of the Outstanding Bonds, (ii) each investment banking firm which was an original purchaser of Bonds, and (iii) each rating agency which at the request of the Guarantor assigned a rating to any of the Outstanding Bonds.

(c) In the event that 80% or more of the capital stock or other ownership interest of the Guarantor is owned or acquired by a domestic corporation, general partnership or limited partnership (i.e., one organized and existing under the laws of any State of the United States of America or the District of Columbia) which shall have assumed or guaranteed the obligations of the Lessee under this Guaranty Agreement, the corresponding consolidated financial statements of such corporation, general partnership or limited partnership and corresponding accountants' opinions may be furnished in lieu of those of the Guarantor.

Section 3.11 ERISA Reports. The Guarantor shall furnish to the Trustee (a) as soon as possible, and in any event within ten days after any officer of the Guarantor knows or has reason to know that any Reportable Event (as defined in Section 4043 (b) of Title IV of ERISA or any regulations promulgated thereunder) with respect to any Plan (as defined in ERISA) has occurred, a statement of the chief executive officer of the Guarantor setting forth details as to such Reportable Event and the action, if any, which the Guarantor proposes to take with respect thereto,

together with a copy, if available, of the notice of such Reportable Event given to the Pension Benefit Guaranty Corporation (hereinafter called the "PBGC"), (b) promptly after the filing thereof with the United States Secretary of Labor or the PBGC, copies of each annual and other reports with respect to any Plan administered by the Guarantor or any administrator designed by the Guarantor, and (c) promptly after receipt thereof, a copy of any notice the Guarantor may receive from the PBGC relating to the PBGC's intention to terminate any Plan or appoint a trustee to administer any Plan.

Section 3.12 Limitations on Guaranty. The obligations of the Guarantor hereunder shall be in force throughout the construction phase of the Project until completion thereof in accordance with the terms of the Loan Agreement. On the Completion Date (as defined in the Loan Agreement) the liability of the Guarantor shall automatically reduce to the amounts specified in Section 3.1 (ii), (iii), and (iv) hereof until the termination of this Guaranty Agreement. This Guaranty Agreement shall expire when the Guarantor provides the Trustee with audited annual financial statements reflecting that the Project shall have produced operating revenues for the preceding fiscal year sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with generally accepted accounting principles.

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## ARTICLE IV

### EVENTS OF DEFAULT

Section 4.1 Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) The Guarantor defaults in any guarantee referred to in Section 3.1 hereof and such default continues for more than ten (10) days after receipt by the Guarantor of written notice (from the Trustee or the Owners of at least 10% in aggregate principal amount of the Bonds at the time outstanding) specifying such default and requesting that it be corrected;

(b) The dissolution or liquidation of the Guarantor unless such dissolution or liquidation is permitted by Section 3.9 of this Guaranty Agreement;

(c) Any representation of the Guarantor contained in Article II hereof shall prove to have been false in any material respect;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Guarantor in this Guaranty Agreement contained and the continuance thereof for a period of 30 days after receipt by the Guarantor of written notice (from the Trustee or the Owners of at least 10% in aggregate principal amount of the Bonds at the time Outstanding) specifying such default and requesting that it be corrected;

(e) The maturity of any indebtedness in the amount of \$5,000 or more of the Guarantor shall be accelerated as a consequence of a default thereon or in respect thereto;

(f) The Guarantor shall: (i) become insolvent; or (ii) be unable, or admit in writing its inability, to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) have a court order relief against it under the Bankruptcy Code; or (v) file a petition under chapter 7 or 11 of the Bankruptcy Code or to effect a plan or other arrangement with creditors; or (vi) file an answer to a creditor's petition, admitting the material allegations thereof, to effect a plan or other arrangement with creditors for liquidation or reorganization; or (vii) apply to a court for the appointment of a receiver for any of its assets (with or without the consent of the Guarantor) and such receiver shall not be discharged within 60 days after his appointment; or

(g) An "Event of Default" (as defined therein) shall have occurred under the Indenture (provided the Guarantor shall have received notice thereof and an opportunity to cure the same).

Section 4.2 Cross Default. The Guarantor agrees that an Event of Default hereunder shall constitute an "Event of Default" (as respectively defined therein) under the Indenture, the Loan Agreement and the Mortgage and that an "Event of Default" (as respectively defined therein) under the Indenture, the Loan Agreement or the Mortgage (regardless how or by whom caused) shall constitute an Event of Default hereunder (provided the Guarantor shall have received notice thereof and an opportunity to cure the same).

Section 4.3 Remedies. If an Event of Default shall occur, the Issuer or the Trustee may pursue any available remedy at law or in equity to realize payment of the amounts guaranteed hereby. No remedy herein conferred upon or reserved or otherwise available to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Trustee to exercise any remedy reserved to it in this Guaranty Agreement, it shall not be necessary to give any notice, other than such notice as may be herein or by law expressly required. If any provision contained in this Guaranty Agreement should be breached by the Guarantor, and thereafter duly waived by the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Trustee.

Section 4.4 Payment of Costs and Expenses. If the Guarantor defaults under any provisions of this Guaranty Agreement and the Issuer or the Trustee, or both, employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation or agreement on the part of the Guarantor herein contained, the Guarantor agrees that they will on demand therefor pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

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## ARTICLE V

### MISCELLANEOUS

Section 5.1 Additional Bonds. In the event of the issuance of Additional Bonds, the Guarantor shall deliver such supplements or amendments to this Guaranty Agreement as shall be necessary in the judgment of the Trustee to extend and confirm the protections, guarantees and benefits of this Guaranty Agreement to and for the equal and ratable benefit of all Bondowners.

