

RESOLUTION NO. 2020-289

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE ISSUANCE BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS REVENUE BONDS (FLAGLER HEALTH), SERIES 2020A AND ITS REVENUE BONDS (FLAGLER HEALTH), SERIES 2020B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$240,000,000, IN ORDER TO OBTAIN FUNDS TO LOAN TO FLAGLER HOSPITAL, INC. FOR THE PRIMARY PURPOSE OF (A) FINANCING, REIMBURSING OR REFINANCING ALL OR A PART OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF FLAGLER HOSPITAL, INC. (COLLECTIVELY, THE "PROJECT") AND (B) REFUNDING ALL OR A PART OF CERTAIN OUTSTANDING OBLIGATIONS DESCRIBED HEREIN WHICH FINANCED OR REFINANCED THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF THE HOSPITAL; APPROVING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF AN INTERLOCAL AGREEMENT RELATING TO A PORTION OF THE PROJECT TO BE LOCATED IN FLAGLER COUNTY, FLORIDA; AND PROVIDING AN EFFECTIVE DATE.

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

**SECTION 1. DEFINITIONS.** The terms used in this Resolution shall have the respective meanings assigned to them in the Bond Resolution, as hereinafter defined, unless the text hereof clearly otherwise requires.

**SECTION 2. AUTHORITY FOR THIS RESOLUTION.** This Resolution is adopted pursuant to the provisions of Section 125.01(1)(z), Florida Statutes, as amended, Chapter 159, Parts II, III and VII, Florida Statutes, as amended, and other applicable provisions of law.

**SECTION 3. FINDINGS.** It is hereby ascertained, determined and declared that:

A. The St. Johns County Industrial Development Authority (the "Authority") is a public body corporate and politic duly created and existing under laws of the State of Florida and is duly authorized and empowered by Chapter 159, Parts II, III and VII, 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 or refinancing all or any part of the "cost" of any "project," including any "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, and to advance and improve the prosperity and the welfare of the State and its inhabitants, to improve health care and living conditions within the County, 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. Flagler Hospital, Inc. (the "Hospital") has requested that the Authority issue its Revenue Bonds (Flagler Health), Taxable Series 2020A and its Revenue Bonds (Flagler Health), Taxable Series 2020B, in an aggregate principal amount not to exceed \$240,000,000 (collectively, the "Bonds"), in order to obtain funds to loan to the Hospital for the purposes of (i) financing, reimbursing or refinancing all or a part of the costs of certain capital projects composing a "health care facility" within the meaning of the Act described in Exhibit A hereto (collectively, the "Project"), (ii) refunding all or a part of certain outstanding obligations described in Exhibit B hereto which financed or refinanced the costs of the acquisition, construction and installation of certain health care facilities of the Hospital, and (iii) paying the costs of issuing the Bonds.

C. On July 13, 2020, the Authority adopted a resolution (the "Bond Resolution") (i) authorizing the issuance of the Bonds and authorizing the execution and delivery by the Authority of the Interlocal Agreement (as defined herein). A copy of the Bond Resolution is attached hereto as Exhibit C and incorporated herein by reference.

D. The portion of the Project to be located in Flagler County, Florida, as described in clauses (vi) and (vii) of the Description of the Project attached hereto as Exhibit A is hereinafter referred to collectively as the "Flagler County Project." The Hospital has requested that the Authority enter into the Interlocal Agreement substantially in the form attached as Exhibit H to the Bond Resolution (the "Interlocal Agreement"), with Flagler County, Florida, the City of Palm Coast, Florida, or other local government with jurisdiction in which a portion of the Project is to be located (the "Interlocal Agency"). In order to finance the Flagler County Project with a portion of the proceeds of the Bonds, it is necessary and desirable to approve the execution and delivery by the Authority of the Interlocal Agreement.

E. The Hospital has submitted to the Board of County Commissioners of the County (the "Board") a copy of the Bond Resolution.

F. The Authority has recommended and requested that the Board approve the issuance of the Bonds and the execution and delivery by the Authority of the Interlocal Agreement, in order to satisfy the requirements of Section 125.01(1)(z), Florida Statutes, as amended, and the Act.

G. The Bonds shall not constitute a debt, liability or obligation of the County, the State or of any political subdivision thereof, other than a limited obligation of the Authority,

or a pledge of the faith and credit of the Authority, the County, the State or of any political subdivision thereof, and neither the Authority, the County, the State nor any political subdivision thereof will be liable on the Bonds, nor will the Bonds be payable out of any funds other than the loan repayments and other funds pledged and assigned under the related financing agreements.

H. 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.

**SECTION 4. APPROVAL OF ISSUANCE OF BONDS AND EXECUTION AND DELIVERY OF INTERLOCAL AGREEMENT.** For purposes of Section 125.01(1)(z), Florida Statutes, as amended, and the Act, the Board hereby approves the issuance by the Authority of the Bonds and the execution and delivery by the Authority of the Interlocal Agreement as contemplated by the Bond Resolution. This approval is given solely for the purposes of satisfying the requirements of Section 125.01(1)(z), Florida Statutes, as amended, and the Act and is final and conclusive for such purposes. The granting of this approval shall not impose any liability upon the County with respect to the Bonds or, the Bond Resolution or the Interlocal Agreement.

**SECTION 5. NO ENDORSEMENT BY COUNTY.** The approvals given herein shall not be construed as (A) an endorsement of the creditworthiness of the Hospital or the financial viability of the Project, (B) a recommendation to any holder or prospective purchaser to hold or purchase the Bonds, (C) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (D) approval of any necessary rezoning applications or approval or acquiescence to the alteration of existing zoning or land use nor approval for any other regulatory permits relating to the Project, and the Board shall not be construed by reason of its adoption of this Resolution to make any such endorsement, finding or recommendation or to have waived any right of the Board or estopping the Board from asserting any rights or responsibilities it may have in such regard.

**SECTION 6. OTHER ACTION.** The officers of the County are hereby authorized and directed to execute and deliver, or approve the execution and delivery of, such other documents and to take or approve the taking of such other actions as may be advised by the County's counsel or Foley & Lardner LLP, Bond Counsel, to be necessary or appropriate in connection with the consummation of the transactions contemplated by this Resolution.

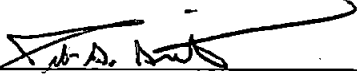
**SECTION 7. REPEALING CLAUSE.** All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

**SECTION 8. EFFECT OF TYPOGRAPHICAL AND/OR ADMINISTRATIVE ERRORS.** To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board.