Section 5.2 Amendments. This Guaranty Agreement shall not be effectively amended, modified or altered until consented to by the Issuer and the Trustee pursuant to Article XIV of the Indenture and such modification, alteration or amendment is reduced to writing and executed by the Guarantor and the Trustee.

Section 5.3 Successors. Except as limited or conditioned by the express provisions hereof, the provisions of this Guaranty Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

Section 5.4 Governing Law. The laws of the State shall govern this Guaranty Agreement.

Section 5.5 Captions. The captions or headings in this Guaranty Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Guaranty Agreement.

Section 5.6 Counterparts. This Guaranty Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were on the same instrument.

Section 5.7 Jurisdiction and Venue. The Guarantor consents to the jurisdiction of and agree to suit in any court of general jurisdiction in the State of Florida, whether state, local or federal, and further agrees that venue shall lie in St. Johns County, Florida.

Section 5.8 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram addressed as follows: (i) if to the Trustee, at the Trustee's Address, and (ii) if to the Guarantor, at the Guarantor's Address.

A duplicate copy of each notice, certificate or other communication given hereunder by either the Trustee or the

Guarantor shall also be concurrently given to the Borrower at the "Borrower's Address" and to the Issuer at the "Issuer's Address," both as specified in the Loan Agreement.

Section 5.9 Severability. If any provisions of this Guaranty Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provisions in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Guaranty Agreement contained, shall not affect the remaining portions of this Guaranty Agreement, or any part thereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be executed in its name and behalf by its officers thereunto duly authorized and its seal to be hereunto affixed, all as of the date first above written.

MERIDIAN NURSING CENTERS, INC.

(SEAL)

ATTEST:

By \_\_\_\_\_  
James W. Jeffcoat  
Vice President

\_\_\_\_\_  
It Secretary

Accepted as of the date first above written by Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee.

EQUITABLE BANK, NATIONAL ASSOCIATION  
as Trustee

(CORPORATE SEAL)

ATTEST:

By \_\_\_\_\_

\_\_\_\_\_

PS2SJMGR1

LEASE

THIS LEASE is entered into as of December 1, 1985, between ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, a Maryland limited partnership duly authorized to transact business in the State of Florida, (the "Landlord"), and MERIDIAN NURSING CENTERS, INC., a Maryland corporation duly authorized to transact business in the State of Florida, (the "Tenant").

ARTICLE 1

LEASE OF PREMISES AND TERM

The Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord the land located in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality, described on Exhibit A attached hereto together with the health care facility (the "Facility"), constructed or to be constructed thereon (said land and facility are herein called, collectively, the "Premises"), for a term commencing on the date hereof and continuing to December 1, 1990.

The Tenant understands and acknowledges that the Facility may not be completed at the date of the commencement of the term hereof; notwithstanding the foregoing, the term of this Lease and the Tenant's obligations hereunder shall commence on the date hereof and shall not be diminished or abated due to any failure to complete the Facility either prior to the issuance of the Series A Bonds (hereinafter identified) or thereafter.

ARTICLE 2

RENT

The Tenant agrees to pay to the Landlord basic rental for the Premises at the times and in the amounts the Landlord is required to pay pursuant to the promissory note (the "Series A Promissory Note") dated the date of issuance of the Series A

---

This Instrument Prepared By  
And Should Be Returned To:

THIS INSTRUMENT IS EXEMPT  
FROM ALL FLORIDA TAXES

Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
Post Office Box 1209  
Jacksonville, Florida 32201-1209  
(904) 356-2029

EXHIBIT VI



Bonds (hereinafter identified), executed and delivered by the Landlord to the Issuer (hereinafter identified) pursuant to the provisions of a certain Loan Agreement (the "Loan Agreement") dated as of the date hereof between the Landlord and St. Johns County Industrial Development Authority (the "Issuer"). The Series A Promissory Note and the obligations of the Landlord under the Loan Agreement are secured by a Mortgage and Security Agreement (the "Mortgage") and by an Assignment of Leases, Rents and Profits (the "Lease Assignment"), each dated as of the date hereof, between the Landlord and the Issuer. The Series A Promissory Note, the Loan Agreement, the Mortgage and the Lease Assignment have been or are being assigned by the Issuer to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee (the "Trustee") under a certain Indenture of Trust (the "Indenture") dated as of the date hereof between the Issuer and the Trustee, as security for the Issuer's St. Johns County Industrial Development Authority Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project) (the "Series A Bonds"). The prompt completion of the construction and installation of the Project, and the prompt payment of up to 20% of the principal of and interest on the Series A Bonds as the same shall become due until such time as the Project shall produce operating revenues sufficient to provide a debt service coverage ratio of 1.35 to 1.0 calculated in accordance with the generally accepted accounting principles is being fully and unconditionally guaranteed by the Tenant, as guarantor (the "Guarantor"), under and pursuant to a Guaranty Agreement dated as of the date hereof, executed by the Guarantor in favor of the Trustee (the "Guaranty Agreement"). Such basic rent payments shall be made in lawful money of the United States of America at the Landlord's address specified herein at least one business day prior to any Interest Payment Date (as defined in the Loan Agreement) on which moneys payable by the Landlord under the Series A Promissory Note become due and payable; provided, however, that the Landlord and the Tenant agree that such basic rent payments shall be made at any such other times and places and in any such other manners as may be provided in the Lease Assignment.