**SECTION 9. EFFECTIVE DATE.** This Resolution shall be effective immediately upon adoption by the Board.

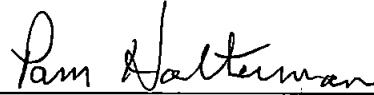
**PASSED AND ADOPTED** by the Board of County Commissioners of St. Johns County, Florida, this 4<sup>th</sup> day of August, 2020.

**BOARD OF COUNTY COMMISSIONERS  
OF ST. JOHNS COUNTY, FLORIDA**

By   
Jeb S. Smith, Chair

(OFFICIAL SEAL)

ATTEST: Brandon Patty, Clerk

By   
Deputy Clerk

RENDITION DATE 8/6/20



## EXHIBIT A

### Description of the Project

The Project to be financed, reimbursed or refinanced by the Bonds consists of the acquisition, construction and installation of the following health care facilities of the Hospital:

- (i) health villages in Nocatee and Durbin Creek which will provide outpatient care, including primary care, pediatric care, specialty medical services and imaging and lab services;
- (ii) an urgent care building, which will provide urgent care at the main hospital location in St. Augustine;
- (iii) Durbin Creek land, which will be the future location of a health village and hospital facilities providing additional medical services in the northern part of St. Johns County;
- (iv) outpatient facilities to be developed, including land, buildings, furnishings, fixtures and equipment in St. Johns County;
- (v) improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Hospital's existing facilities at the main hospital location in St. Augustine;
- (vi) a health village in Palm Coast, including land, two-story building, improvements, furnishings, fixtures and equipment, which will provide outpatient care, including primary care, pediatric care, specialty medical services, and imaging and lab services, to be located at the southeast corner of Matanzas Woods Parkway and New Belle Terre Parkway, in the City of Palm Coast, Flagler County, Florida, approximately 5 miles south of the Flagler County – St Johns County line; and
- (vii) the buildout of medical office space, including related improvements, furnishings, fixtures and equipment, and the installation of medical equipment, to provide orthopedic and other medical care, to be located in the health village described in clause (vi) above.

## EXHIBIT B

### Description of the Refunded Obligations

The Refunded Obligations consist of one or more of the following:

A. St. Johns County Industrial Development Authority Hospital Revenue Refunding Bond (Flagler Hospital, Inc. Project), Series 2012B, issued in the original principal amount of \$12,000,000 on April 4, 2012, issued for the purpose of obtaining funds to loan to the Hospital to finance a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities and equipment at the Hospital's existing facilities, including the acquisition and installation of an electronic medical records system and an upgraded nurse call system, renovations to the Hospital's facilities including renovations to patient rooms, the acquisition of certain medical equipment, monitoring systems and replacement patient beds, and the acquisition and installation of related improvements, equipment, fixtures and furnishings, all located or to be located at 101, 120, 130, 201, 300, 301 and/or 400 Health Park Boulevard, St. Augustine, Florida, and to be owned and operated by the Hospital.

B. Promissory Note dated October 29, 2014, payable by Flagler Hospital, Inc. to PNC Bank, National Association, in the original principal amount of \$14,000,000, issued for the purpose of financing the cost of the acquisition of an ambulatory surgery center located at 180 Southpark Boulevard, St. Augustine, Florida 32086, including the site therefor and all related property, both real and personal, to be owned and operated by the Hospital.

C. St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 2017A, issued in the original principal amount of \$32,575,000 on September 28, 2017, issued for the purpose of obtaining funds to loan to the Hospital to finance the costs of the acquisition, construction and installation of (i) certain hospital facilities, improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Hospital's existing facilities and (ii) certain outpatient facilities to be developed near World Golf Village, including land, buildings, furniture, fixtures and equipment, all located within the County and to be owned and operated by the Hospital.

D. St. Johns County Industrial Development Authority Hospital Revenue and Refunding Bond (Flagler Hospital, Inc. Project), Series 2017B, issued in the original principal amount of \$71,400,000 on September 28, 2017, issued for the purpose of obtaining funds to loan to the Hospital to finance the costs of the acquisition, construction and installation of (i) renovations to the cardiac catheterization and electrophysiology laboratories located at Flagler Hospital, (ii) the acquisition and installation of imaging, catheterization lab and electrophysiology lab equipment and clinical laboratory analyzers at Flagler Hospital, (iii) facilities improvements and the installation of back-up generators and other fixed equipment designed to enable Flagler Hospital to withstand severe weather conditions, and (iv) improvements, equipment, fixtures and furnishings relating to the foregoing and to the existing Flagler Hospital facilities, all located or to be located in the County and owned or to be owned and operated by the Hospital.

E. Master Note, Series 2017C, No. 1 dated September 28, 2017, payable by Flagler Hospital, Inc. to BBVA USA, formerly known as Compass Bank, in the original principal

amount of \$3,630,000, issued for the purpose of financing the termination payment incurred by the Hospital in connection with the termination of the interest rate swap relating to the Authority's Hospital Revenue Bonds (Flagler Hospital, Inc.), Series 2003, dated December 22, 2003, issued in the original principal amount of \$35,000,000, which financed or refinanced the acquisition, construction, renovation, expansion and installation of certain health care facilities, including the construction of a new patient tower, the renovation and construction of open-heart surgery facilities, the expansion of emergency room facilities, and the acquisition and installation of equipment, fixtures and furnishings, located on a portion of the site at 400 Healthpark Boulevard, St. Augustine, Florida, to be owned and operated by the Hospital.

**RESOLUTION NO. 2020- 2**

A RESOLUTION PROVIDING FOR THE ISSUANCE BY THE ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY OF ITS REVENUE BONDS (FLAGLER HEALTH), TAXABLE SERIES 2020A (THE "SERIES 2020A BONDS") AND ITS REVENUE BONDS (FLAGLER HEALTH), TAXABLE SERIES 2020B (THE "SERIES 2020B BOND"), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$240,000,000 (COLLECTIVELY, THE "BONDS"); PROVIDING FOR A LOAN BY THE AUTHORITY TO FLAGLER HOSPITAL, INC. (THE "HOSPITAL") IN A PRINCIPAL AMOUNT EQUAL TO THE PRINCIPAL AMOUNT OF THE SERIES 2020A BONDS, TO (A) FINANCE, REIMBURSE OR REFINANCE ALL OR A PART OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF THE HOSPITAL, (B) REFUND ALL OR A PART OF CERTAIN OUTSTANDING OBLIGATIONS DESCRIBED HEREIN WHICH FINANCED OR REFINANCED THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF THE HOSPITAL, AND (C) PAY THE COSTS OF ISSUANCE OF THE SERIES 2020A BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE HOSPITAL TO PROVIDE SECURITY FOR THE SERIES 2020A BONDS AND FOR OTHER MATTERS THEREIN PROVIDED; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE DESCRIBED HEREIN SECURING THE SERIES 2020A BONDS; APPROVING U.S. BANK NATIONAL ASSOCIATION AS THE INITIAL TRUSTEE FOR THE SERIES 2020A BONDS UNDER SUCH INDENTURE; AUTHORIZING A NEGOTIATED SALE OF THE SERIES 2020A BONDS; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2020A BONDS TO BARCLAYS CAPITAL INC., THE UNDERWRITER OF THE SERIES 2020A BONDS; APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT TO THE SERIES 2020A BONDS; APPROVING AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT RELATING TO THE SERIES 2020A BONDS; PROVIDING FOR A LOAN BY THE AUTHORITY TO THE HOSPITAL IN A PRINCIPAL AMOUNT EQUAL TO THE PRINCIPAL AMOUNT OF THE SERIES 2020B BOND, TO (A) FINANCE, REIMBURSE OR REFINANCE ALL OR A PART OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF THE HOSPITAL, (B) REFUND ALL OR A PART OF CERTAIN OUTSTANDING OBLIGATIONS DESCRIBED HEREIN WHICH FINANCED OR REFINANCED THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN HEALTH CARE FACILITIES OF THE HOSPITAL, AND (C) PAY THE COSTS OF ISSUANCE OF THE SERIES 2020B BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A



FINANCING AGREEMENT AMONG THE AUTHORITY, THE HOSPITAL AND TD BANK, N.A., OR ONE OF ITS AFFILIATES (THE "LENDER"), AS INITIAL DIRECT PURCHASER OF THE SERIES 2020B BOND, TO PROVIDE SECURITY FOR THE SERIES 2020B BOND AND FOR OTHER MATTERS THEREIN PROVIDED; AUTHORIZING A NEGOTIATED SALE OF THE SERIES 2020B BOND; AUTHORIZING THE AWARD OF THE SALE OF THE SERIES 2020B BOND TO THE LENDER; APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; PROVIDING FOR THE RIGHTS OF THE OWNERS OF THE BONDS AND FOR THE PAYMENT THEREOF; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS REQUIRED IN CONNECTION WITH THE FOREGOING, INCLUDING AN INTERLOCAL AGREEMENT, AN ESCROW DEPOSIT AGREEMENT, AND A SECOND AMENDMENT TO THAT CERTAIN FINANCING AGREEMENT DATED SEPTEMBER 28, 2017, AMONG THE AUTHORITY, THE HOSPITAL AND BBVA MORTGAGE CORPORATION; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

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, III and VII, Florida Statutes, as from time to time 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.

"2014 Promissory Note" means the Promissory Note dated October 29, 2014, payable by Flagler Hospital, Inc. to PNC Bank, National Association, in the original principal amount of \$14,000,000.

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

"Authority" means the St. Johns County Industrial Development Authority, a public body corporate and politic of the State, created and existing under Chapter 159, Part III, Florida Statutes, as from time to time amended, and its successors and assigns.

"Bond Counsel" means the law firm of Foley & Lardner LLP, Jacksonville, Florida.

"Bond Purchase Agreement" means the Bond Purchase Agreement relating to the Series 2020A Bonds to be executed among the Authority, the Hospital and the Underwriter, substantially in the form attached hereto as Exhibit E.

“Bonds” means, collectively, the Series 2020A Bonds and the Series 2020B Bond.

“Chairman” means the Chairman or Vice Chairman of the Authority.

“City” means the City of St. Augustine, an incorporated municipality of the State located within the boundaries of the County.

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

“County Commission” means the County Commission of County Commissioners of the County.

“Escrow Agent” means U.S. Bank National Association, and its successor and assigns.

“Escrow Deposit Agreement” means the Escrow Deposit Agreement, to be executed by and among the Escrow Agent, the Issuer and the Hospital, substantially in the form attached hereto as Exhibit G.

“Financing Agreement” means the Financing Agreement relating to the Series 2020B Bond to be executed by and among the Authority, the Hospital and the Lender, substantially in the form attached hereto as Exhibit F.

“Foundation” means Flagler Health Care Foundation, Inc., a private not-for-profit corporation organized and existing under the laws of the State, and its successors and assigns.

“Governing Body” means the Authority, a public body corporate and politic of the State.

“Hospital” means Flagler Hospital, Inc., a private not-for-profit corporation organized and existing under the laws of the State, and its successors and assigns.

“Indenture” means the Trust Indenture relating to the Series 2020A Bonds to be executed by the Authority and the Trustee, substantially in the form attached hereto as Exhibit C.

“Interlocal Agency” means Flagler County, Florida, the City of Palm Coast, Florida, or other local government with jurisdiction, in which a portion of the Project is to be located.

“Interlocal Agreement” means the Interlocal Agreement to be executed by and between the Authority and the Interlocal Agency, substantially in the form attached hereto as Exhibit H.

“Lender” means TD Bank, N.A., or one of its affiliates, as the direct initial purchaser of the Series 2020B Bond pursuant to the Financing Agreement.

“Loan Agreement” means the Loan Agreement relating to the Series 2020A Bonds to be executed by and between the Authority and the Hospital, substantially in the form attached hereto as Exhibit B.

“Master Indenture” means the Amended and Restated Master Trust Indenture, dated as of September 1, 2017, as supplemented and amended and as amended and restated upon the issuance of the Series 2020 Notes pursuant to the Second Amended and Restated Master Trust Indenture,

dated as of September 1, 2020, between the Obligated Group and the Master Trustee, as the same may be supplemented and amended from time to time.

“Master Note, Series 2020A, No. 1” means Master Note, Series 2020A, No. 1 issued and delivered by the Hospital under the Master Indenture and the Supplemental Indenture for Master Note, Series 2020A, No. 1 and delivered to the Authority as additional security for the repayment of the loan and the performance of the Hospital’s obligations under the Loan Agreement and which will be assigned by the Authority to the Trustee as security for the Series 2020A Bonds.

“Master Note, Series 2020B, No. 1” means Master Note, Series 2020B, No. 1 issued and delivered by the Hospital under the Master Indenture and the Supplemental Indenture for Master Note, Series 2020B, No. 1 and delivered to the Authority as additional security for the repayment of the loan and the performance of the Hospital’s obligations under the Financing Agreement and which will be assigned by the Authority to the Lender as additional security for the Series 2020B Bond.

“Master Trustee” means U.S. Bank National Association, as successor master trustee under the Master Indenture, and its successors and assigns.