### ARTICLE 3

#### TAXES

This Lease is being assigned and pledged to the Issuer by the Landlord as security for the Landlord's obligations to the Issuer under the Series A Promissory Note and Loan Agreement and is being reassigned and pledged by the Issuer to the Trustee as security for the Series A Bonds and, hence, this Lease, in the view of the parties hereto, is within the definition of "bonds" contained in Section 159.27(1), Florida Statutes, and is exempt from rent tax under Section 159.31, Florida Statutes. In the event the parties are in error as to the nonapplicability of such rent tax, the Tenant shall pay to the Landlord and the Landlord shall collect and remit to the Florida Department of Revenue all

rent taxes due on all rent (and amounts deemed to be rent for purposes of such tax) payable hereunder when the same shall become due and payable, and any interest and penalties thereon, and shall save the Landlord harmless from the payment thereof.

The Tenant shall pay prior to the delinquency date any and all taxes and assessments assessed against the Premises and shall also pay any and all taxes and assessments the Landlord is required to pay pursuant to Section 7.4 of the Loan Agreement. Taxes for the first year and the last year of the term hereof shall be prorated on a calendar year basis. The Tenant may, subject to any limitations contained in Section 7.4 of the Loan Agreement, in good faith and at its own expense, contest the imposition and collection of any tax or assessment, in the Landlord's name, if necessary, and during the period of such contest and for so long as no "event of default" (as defined in the Loan Agreement) exists on account thereof or no Event of Default (as defined herein) shall be deemed to have occurred hereunder for failure to pay such contested amount.

If the State of Florida or any political subdivision thereof or any other governmental authority having jurisdiction now or hereafter levies, assesses or imposes a tax on or license fee measured by the rents with respect to the Premises, or a tax, license or franchise fee on the Landlord which is otherwise measured by or based in whole or in part on the Premises or any part thereof or on this Lease, whether in addition to or substitution for the taxes now levied or assessed against the Premises, such tax, assessment or fee shall be paid by the Tenant on or before the due date thereof. Notwithstanding the foregoing, the Tenant shall not be required to pay the Landlord's income taxes imposed pursuant to federal or state statutes of general applicability, or the Landlord's franchise fees or other taxes for the privilege of conducting business in the State of Florida.

#### ARTICLE 4

##### CASUALTY INSURANCE PROCEEDS, TITLE INSURANCE PROCEEDS AND EMINENT DOMAIN AWARDS

(a) The Tenant shall, at all times during the term of this Lease, keep the Premises and any improvements thereto insured against loss or damage by fire and other casualties, in such amounts and on such conditions as required of the Landlord by Section 7.5 of the Loan Agreement and shall maintain all other insurance required by Section 7.5 of the Loan Agreement. The Landlord, the Tenant, the Issuer and the Trustee shall be named as insured parties under all such insurance.

(b) In the event of any damage to or destruction of the Premises or any part thereof by any fire or other casualty during the term of this Lease or loss of title thereto or any part thereof on account of a title defect or a taking under the power of

eminent domain, the Tenant shall promptly repair, replace or restore the same as required of the Landlord by Sections 4.5, 4.6 and 4.7 of the Mortgage, and the Landlord shall make the net proceeds of such insurance or eminent domain award available to the Tenant for such repair, replacement or restoration upon the same terms and conditions as are applicable to Landlord's use of such moneys under Sections 4.5, 4.6 and 4.7 of the Mortgage; provided, however, that to the extent that the Landlord has the option of prepaying the Loan and all Additional Loans (as such terms are defined in the Loan Agreement) pursuant to Section 5.1(a) and 5.1(b) of the Loan Agreement, the Landlord may elect to apply such insurance proceeds and eminent domain award to the prepayment of the entire outstanding balance of the Loan and all Additional Loans in accordance with Section 5.1 of the Loan Agreement, and, if it does so, the Tenant shall be relieved of its obligation to repair, replace or restore the Premises to the same extent that the Landlord is relieved of such obligations under Section 8.1 of the Loan Agreement. If all or any part of the Premises shall be taken by any governmental authority under the power of eminent domain, or by purchase in lieu thereof, all damages awarded for such taking or sales proceeds received shall belong to and be the property of the Landlord and the Trustee (as their interests may appear under the Loan Agreement and the Indenture) whether such damages are awarded as compensation for the taking of or diminution in value of the leasehold or the fee of the Premises, and the Tenant hereby assigns to the Landlord, the Issuer and the Trustee any award or payment to which the Tenant may become entitled as a result thereof; provided that the Tenant shall be entitled to receive from such governmental authority compensation for any of its movable trade fixtures and personal property so taken and removal expenses.

(c) Except as expressly provided herein, the rent payable hereunder shall not abate and this Lease shall not terminate or be affected in any manner by reason of damage to or destruction of the Premises, or any part thereof, or by reason of untenantability of the Premises or any part thereof, due to any cause whatsoever or in the event of loss of title through title defect or on account of a taking under the exercise of the power of eminent domain; and the Tenant shall make all payments and perform all its covenants and agreements in accordance with the terms hereof, notwithstanding the happening of any such event, without any claim for abatement, diminution or reduction of its obligations hereunder; provided, however, that if the Series A Bonds shall be paid in full and the lien of the Loan Agreement, Mortgage and Indenture shall be discharged and provided further that any such amounts credited in reduction of the Landlord's obligations under the Series A Promissory Note, Loan Agreement and Mortgage shall likewise be credited in reduction of Tenant's obligations hereunder.

## ARTICLE 5

### LIABILITY

(a) The Tenant agrees to defend, indemnify and hold harmless the Landlord, the Issuer and the Trustee from any liability, claims, losses, damages or allegations for injury or death to any persons or loss or damage to property on or about the Premises from any cause whatsoever during the term of this Lease.