“Obligated Group” means the Obligated Group established under (and as defined in) the Master Indenture, as membership in such Obligated Group may be modified from time to time.

“Preliminary Official Statement” means the Preliminary official statement relating to the Series 2020A Bonds, substantially in the form attached hereto as Exhibit D.

“Project” means the project of the Hospital described in Exhibit A to this Resolution and in the Loan Agreement and/or the Financing Agreement, as applicable.

“Refunded Obligations” means one or more of the Series 2012B Bond, the 2014 Promissory Note, the Series 2017A Bonds, the Series 2017B Bond and the Series 2017C Master Note.

“Secretary” means the Secretary or Treasurer of the Authority.

“Second Amendment to Series 2017B Financing Agreement” means the Second Amendment to Financing Agreement amending and supplementing that certain Financing Agreement dated as of September 28, 2017, as amended by that certain First Amendment of Financing Agreement dated December 18, 2019, among the Authority, the Hospital and BBVA Mortgage Corporation, formerly known as Compass Mortgage Corporation, to be executed and delivered by and among the Authority, the Hospital and BBVA Mortgage Corporation, substantially in the form attached hereto as Exhibit I.

“Series 2012B Bond” means the St. Johns County Industrial Development Authority Hospital Revenue Refunding Bond (Flagler Hospital, Inc. Project), Series 2012B, issued in the original principal amount of \$12,000,000 on April 4, 2012.

“Series 2017A Bonds” means the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Series 2017A, issued in the original principal amount of \$32,575,000 on September 28, 2017.

“Series 2017B Bond” means the St. Johns County Industrial Development Authority Hospital Revenue and Refunding Bond (Flagler Hospital, Inc. Project), Series 2017B, issued in the original principal amount of \$71,400,000 on September 28, 2017.

“Series 2017C Master Note” means the Master Note, Series 2017C, No. 1 dated September 28, 2017, payable by Flagler Hospital, Inc. to BBVA USA, formerly known as Compass Bank, in the original principal amount of \$3,630,000.

“Series 2020A Bonds” means the portion of the St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), authorized to be issued pursuant to Section 6 hereof, to be designated as provided herein and in the Indenture and sold to and purchased by the Underwriter.

“Series 2020B Bond” means the portion of the St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), authorized to be issued pursuant to Section 6 hereof, to be designated as provided herein and in the Financing Agreement and sold to and purchased by the Lender.

“Series 2020 Notes” means, collectively, the Master Note, Series 2020A, No. 1 and the Master Note, Series 2020B, No. 1.

“State” means the State of Florida.

“Trustee” means U.S. Bank National Association, or any successor banking corporation, banking association or trust company at the time serving as corporate trustee under the provisions of the Indenture.

“Underwriter” means Barclays Capital Inc., as the Underwriter of the Series 2020A Bonds pursuant to the Bond Purchase Agreement.

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

A. The Authority 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 facilitating the financing and refinancing of industrial development, health care, and other projects 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 and refinance the acquisition, construction, reconstruction, improvement, rehabilitation, renovation, expansion and enlargement, or additions to, furnishing and equipping of certain capital projects, including any “project” for any “health care facility” (as the 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 therefore, and to obtain funds to finance the cost thereof by the issuance of its revenue bonds, and to issue its revenue refunding bonds for the purpose of refunding any outstanding revenue bonds issued under the Act to finance the cost thereof, for the

purposes of enhancing and expanding the agriculture, tourism, urban development, historic preservation, education and/or health care industries, among others, enhancing other economic activity in the State by attracting manufacturing development, business enterprise management and other activities conducive to economic promotion, improving the prosperity and welfare of the State and its inhabitants, improving education, living conditions and health care, the advancement of education and science and research in and the economic development of the State, increasing purchasing power and opportunities for gainful employment, and otherwise providing for and contributing to the health, safety and welfare of the people of the State.

B. On April 4, 2012, the Authority issued the Series 2012B Bond for the purpose of obtaining funds to loan to the Hospital to finance a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities and equipment at the Hospital's existing facilities, including the acquisition and installation of an electronic medical records system and an upgraded nurse call system, renovations to the Hospital's facilities including renovations to patient rooms, the acquisition of certain medical equipment, monitoring systems and replacement patient beds, and the acquisition and installation of related improvements, equipment, fixtures and furnishings, all located or to be located at 101, 120, 130, 201, 300, 301 and/or 400 Health Park Boulevard, St. Augustine, Florida, and to be owned and operated by the Hospital.

C. On October 29, 2014, the Hospital issued the 2014 Promissory Note for the purpose of financing the cost of the acquisition of an ambulatory surgery center located at 180 Southpark Boulevard, St. Augustine, Florida 32086, including the site therefor and all related property, both real and personal, to be owned and operated by the Hospital.

D. On September 28, 2017, the Authority issued the Series 2017A Bonds for the purpose of obtaining funds to loan to the Hospital to finance the costs of the acquisition, construction and installation of (i) certain hospital facilities, improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Hospital's existing facilities and (ii) certain outpatient facilities to be developed near World Golf Village, including land, buildings, furniture, fixtures and equipment, all located within the County and to be owned and operated by the Hospital.

E. On September 28, 2017, the Authority issued the Series 2017B Bond for the purpose of obtaining funds to loan to the Hospital to finance the costs of the acquisition, construction and installation of (i) renovations to the cardiac catheterization and electrophysiology laboratories located at Flagler Hospital, (ii) the acquisition and installation of imaging, catheterization lab and electrophysiology lab equipment and clinical laboratory analyzers at Flagler Hospital, (iii) facilities improvements and the installation of back-up generators and other fixed equipment designed to enable Flagler Hospital to withstand severe weather conditions, and (iv) improvements, equipment, fixtures and furnishings relating to the foregoing and to the existing Flagler Hospital facilities, all located or to be located in the County and owned or to be owned and operated by the Hospital.

F. On September 28, 2017, the Hospital issued the Series 2017C Master Note for the purpose of financing the termination payment incurred by the Hospital in connection with the termination of the interest rate swap relating to the Authority's Hospital Revenue Bonds (Flagler Hospital, Inc.), Series 2003, dated December 22, 2003, issued in the original principal amount of

\$35,000,000, which financed or refinanced the acquisition, construction, renovation, expansion and installation of certain health care facilities, including the construction of a new patient tower, the renovation and construction of open-heart surgery facilities, the expansion of emergency room facilities, and the acquisition and installation of equipment, fixtures and furnishings, located on a portion of the site at 400 Healthpark Boulevard, St. Augustine, Florida, to be owned and operated by the Hospital.