(b) Each party for itself and its successors and assigns (including any person, firm or corporation which may become subrogated to any of its rights) waives all rights and claims for recovery against the other party, and its officers, employees, agents and assigns, or any of them, on account of any loss or damage to any of its property insured under any valid and collectible insurance policy or policies, to the extent of any recovery collectible under such insurance policy or policies.

## ARTICLE 6

### PUBLIC UTILITY SERVICES

The Tenant shall pay for all public utility services for the Premises during the term hereof, including all utility charges the Landlord is required to pay under Section 7.4 of the Loan Agreement.

## ARTICLE 7

### USE

The Premises may be used and occupied only for purposes and uses permitted by the Loan Agreement.

The Tenant shall comply with the Loan Agreement and all statutes and all police, sanitary, pollution, environmental, building and fire laws, codes, rules, regulations, orders and instructions, and all ordinances relating to or affecting its use of the Premises, and shall reimburse the Landlord for any damages or penalties suffered because of the Tenant's non-compliance.

## ARTICLE 8

### CARE OF PREMISES

The Tenant shall continuously maintain the Premises in good condition and repair, and promptly make all necessary repairs, interior and exterior, structural and non-structural. The Tenant shall maintain all parts of the Premises, including the sidewalks, roadways and parking areas, clean and free of dirt and rubbish. The Tenant shall not at any time commit or suffer any waste or

damage to the Premises. The Tenant shall perform all obligations imposed on the Landlord by Sections 3.7 and 3.8 of the Loan Agreement.

#### ARTICLE 9

##### ALTERATIONS, ADDITIONS AND IMPROVEMENTS

The Tenant shall with the prior written consent of the Landlord, which consent shall not unreasonably be withheld, have the right from time to time, at its expense, to make such alterations, additions or improvements permitted by Section 3.7 of the Loan Agreement as it considers necessary, appropriate or desirable for the conduct of its business, provided that the Landlord and the Tenant shall have complied with the provisions of Section 3.7 of the Loan Agreement. All such alterations, additions and improvements shall be completed and maintained in good workmanlike condition and shall be free and clear of all mechanics' and other liens and encumbrances arising out of such work.

#### ARTICLE 10

##### ASSIGNMENT AND SUBLETTING

The Tenant shall not assign, transfer or sublet the Premises or any part thereof without first obtaining the written consent of the Landlord and the Trustee. Notwithstanding the foregoing, the Tenant shall have the right, without the consent of the Landlord, to assign this Lease to any subsidiary of the Tenant or to any corporation with or into which the Tenant may consolidate or merge. In any such event, the Tenant shall remain liable for the payment of all rent and performance of all its obligations hereunder. The Tenant's rights hereunder are subject to any limitations contained in Section 7.7 of the Loan Agreement.

#### ARTICLE 11

##### NO MERGER OF ESTATES

Unless consented to in writing by the Trustee, there shall be no merger of this Lease or of the leasehold estate created hereby with the fee estate in the Premises or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, both such estates or any interest therein.

#### ARTICLE 12

##### SPECIAL COVENANTS OF LESSEE

The Tenant covenants and agrees that it will, during the term of this Lease, within ninety (90) days after the end of each of its fiscal years, furnish to the Trustee a certificate, signed on behalf of the Tenant by its Chairman of the Board, President,

any Vice President, Treasurer, Controller or Secretary, certifying as to the absence of any Event of Default hereunder, or any other event, condition or circumstances which, with notice or lapse of time, would constitute an Event of Default hereunder.

### ARTICLE 13

#### COMPLIANCE WITH LOAN AGREEMENT; CROSS-DEFAULT; SUBORDINATION

The Tenant agrees to perform all obligations of the Landlord under the provisions of the Loan Agreement (other than the Landlord's obligation to make payments under Section 2.6 of the Loan Agreement) and to comply with all provisions thereof relating to the use of the Premises and to comply with all provisions of the Loan Agreement applicable to users of the Premises.

Any Event of Default by the Tenant as defined in Article 15 hereof, may, at the option of the Issuer or the Trustee, be treated as a default hereunder or as an event of default under the Loan Agreement, the Mortgage and the Indenture.

This Lease is subject and subordinate to the rights of the Issuer under the Loan Agreement and the Mortgage (as they each may be amended from time to time); provided, however, that the obligations of the Tenant shall not terminate by reason of foreclosure or judicial sale of the Landlord's interest in the Premises if the mortgagee or purchaser thereof elects to not disturb the Tenant's use and possession.

### ARTICLE 14

#### ADVANCES BY LANDLORD, ISSUER OR TRUSTEE

If the Tenant defaults in any payment or expenditure other than basic rent required of the Tenant hereunder, the Landlord, the Issuer or the Trustee may at their respective options make such payment or expenditure, in which event the amount thereof shall be immediately due and payable by the Tenant to the Landlord, the Issuer or the Trustee, as the case may be, together with interest thereon at the rate applicable to advances of the Issuer or the Trustee under the Loan Agreement and the Indenture.

### ARTICLE 15

#### DEFAULT

(a) Any of the following occurrences during the term of this Lease shall constitute an Event of Default: (i) if the Tenant fails to pay any rent when and as due, (ii) if the Tenant fails to make any other payment required of it by the terms of

this Lease or fails to perform or observe any of its other covenants, agreements or conditions hereunder, and such failure continues for thirty (30) days after written notice specifying the failure and requesting that it be corrected; (iii) if the Tenant shall: (a) become insolvent; or (b) be unable, or admit in writing its inability, to pay its debts as they mature; or (c) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (d) have a court order relief against it under the Bankruptcy Code; or (e) file a petition under chapter 7 or 11 of the Bankruptcy Code or to effect a plan or other arrangement with creditors; or (f) file an answer to a creditor's petition, admitting the material allegations thereof, for liquidation, reorganization or to effect a plan or other arrangement with creditors; or (g) apply to a court for the appointment of a receiver for any of its assets (with or without the consent of the Tenant) and such receiver shall not be discharged within 60 days after his appointment.