G. The Authority has been advised that a refunding of the outstanding Refunded Obligations will be advantageous to the Hospital and will advance the public purposes of providing adequate medical care and health facilities in the County, which medical care and health facilities are necessary to improve the public health and the commerce, welfare and prosperity of the County and its inhabitants.

H. The Hospital has requested the Authority to issue the Bonds in order to obtain funds to loan to the Hospital for the purposes of (i) financing, reimbursing or refinancing all or a part of the costs of the Project, (ii) refunding the outstanding Refunded Obligations and (iii) paying the costs of issuance of the Bonds as provided herein.

I. Upon consideration of the documents described herein and the information presented to the Authority at or prior to the adoption of this Resolution, the Authority has made and does hereby make the following findings and determinations:

(1) The Project consists of the acquisition, construction and installation of the health care facilities described in Exhibit A hereto.

(2) The Hospital has shown that the Project will serve paramount and predominately public purposes by enhancing, expanding and improving health care and will promote the development and maintenance of the public health and the provision of adequate medical care and health facilities within the County and the State. The Hospital also has shown that the refunding of the outstanding Refunded Obligations will be advantageous to the Hospital and will advance the public purposes of providing adequate medical care and health facilities in the County, which medical care and health facilities are necessary to improve the public health and the commerce, welfare and prosperity of the County and its inhabitants. Accordingly, the Project and the refunding of the outstanding Refunded Obligations in the manner provided in the Loan Agreement, the Indenture and the Financing Agreement will have the incidental effect of fostering the economic growth and development and the industrial and business development of the County and the State, and will serve other predominantly public purposes as set forth in the Act. It is desirable and will most effectively serve the purposes of the Act, for the Authority to finance the acquisition, construction and installation of the Project and the refunding of the outstanding Refunded Obligations and to issue and sell the Bonds for the purpose of providing funds to finance, reimburse or refinance all or a part of the cost of the Project and to refund the outstanding Refunded Obligations, all as provided in the Loan Agreement, the Indenture and the Financing Agreement, which contain 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 Hospital is financially responsible based upon the criteria established by the Act, and the Hospital is fully capable and willing to fulfill its obligations under the Loan Agreement, the Financing Agreement and any other agreements to be made in connection with the issuance of the Bonds and the use of the Bond proceeds for financing all or a part of the cost of the Project and refunding the outstanding Refunded Obligations, including the obligation to pay loan payments in an amount sufficient in the aggregate to pay all of the interest, principal, and redemption premiums, if any, on the Bonds, in the amounts and at the times required, the obligation to operate, repair and maintain at its own expense the Project and the other properties and facilities of the Hospital, 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 financial condition of the Hospital, the Hospital's ratio of current assets to current liabilities, net worth, earning trends, coverage of all fixed charges, the nature of the industry of business and of the activity involved, the inherent stability thereof, and other factors determinative of the capability of the Hospital, financially and otherwise, to fulfill its obligations consistently with the purposes of the Act. The payments to be made by the Hospital to the Authority and the other security provided by the Loan Agreement, the Indenture, the Financing Agreement, the Master Indenture, as supplemented, the Master Note, Series 2020A, No. 1 and the Master Note, Series 2020B, No. 1 are adequate within the meaning of the Act for the security of the Bonds.

(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 acquisition, construction, installation, 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 and the Financing Agreement for the operation, repair and maintenance of the Project at the expense of the Hospital, for the payment of the principal of, premium, if any, and interest on the Bonds when and as the same become due and payable, and for the payment by the Hospital of all other costs incurred by the Authority 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 Bonds or otherwise.

(7) The Project comprises a "health care facility" within the meaning of the Act. The costs to be paid from the proceeds of the Bonds shall be "costs" of a "project" within the meaning of the Act, except for proceeds used to refund the outstanding Refunded Obligations, as permitted under the Act. The capital projects financed by the Refunded Obligations comprise "health care facilities" within the meaning of the Act, and the costs

which were paid from the proceeds of the Refunded Obligations were "costs" of a "project" within the meaning of the Act.

(8) The Authority will loan the proceeds of the Series 2020A Bonds to the Hospital pursuant to the Loan Agreement. The Hospital's obligations under the Loan Agreement will be secured by the Master Note, Series 2020A, No. 1, which will be delivered to the Authority as additional security for the repayment of the loan and the performance of the Hospital's obligations under the Loan Agreement and which will be assigned by the Authority to the Trustee as additional security for the Series 2020A Bonds.

(9) The payments to be made by the Hospital under the Loan Agreement will be sufficient to pay all principal of, premium, if any, and interest on the Series 2020A Bonds, when and as the same shall become due, and all other costs incurred in connection with the financing, acquisition, construction, installation and administration of the portion of the Project to be financed by the Series 2020A Bonds and the portion of the refunding of the outstanding Refunded Obligations to be refunded by the Series 2020A Bonds, except as may be paid out of the proceeds of sale of the Series 2020A Bonds or otherwise, and to make all other payments required by the Indenture.

(10) The Authority will loan the proceeds of the Series 2020B Bond to the Hospital pursuant to the Financing Agreement. The Hospital's obligations under the Financing Agreement will be secured by the Master Note, Series 2020B, No. 1, which will be delivered to the Authority as additional security for the repayment of the loan and the performance of the Hospital's obligations under the Financing Agreement and which will be assigned by the Authority to the Lender as additional security for the Series 2020B Bond.

(11) The payments to be made by the Hospital under the Financing Agreement will be sufficient to pay all principal of, premium, if any, and interest on the Series 2020B Bond, when and as the same shall become due, and all other costs incurred in connection with the financing, acquisition, construction, installation and administration of the portion of the Project to be financed by the Series 2020B Bond and the portion of the refunding of the outstanding Refunded Obligations to be financed by the Series 2020B Bond, except as may be paid out of the proceeds of sale of the Series 2020B Bond or otherwise, and to make all other payments required by the Financing Agreement.

(12) The principal of, premium, if any, and interest on the Bonds and all other pecuniary obligations of the Authority under the Loan Agreement, the Indenture, the Financing Agreement or otherwise, in connection with the Project or the Bonds, shall be payable by the Authority solely from the loan payments and other revenues and proceeds receivable by the Authority under the Loan Agreement, the Master Note, Series 2020A, No. 1, the Financing Agreement, the Master Note, Series 2020B, No. 1, the proceeds of the Bonds and income from the temporary investment of the proceeds of the Bonds or of such other revenues and proceeds, as applicable, as pledged for such payment to the Trustee as provided in the Indenture and to the Lender as provided in the Financing Agreement, all to the extent and in the manner provided therein; neither the faith and credit nor the taxing power of the Authority, of the County, of the State or of any political subdivision thereof



is pledged to the payment of the Bonds or of such other pecuniary obligations of the Authority, and neither the Authority, the County, 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 Authority, the County or the State or any political subdivision thereof, other than the Authority's interest in the Loan Agreement, the Master Note, Series 2020A, No. 1, the Financing Agreement and the Master Note, Series 2020B, No. 1, and the property rights, receipts, revenues and proceeds pledged therefor as provided in the Indenture and the Financing Agreement, as applicable.

(13) The Bonds are intended to be issued as taxable bonds the interest on which is included in gross income for federal income purposes under existing laws of the United States of America.

(14) A negotiated sale of the Bonds is required and necessary, and is in the best interest of the Authority, for the following reasons: the Series 2020A Bonds will be special and limited obligations of the Authority payable solely out of revenues and proceeds derived pursuant to the Loan Agreement and the Master Note, Series 2020A, No. 1, the Series 2020B Bond will be a special and limited obligation of the Authority payable solely out of revenues and proceeds derived pursuant to the Financing Agreement and the Master Note, Series 2020B, No. 1, and the Hospital will be obligated for the payment of all costs of the Authority in connection with the financing, acquisition, construction, installation and administration of the Project and the refunding of the outstanding Refunded Obligations which are not paid out of the Bond proceeds, as applicable, or otherwise and for operation and maintenance of the Project at no expense to the Authority; the cost of issuance of the Bonds, which will be borne directly or indirectly by the Hospital, 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 and the refunding of the outstanding Refunded Obligations; revenue bonds having the characteristics of the Bonds are typically and usually sold at negotiated sale; and authorization of a negotiated sale of the Bonds is necessary in order to serve the purposes of the Act.

(15) 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.

(16) The purposes of the Act will be most effectively served by the acquisition, construction and installation of the Project by the Hospital, as independent contractor and not as agent of the Authority, and the refunding of the outstanding Refunded Obligations, as provided in the Loan Agreement and the Financing Agreement, as applicable.

J. In connection with the refunding and defeasance of the Series 2017A Bonds, it is necessary and desirable to authorize the execution and delivery by the Authority of the Escrow Deposit Agreement.

K. The portion of the Project to be located in Flagler County, Florida, as described in clauses (vi) and (vii) of the Description of the Project attached hereto as Exhibit A is hereinafter referred to collectively as the "Flagler County Project." The Hospital has requested that the Issuer enter into the Interlocal Agreement with the Interlocal Agency. In order to finance the Flagler County Project with a portion of the proceeds of the Bonds, it is necessary and desirable to authorize the execution and delivery by the Authority of the Interlocal Agreement.

L. In connection with the amendment and restatement of the Master Indenture, it is necessary and desirable to authorize the execution and delivery by the Authority of the Second Amendment to Series 2017B Financing Agreement.

SECTION 4. REFUNDING AUTHORIZED. The refunding of all or a part of the outstanding Refunded Obligations in the manner provided in herein is hereby authorized.

SECTION 5. FINANCING OF PROJECT AUTHORIZED. The financing by the Authority of the Project in the manner provided herein is hereby authorized.

SECTION 6. AUTHORIZATION OF THE BONDS. For the purposes of (i) financing, reimbursing or refinancing all or a part of the costs of the Project, (ii) refunding all or a part of the outstanding Refunded Obligations and (iii) paying the costs of issuance of the Series 2020A Bonds, the Series 2020A Bonds, in an aggregate principal amount which, together with the aggregate principal amount of the Series 2020B Bond, shall not exceed two hundred forty million dollars (\$240,000,000), in one or more taxable series or subseries, containing such terms and conditions as are provided in the Indenture and in the form and manner described herein and in the Indenture, are hereby approved.

The Series 2020A Bonds shall not be issued until one or more of Moody's Investors Service, Standard & Poor's Rating Services or Fitch Ratings, Inc. shall have issued its letter stating that, when issued, the Series 2020A Bonds will bear a rating not lower than "Baa3," "BBB-" or "BBB-," respectively.

For the purposes of (i) financing, reimbursing or refinancing all or a part of the costs of the Project, (ii) refunding all or a part of the outstanding Refunded Obligations, and (iii) paying the costs of issuance of the Series 2020B Bond, the Series 2020B Bond, in an aggregate principal amount which, together with the aggregate principal amount of the Series 2020A Bonds, shall not exceed two hundred forty million dollars (\$240,000,000), in one taxable series, containing such terms and conditions as are provided in the Financing Agreement and in the form and manner described herein and in the Financing Agreement, are hereby approved.

SECTION 7. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND ITS EXHIBITS. The Loan Agreement and its exhibits, substantially in the forms attached hereto as Exhibit B with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Loan Agreement, and to deliver the Loan Agreement to the Hospital; and all of the provisions of

the Loan Agreement, when executed and delivered by the Authority as authorized herein and by the Hospital, 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 THE INDENTURE AND ITS EXHIBITS. The Indenture and its exhibits, substantially in the forms attached hereto as Exhibit C with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Indenture, and deliver the Indenture to the Trustee; and all of the provisions of the Indenture, when executed and delivered by the Authority 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 9. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE FINANCING AGREEMENT AND ITS EXHIBITS. The Financing Agreement and its exhibits, substantially in the forms attached hereto as Exhibit F with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Financing Agreement, and to deliver the Financing Agreement to the Hospital and the Lender; and all of the provisions of the Financing Agreement, when executed and delivered by the Authority as authorized herein and by the Hospital and the Lender, 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 OFFICIAL STATEMENT. Use of an Official Statement in the marketing of the Series 2020A Bonds, which shall be in substantially the form of the draft Preliminary Official Statement attached hereto as Exhibit D and made a part hereof (subject to the inclusion of the final pricing information for the Series 2020A Bonds), is hereby approved, with such revisions as are consistent with the terms of the financing, reimbursement or refinancing of all or a part of the costs of the Project and the refunding of the outstanding Refunded Obligations, as may be recommended by the Authority's Counsel and approved by the Chairman, such approval to be evidenced by his execution thereof, and the Chairman is hereby authorized to execute the final Official Statement and to deliver same to the Underwriter.

In adopting this Resolution, the Authority hereby disclaims any responsibility for the Preliminary Official Statement or the Official Statement, except for the information described as having been provided by the Authority, and hereby expressly disclaims any responsibility for any other information included as part of the Preliminary Official Statement or the Official Statement.