(b) Whenever an Event of Default occurs and continues for the period, if any, hereinabove specified, the Landlord (or the Issuer or the Trustee, as assignee of the Landlord's rights hereunder) shall have the right, at any time while such Event of Default continues, to:

(i) Re-enter and repossess the Premises and remove the Tenant and every other occupant, and to relet the Premises or any part thereof for any term, either shorter, longer, or the same, for such rental and on such terms and conditions as the Landlord (or the Issuer or the Trustee) considers advisable, making such alterations as may be necessary, without working a surrender of this Lease, and on any such Event of Default, if the Landlord, the Issuer or the Trustee obtains possession of the Premises by re-entry, summary proceedings, or otherwise, the Tenant shall pay to the Landlord, the Issuer or the Trustee, as the case may be, all expenses incurred in obtaining possession, all expenses and commissions paid in re-letting the Premises, and all other damages resulting from the Tenant's default; or

(ii) If the Series A Bonds and the Series A Promissory Note shall have been accelerated as provided in the Indenture and the Loan Agreement, the Landlord (or the Trustee, as assignee of the Landlord's rights hereunder) may declare to be immediately due and payable so much of the rent theretofore due and unpaid and thereafter to become due hereunder which shall equal all amounts then payable under the Series A Promissory Note, the Loan Agreement, the Series A Bonds and the Indenture.

ARTICLE 16

WAIVER OF BREACH

No waiver by any of the parties of any breach of any of the terms of this Lease shall be deemed a waiver of any other or subsequent breach.

ARTICLE 17

QUIET ENJOYMENT AND RIGHT OF INSPECTION

The Landlord covenants that the Tenant, on making all payments and performing all obligations to be paid and performed by it hereunder, shall and may peacefully and quietly have, hold and enjoy the Premises for the term hereof provided, however, that at all reasonable times and as often as the Trustee may reasonably request the Tenant shall permit any authorized representative designated by the Trustee or the Issuer to visit and inspect the Premises.

ARTICLE 18

NOTICES

All notices and communications required under this Lease shall be served personally or by registered or certified mail on the Landlord c/o Meridian Nursing Centers, Inc., 21 West Road, Towson, MD 21204, Attention: Mr. James W. Jeffcoat, and on the Tenant at 21 West Road, Towson, MD 21204, Attention: Vice President of Development or, with respect to any of the parties, at such other address as such party designates in writing to the other parties, and shall be deemed effective when received. Copies of all notices hereunder shall be sent to the Trustee at the address for notices to the Trustee provided for in the Indenture.

ARTICLE 19

RECORDING AND APPLICABLE LAW

This Lease or a memorandum hereof shall be recorded in the public records of St. Johns County, Florida. This instrument shall be governed by the laws of the State of Florida.

ARTICLE 20

SUCCESSORS AND ASSIGNS

The provisions hereof shall be binding on and enforceable by the parties and their successors and assigns.



ARTICLE 21

CONSENT TO ASSIGNMENT

This Lease and the rents, issue and profits of the Premises and other amounts payable hereunder shall be assigned by the Landlord to the Issuer as security for its obligations under the Loan Agreement, and shall be reassigned by the Issuer to the Trustee as security for the Series A Bonds. The Tenant hereby consents to such assignments and agrees to make rental payments directly to the Trustee.

ARTICLE 22

TERMINATION AND AMENDMENT

So long as any of the Series A Bonds are outstanding, the Landlord and the Tenant agree for the express benefit of the Issuer, the Trustee and the owners from time to time of the Series A Bonds (all of whom are hereby declared to be third party beneficiaries hereof) that this Lease may not be terminated, altered, modified, amended or superseded (collectively called "modified") without the prior written consent of the Trustee (which consent may be granted or withheld in the sole and absolute discretion of the Trustee); provided, however, that this Lease may be modified or amended by agreement between the Landlord and Tenant to provide a rent greater than the basic rent provided for in Article 2 of this Lease without the prior consent of the Trustee or any of the owners of the Series A bonds.

The Trustee shall not consent to any amendment or modification to this Lease concerning the duties of the Landlord and Tenant under Section 3.8 of the Loan Agreement without the prior written consent of the Issuer.

The Trustee may grant such consent without first obtaining the consent of any of the owners of the Series A Bonds to a modification hereof as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) To add to the Lease additional covenants and agreements to be observed thereafter by the Tenant and to surrender any right or power given to the Tenant hereunder;

(b) To modify any provisions hereof, provided that no such modification shall be or become operative or effective which shall adversely affect the rights of the owners of the Series A Bonds;

(c) To cure any ambiguity, formal defect or formal omission in this Lease or to cure, correct or supplement any inconsistent provisions in this Lease;

(d) To grant to or confer upon the Trustee for the benefit of the owners of the Series A Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Series A Bonds or the Trustee or either of them;

(e) To pledge and assign revenues, properties or collateral to the Trustee; and

(f) To make such provisions in regard to matters or questions under this Lease as may be necessary or desirable which are not prejudicial to the owners of the Series A Bonds.