SECTION 11. SALE OF BONDS; AUTHORIZATION OF EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENT AND ITS EXHIBITS. The Chairman of the Authority is hereby authorized and directed to award the sale of the Series 2020A Bonds to the Underwriter pursuant to the Bond Purchase Agreement in an aggregate principal amount which shall not exceed the amount specified in Section 6 hereof, with a true net interest cost of not to

exceed 6.25% per annum and with a maturity date not exceeding 40 years from the date of issuance of the Series 2020A Bonds, and with such other final terms, as approved by the Hospital, the Underwriter and the Chairman of the Authority. The proposed form of the Bond Purchase Agreement presented by the Underwriter and attached hereto as Exhibit E is hereby approved, with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Hospital and the Chairman of the Authority prior to the execution and delivery thereof, and approval of such changes, corrections, insertions and deletions shall be conclusively presumed by the execution thereof. The Chairman of the Authority is hereby authorized to execute the Bond Purchase Agreement for and on behalf of the Authority pursuant to the terms hereof.

The Chairman of the Authority and the other officers, agents and employees of the Authority are hereby authorized and directed to conclude the issuance and delivery of the Series 2020A Bonds in accordance with the provisions of this Resolution the Bond Purchase Agreement.

The Chairman of the Authority is hereby authorized and directed to award the sale of the Series 2020B Bond to the Lender pursuant to the Financing Agreement in an aggregate principal amount which shall not exceed the amount specified in Section 6 hereof, with an initial true interest cost of not to exceed 6.25% per annum and with a maturity date not exceeding 40 years from the date of issuance of the Series 2020B Bond, and with such other final terms, as approved by the Hospital, the Lender and the Chairman of the Authority. The Chairman of the Authority and the other officers, agents and employees of the Authority are hereby authorized and directed to conclude the issuance and delivery of the Series 2020A Bonds in accordance with the provisions of this Resolution the Bond Purchase Agreement.

The Chairman of the Authority and the other officers, agents and employees of the Authority are hereby authorized and directed to conclude the issuance and delivery of the Series 2020B Bond in accordance with the provisions of this Resolution and the Financing Agreement.

Authority for the issuance of such aggregate principal amount of the Bonds herein authorized which is not hereafter delivered to the Underwriter or the Lender, as applicable, pursuant to the provisions of the this Resolution, is hereby canceled and rescinded.

**SECTION 12. APPROVAL OF TRUSTEE AND ESCROW AGENT.** U.S. Bank National Association, Jacksonville, Florida, is hereby approved to serve as Trustee under the Indenture and as Escrow Agent under the Escrow Deposit Agreement.

**SECTION 13. AMENDMENTS.** The execution, delivery and performance of amendments to the Financing Agreement, the Series 2020B Bond and related documents (i) to change the date or dates or the method of determining the date or dates on which the Lender shall have the option to require the Hospital to purchase the Series 2020B Bond from the Lender, as set forth in the Financing Agreement, or to otherwise change the provisions set forth in the Financing Agreement relating to such option of the Lender, (ii) to change the mechanics for the determination of the interest rate payable on the Series 2020B Bond, provided that any such change shall not permit the interest rate payable on the Series 2020B Bond to exceed the highest lawful rate permitted by law, or (iii) for such other purpose as does not materially change the basic purposes, terms, and provisions of the Series 2020B Bond approved hereby, and as agreed to by the Hospital

and the Lender, are hereby authorized, with no further action of the governing body of the Authority required. Any such amendments shall be subject to the receipt by the Authority, the Hospital and the Lender of an opinion of nationally recognized bond counsel to the effect that such amendments are permitted under the Act. Any such amendments shall be executed by the Chairman, and shall be in such form as may be approved by the Chairman, with the assistance of counsel to the Authority, and the execution of such amendments by the Chairman, as hereby authorized shall be conclusive evidence of any such approval.

SECTION 14. AUTHORIZATION OF EXECUTION OF OTHER CERTIFICATES AND OTHER INSTRUMENTS. The Chairman and the Secretary of the Authority are hereby authorized and directed, either alone or jointly, under the official seal of the Authority, to execute and deliver the Bonds and certificates of the Authority certifying such facts as Authority's Counsel, Underwriters' Counsel or Bond Counsel shall require in connection with the issuance, sale and delivery of the Bonds, and to execute and deliver such other instruments, including but not limited to, such agreements and instruments as shall be necessary or desirable in connection with the delivery of any municipal bond insurance policy or other credit enhancement facilities, any transfer of all or a part of the Series 2020B Bond as provided in the Financing Agreement, escrow deposit agreements, certificate deeming portions of the Preliminary Official Statement relating to the Authority "final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, registrar and paying agent agreements, deeds, assignments, bills of sale and financing statements, as shall be necessary or desirable to perform the Authority's obligations under this Resolution, the Indenture, the Loan Agreement, the assignment of the Master Note, Series 2020A, No. 1, the Bond Purchase Agreement, the Financing Agreement, the assignment of the Master Note, Series 2020B, No. 1, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement, and to consummate the transactions hereby contemplated.

SECTION 15. AUTHORIZATION OF EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENT. The Escrow Deposit Agreement, substantially in the form attached hereto as Exhibit G with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Escrow Deposit Agreement, and to deliver the Escrow Deposit Agreement to the Hospital and the Issuer; and all of the provisions of the Escrow Deposit Agreement, when executed and delivered by the Authority as authorized herein and by the Hospital and the Escrow Agent, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 16. AUTHORIZATION OF EXECUTION AND DELIVERY OF THE INTERLOCAL AGREEMENT. The Interlocal Agreement, substantially in the form attached hereto as Exhibit H with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Interlocal Agreement, and to deliver the Interlocal Agreement to the Hospital and the Interlocal Agency, and all of the provisions of the Interlocal Agreement, when executed and delivered by the

Authority as authorized herein and by the Hospital and the Interlocal Agency, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 17. AUTHORIZATION OF EXECUTION AND DELIVERY OF SECOND AMENDMENT TO SERIES 2017B FINANCING AGREEMENT. The Second Amendment to Series 2017B Financing Agreement, substantially in the form attached hereto as Exhibit I with such changes, corrections, insertions and deletions as may be recommended by Authority's Counsel and approved by the Chairman of the Authority, such approval to be evidenced conclusively by his execution thereof, are hereby approved and authorized; the Authority hereby authorizes and directs the Chairman of the Authority to date and execute and the Secretary of the Authority to attest, under the official seal of the Authority, the Second Amendment to Series 2017B Financing Agreement, and to deliver the Second Amendment to Series 2017B Financing Agreement to the Hospital and the BBVA Mortgage Corporation, formerly known as Compass Mortgage Corporation; and all of the provisions of the Second Amendment to Series 2017B Financing Agreement, when executed and delivered by the Authority as authorized herein and by the Hospital and BBVA Mortgage Corporation, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 18. APPROVAL BY COUNTY COMMISSION. The Bonds shall not be issued unless the issuance of the Bonds by the Authority has been approved by the County Commission. The County Commission is hereby requested to approve the issuance of the Bonds by the Authority.