Exclusive of modifications permitted to be executed by the preceding paragraph and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Series A Bonds then outstanding shall have the right, from time to time, anything contained in this Lease to the contrary notwithstanding, to consent to and approve and to withhold consent and disapprove the execution of any instrument modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Lease; provided, however, that nothing in this Section contained shall permit, or be construed as permitting any reduction in the Tenant's obligation to pay the sums required by Section 2.6 of the Loan Agreement. If at any time the Landlord and the Tenant shall request the Trustee to consent to any modification hereof for any of the purposes of this paragraph, the Trustee shall, upon being satisfactorily indemnified with respect to its expenses, cause notice of the proposed execution of such modification to be given to each owner of Series A Bonds in the manner provided for the giving of notice for the redemption of Series A Bonds in Section 302 of the Indenture. Such notice shall briefly set forth the nature of the proposed modification and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all owners of Series A Bonds. If, within sixty (60) days following the giving of such notice or such longer period as shall be prescribed in such notice, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Series A Bonds outstanding at the time of the execution of any such modification shall have consented to and approved the execution thereof as herein provided, no owner of any Series A 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 Trustee from consenting to the same or from taking any action pursuant to the provisions thereof.

## ARTICLE 23

### TENANT'S OBLIGATIONS ABSOLUTE AND UNCONDITIONAL

The obligations of the Tenant to make the rent payments required in Article 2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, and shall not be subject to any defense (other than payment and performance), reduction, diminution, postponement or abatement, or to any right of setoff, counterclaim, cross-claim, recoupment or otherwise, for any reason whatsoever, whether arising out of any breach of any obligations of the Landlord, the Issuer, the Trustee, any other Paying Agent or any owner of the Series A Bonds, under this Lease, the Loan Agreement, the Indenture, the Mortgage or otherwise, or out of any indebtedness or liability at any time owing to the Tenant by any of the foregoing Persons. During the term of this Lease, the Tenant (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any rent payments provided for in Article 2 hereof, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) will not terminate this Lease for any cause, including, without limiting the generality of the foregoing, failure of Landlord's title to the Premises or any part thereof or the Tenant's leasehold interest therein, failure of the Landlord to complete the acquisition, construction and installation of the manufacturing plant and warehousing and distribution facility, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Premises or any part thereof, the taking by eminent domain of title to or temporary use of all or any part of the Premises, commercial frustration of purpose, removal of all or any part of the Premises from the land described in Exhibit A attached hereto for any reason, obsolescence, abandonment or replacement of the Premises, failure of the Tenant to operate or use the Premises for any reason, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Florida or any department, agency or subdivision of either, or any failure of the Landlord, the Trustee or the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease, the Loan Agreement, the Mortgage or the Indenture. Nothing contained in this Article shall be construed to release the Landlord from the performance of any of the agreements on its part herein contained; and in the event the Landlord shall fail to perform any such agreement on its part, the Tenant may institute such action against the Landlord as the Tenant may deem necessary, to compel performance, provided that no such action shall (i) violate the agreements on the part of the Tenant contained in the first sentence of this Article or (ii) diminish, postpone or abate the amounts required to be paid by the Tenant pursuant to Article 2 hereof or pursuant to any other provision hereof. The Tenant may, however, at its own cost and expense and in its own name or in the name of the Landlord,

prosecute or defend any action or proceeding or take any other action involving third persons which the Tenant deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Landlord hereby agrees (at the expense of the Tenant) to cooperate fully with the Tenant and to take all action necessary to effect the substitution of the Tenant for the Landlord in any such action or proceeding if the Tenant shall so request.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LANDLORD:

Signed, sealed and delivered  
in the presence of:

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP  
By: Meridian Nursing Centers, Inc.  
Its General Partner

\_\_\_\_\_  
\_\_\_\_\_  
(Witnesses as to Landlord)

By: \_\_\_\_\_  
James W. Jeffcoat  
Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary  
(SEAL)

Signed, sealed and delivered  
in the presence of:

TENANT:  
MERIDIAN NURSING CENTERS, INC.

\_\_\_\_\_  
\_\_\_\_\_  
(Witnesses as to Tenant)

By: \_\_\_\_\_  
James W. Jeffcoat  
Vice President

Attest: \_\_\_\_\_  
Its Secretary

(SEAL)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985 by James W. Jeffcoat, and \_\_\_\_\_, the Vice President and Secretary, respectively, of Meridian Nursing Centers, Inc., the general partner of St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, on behalf of the partnership.

\_\_\_\_\_  
Notary Public, State of Florida,  
at Large.

My Commission Expires:

(NOTARIAL SEAL)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985 by James W. Jeffcoat and \_\_\_\_\_, the Vice President and the Secretary, respectively, of Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, on behalf of the corporation.

\_\_\_\_\_  
Notary Public, State of Florida  
at Large

My Commission Expires:

(NOTARIAL SEAL)

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DESCRIPTION OF MORTGAGED REAL ESTATE

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The Mortgaged Real Estate referred to in this Mortgage is the following real estate situated in St. Johns County, Florida:

PS3SJMLS1

ASSIGNMENT OF LEASES, RENTS AND PROFITS

THIS AGREEMENT, entered into as of December 1, 1985, between ST. JOHNS MERIDIAN LIMITED PARTNERSHIP, a Maryland limited partnership duly authorized to transact business in the State of Florida (the "Landlord"), whose address is c/o Meridian Nursing Centers, Inc., 21 West Road, Towson, MD 21204, and the ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Florida (the "Issuer"), whose address is c/o Clerk of Courts, St. Johns County Courthouse, St. Augustine, Florida 32084.

W I T N E S S E T H :

WHEREAS, the Landlord is executing and delivering that certain Loan Agreement dated as of the date hereof (the "Loan Agreement"), pursuant to which the Issuer is financing for the Landlord all or part of the cost of a capital project comprising a health care facility, including the acquisition of real property located in an unincorporated area of St. Johns County, Florida, outside any incorporated municipality (which real property is described in Exhibit "A" attached hereto) and construction and installation of buildings and other improvements thereon, and including any other real property, improvements, fixtures, machinery, equipment and other property, real or personal, now or hereafter used in connection therewith (collectively, the "Project"). Under the Loan Agreement, the Issuer is lending the proceeds of the Series A Bonds (hereinafter described) to the Landlord to acquire, construct and install the Project and the Landlord is obligated to make loan payments, as evidenced by a promissory note of the Landlord in the original principal sum of \$1,800,000 (the "Series A Promissory Note"), in installments sufficient to pay, when and as due and payable, the principal of and premium, if any, and interest on the Issuer's Industrial Development Revenue Bonds, Series A (St. Johns Meridian Limited Partnership Project), in the principal amount of \$1,800,000 (the "Series A Bonds"), which Series A Bonds are being issued for the purpose of providing funds to finance the acquisition, construction and installation of the Project; and

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This Instrument Prepared By  
And Should Be Returned To:

Thomas B. Slade, III, Attorney  
Foley & Lardner  
1700 Atlantic Bank Building  
200 West Forsyth Street  
Post Office Box 1209  
Jacksonville, Florida 32201-1209  
(904) 356-2029

THIS INSTRUMENT IS EXEMPT  
FROM ALL FLORIDA TAXES

WHEREAS, the Landlord, as contemplated by the Loan Agreement, is executing and delivering that certain initial five-year Lease (the "Lease") dated as of the date hereof from the Landlord, as lessor, to Meridian Nursing Centers, Inc., a Maryland corporation duly authorized to transact business in the State of Florida, as lessee (the "Tenant"), whereby the Landlord is leasing to the Tenant and the Tenant is leasing the Landlord's facility comprising a health care facility (the "Premises," as defined in the Lease); and

WHEREAS, as a condition to issuing the Series A Bonds and making the proceeds of the sale of the Series A Bonds available to finance the acquisition, construction and installation of the Project, the Issuer has required that the Landlord execute and deliver to the Issuer this Assignment of Leases, Rents and Profits (this "Lease Assignment"); and

WHEREAS, the Series A Bonds are being issued under an Indenture of Trust (the "Indenture") between the Issuer and Equitable Bank, National Association, as Trustee (the "Trustee") under which the Issuer is assigning to the Trustee, as security for the Series A Bonds, that certain Mortgage and Security Agreement (the "Mortgage") dated as of the date hereof from the Landlord, as mortgagor, to the Issuer, as mortgagee, the Series A Promissory Note and the Issuer's rights (subject to certain retained rights) in the Loan Agreement and in the leases, rents and profits from the Project assigned to the Issuer hereunder; and

WHEREAS, payment of the principal of, and premium, if any, and interest on the Series A Bonds is being fully and unconditionally guaranteed by the Tenant, as guarantor (sometimes referred to herein as "Guarantor"), under and pursuant to a Guaranty Agreement dated as of the date hereof, executed by the Guarantor in favor of the Trustee (the "Guaranty Agreement").

NOW, THEREFORE, as security for the Series A Bonds and the performance of all of the obligations of the Landlord under the Loan Agreement, and in consideration of the execution and delivery of the Loan Agreement by the Issuer, the issuance and sale of the Series A Bonds by the Issuer and the use of the proceeds of the sale thereof to finance the cost of acquiring, constructing and installing the Project, to enhance the marketability of the Series A Bonds and thereby achieve interest cost savings and other benefits directly to the Landlord, to induce the purchase of the Series A Bonds by the purchaser or purchasers thereof and all other persons who from time to time shall become owners of the Series A Bonds, the Landlord does hereby convey, transfer and assign unto the Issuer, its successors and assigns, all the rights, interests and privileges which the Landlord, as



lessor, has and may have in the Lease and in any and all future leases affecting the real and personal property described in the Loan Agreement as comprising the Project, including any other real property, improvements, fixtures, machinery, equipment or other property, real or personal now or hereafter constituting the Project or any part thereof, including but not limited to, all rentals and other amounts payable to the Landlord or for its account under the Lease and all other rents and other amounts derived or to be derived by Landlord from the leasing of the Project under any future leases. The Landlord will, on request of the Issuer, execute appropriate supplements hereto identifying any future leases affecting any part of the Project.

The acceptance of this Assignment and the collection of rents or the payments hereby assigned shall not constitute a waiver of any rights of the Issuer under the terms of the Loan Agreement, the Mortgage or other agreements, instruments and documents furnished in connection therewith, and the Landlord shall continue to be obligated to perform each of its obligations and covenants thereunder. It is expressly understood and agreed by the parties hereto that all rentals and other payments due from the lessees or tenants under the Lease or any future leases shall be paid to the Trustee, as assignee and for the account of the Issuer; provided however, that so long as no "event of default" is subsisting under the Loan Agreement, the rent payable under the Lease or any future leases may be retained by the Landlord to the extent the amounts payable thereunder exceed the amounts the Landlord is required to pay to the Trustee for the account of the Issuer under the Loan Agreement.

The Landlord shall not accept any payment of rent more than one month in advance without the prior written consent of the Trustee.

The Landlord hereby authorizes the Issuer to give notice in writing of this instrument and of any "event of default" under the Loan Agreement or the Mortgage at any time to any lessee or tenant under the Lease or any future leases and, if an "event of default" shall have occurred under the Loan Agreement or the Mortgage, to require such lessee or tenant to make all payments of rent due and payable under the Lease or such future leases directly to the Trustee, as assignee and for the account of the Issuer (except to the extent any portion of such rent may be retained by the Landlord as above permitted).

The Landlord, if an "event of default" shall have occurred under the Loan Agreement or the Mortgage, hereby authorizes the Issuer or the Trustee, at the Issuer's option, to apply all rent to cure such "event of default," to exercise all rights of the Landlord under the Lease or any future leases, to collect

all rents accruing from the Project and from the Lease or any future leases, to cancel and modify the Lease or any future leases, evict tenants, bring or defend any suits in connection with the possession of the leased property in its own name or the Landlord's name, to let or re-let the Project or any part thereof and to collect all or any rents accruing therefrom, to make repairs as the Issuer deems appropriate, and perform such other acts in connection with the management and operation of the Project as the Issuer, in its discretion, may deem proper.

The receipt by the Landlord of any rents, issues or profits pursuant to this instrument, whether before or after the institution of any enforcement proceedings under the Loan Agreement or the Mortgage, shall not cure any default nor affect such proceedings or any sale pursuant thereto.

The Issuer and the Trustee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by the Landlord under the Lease or any future leases, and the Landlord hereby agrees to defend and indemnify the Issuer and the Trustee against, and to save the Issuer and the Trustee harmless from, any and all liability arising from the Lease or any future leases or from this Assignment, and this Assignment shall not place responsibility for the control, care and management or repair of the Project upon the Issuer or the Trustee, or make the Issuer or the Trustee, responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Project resulting in loss or injury or death to any tenant, licensee, guest, employee or stranger.

The Landlord covenants and represents that the Landlord has full right and title to assign the Lease and the rents, income and profits due or to become due thereunder or to become due under any future leases, that the terms of the Lease have not been changed from the terms in the copies of the Lease submitted to the Issuer and the Trustee, that no prepayments of rent from the lessees or tenants under the Lease have been received or accepted by the Landlord, that no other assignment of any interest therein has been made, that there are no existing defaults under the provisions thereof, and that the Lease is in full force and effect in accordance with their respective terms.

Any material violation of any of the provisions contained herein by the Landlord shall be deemed a default under the terms of the Loan Agreement and the Mortgage.

Default by the Landlord under any of the terms of the Lease and any future leases assigned herein shall be deemed a default under the terms of the Loan Agreement and the Mortgage. Any expenditures made by the Issuer or the Trustee in curing such

a default on the Landlord's behalf, with interest thereon at the rate applicable to advances by the Trustee under the Loan Agreement and the Indenture, shall become part of the debt secured by this Assignment.

The full performance of the Loan Agreement and the Indenture, payment in full of the Series A Bonds, and the duly recorded release to the Landlord of the property described in the Loan Agreement and the Indenture, shall render this Assignment void. This Assignment applies to and binds the parties hereto and their respective heirs, administrators, executors, successors and assigns, as well as any subsequent lessee of the Project or any part thereof and any assignee of the Loan Agreement referred to herein.

Upon execution and delivery by the Issuer and the Trustee of the Indenture the Issuer's rights hereunder, including all rights of collection and enforcement, shall pass to the Trustee, and all payments of rent and other amounts payable to Issuer hereunder shall be paid to the Trustee.

IN WITNESS WHEREOF, the Landlord has executed this instrument, under seal, as of the day and year first written above.

Signed, sealed and delivered  
in the presence of:

ST. JOHNS MERIDIAN LIMITED PARTNERSHIP  
By: Meridian Nursing Centers, Inc.  
Its General Partner

\_\_\_\_\_  
(Witnesses as to Landlord)

By \_\_\_\_\_  
James W. Jeffcoat  
Vice President

ATTEST:

\_\_\_\_\_  
Its Secretary

(SEAL)

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of December, 1985 by James W. Jeffcoat and \_\_\_\_\_, the Vice President and Secretary, respectively, of Meridian Nursing Centers, Inc., the general partner of St. Johns Meridian Limited Partnership, a Maryland limited partnership duly authorized to transact business in the State of Florida, on behalf of the partnership.

\_\_\_\_\_  
Notary Public, State of Florida,  
at Large.

(NOTARIAL SEAL)

My Commission Expires:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned St. Johns County Industrial Development Authority, hereby assigns, without recourse, all of its right, title and interest in and to the above Assignment of Leases, Rents and Profits to Equitable Bank, National Association, a national banking association, Baltimore, Maryland, as trustee, and to its successor or successors, as trustee, under the terms and conditions of that certain Indenture of Trust, dated as of December 1, 1985, by and between the undersigned and said Trustee, securing the St. Johns County Industrial Development Authority Industrial Development Revenue Bonds (St. Johns Meridian Limited Partnership Project) of all series issued and to be issued under said Indenture.

Dated as of December 1, 1985.

Signed, sealed and delivered  
in the presence of:

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

\_\_\_\_\_

By \_\_\_\_\_  
Chairman

\_\_\_\_\_  
(Witnesses as to Issuer)

Attest: \_\_\_\_\_  
Secretary

(SEAL OF ISSUER)

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this \_\_\_\_ day of December, 1985, by Ross S. Mickey and Andrew J. DuPont, Jr., the Chairman and Secretary, respectively, of St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida, on behalf of the Authority.

\_\_\_\_\_  
Notary Public, State of  
Florida, at Large

(NOTARIAL SEAL)

My Commission Expires:

EXHIBIT A

DESCRIPTION OF REAL ESTATE

The Real Estate referred to in this Assignment of Leases, Rents and Profits is the following real estate situated in St. Johns County, Florida:

PS3SJMALL