SECTION 19. NO PERSONAL LIABILITY. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement, the Second Amendment to Series 2017B Financing Agreement or any certificate or other instrument to be executed on behalf of the Authority in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member, officer, employee or agent of the Authority in his or her individual capacity, and none of the foregoing persons nor any officer of the Authority executing the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement, or any certificate or other instrument to be executed in connection with the issuance of the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 20. NO THIRD PARTY BENEFICIARIES. Except as otherwise expressly provided herein or in the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement, nothing in this Resolution, or in the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement, express or implied, is intended or shall be construed to confer upon any person, firm, corporation or other organization, other than the Authority, the Hospital, the Trustee and the owners from time to time of the Series 2020A Bonds with respect to matters relating to the Series 2020A Bonds and the Authority, the Hospital, the Lender and the owners from time to time of the Series 2020B Bond with respect to matters

relating to the Series 2020B Bond, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement, as applicable, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Authority, the Hospital, the Trustee, the Lender, as applicable, and the owners from time to time of the related Bonds.

SECTION 21. PREREQUISITES PERFORMED. All acts, conditions and things relating to the passage of this Resolution, to the issuance, sale and delivery of the Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Financing Agreement 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 Bonds, to the execution and delivery of the Loan Agreement, the Indenture and the Financing Agreement 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 22. COMPLIANCE WITH CHAPTER 218, PART II, FLORIDA STATUTES. The Authority 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 Hospital, of advance notice of the impending sale of the Bonds, of Bond Information Form BF2003/BF2004, and any other acts as may be necessary to comply with Chapter 218, Part II, Florida Statutes, as amended.

SECTION 23. GENERAL AUTHORITY. The members of the Authority 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 Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement, and the Second Amendment to Series 2017B Financing Agreement and to do all acts and things which are desirable and consistent with the requirements hereof or of the Bonds, the Loan Agreement, the Indenture, the Financing Agreement, the Escrow Deposit Agreement, the Interlocal Agreement or the Second Amendment to Series 2017B Financing Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or in the Bonds, the Loan Agreement, the Indenture and the Financing Agreement.

SECTION 24. THIS RESOLUTION CONSTITUTES A CONTRACT. The Authority covenants and agrees that this Resolution shall constitute a contract between the Authority and the owners from time to time of the Series 2020A Bonds, and that all covenants and agreements set forth herein and in the Series 2020A Bonds, the Loan Agreement and the Indenture, to be performed by the Authority shall be for the equal and ratable benefit and security of the owners from time to time of the Series 2020A Bonds, without privilege, priority or distinction as to lien or otherwise of any of the Series 2020A Bonds over any other of the Series 2020A Bonds. The Authority covenants and agrees that this Resolution shall constitute a contract between the Authority and the owners from time to time of the Series 2020B Bond, and that all covenants and agreements set forth herein and in the Series 2020B Bond and the Financing Agreement, to be performed by the Authority shall be for the equal and ratable benefit and security of the owners

from time to time of the Series 2020B Bond, without privilege, priority or distinction as to lien or otherwise of any of the Series 2020B Bond over any other of the Series 2020B Bond.

SECTION 25. 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 26. 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 27. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 13th day of July, 2020.

ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

(OFFICIAL SEAL)

By:   
Chairman

ATTEST:

  
Secretary



## **LIST OF EXHIBITS**

- EXHIBIT A DESCRIPTION OF THE PROJECT
- EXHIBIT B LOAN AGREEMENT (SERIES 2020A BONDS)
- EXHIBIT C TRUST INDENTURE (SERIES 2020A BONDS)
- EXHIBIT D PRELIMINARY OFFICIAL STATEMENT (SERIES 2020A BONDS)
- EXHIBIT E BOND PURCHASE AGREEMENT (SERIES 2020A BONDS)
- EXHIBIT F FINANCING AGREEMENT (SERIES 2020B BOND)
- EXHIBIT G ESCROW DEPOSIT AGREEMENT
- EXHIBIT H INTERLOCAL AGREEMENT
- EXHIBIT I SECOND AMENDMENT TO SERIES 2017B FINANCING AGREEMENT

## EXHIBIT A

### DESCRIPTION OF THE PROJECT

The Project to be financed, reimbursed or refinanced by the Bonds consists of the acquisition, construction and installation of the following health care facilities of the Hospital:

- (i) health villages in Nocatee and Durbin Creek which will provide outpatient care, including primary care, pediatric care, specialty medical services and imaging and lab services;
- (ii) an urgent care building, which will provide urgent care at the main hospital location in St. Augustine;
- (iii) Durbin Creek land, which will be the future location of a health village and hospital facilities providing additional medical services in the northern part of St. Johns County;
- (iv) outpatient facilities to be developed, including land, buildings, furnishings, fixtures and equipment in St. Johns County;
- (v) improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Hospital's existing facilities at the main hospital location in St. Augustine;
- (vi) a health village in Palm Coast, including land, two-story building, improvements, furnishings, fixtures and equipment, which will provide outpatient care, including primary care, pediatric care, specialty medical services, and imaging and lab services, to be located at the southeast corner of Matanzas Woods Parkway and New Belle Terre Parkway, in the City of Palm Coast, Flagler County, Florida, approximately 5 miles south of the Flagler County – St Johns County line; and
- (vii) the buildout of medical office space, including related improvements, furnishings, fixtures and equipment, and the installation of medical equipment, to provide orthopedic and other medical care, to be located in the health village described in clause (vi) above.

**EXHIBIT B**

LOAN AGREEMENT

**LOAN AGREEMENT**

**Dated as of September 1, 2020**

**Between**

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**And**

**FLAGLER HOSPITAL, INC.**

*Relating to the Issuance of*

**\$ \_\_\_\_\_  
St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health)  
Taxable Series 2020A**

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EXHIBIT 2.5(b) – Description of 2020A Project

## LOAN AGREEMENT

**THIS LOAN AGREEMENT**, dated as of September 1, 2020 (this "Loan Agreement"), is entered into by the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic of the State of Florida (the "Issuer"), and **FLAGLER HOSPITAL, INC.**, a Florida not for profit corporation (the "Borrower").

### Recitals

A. The Issuer has duly authorized the issuance of its \$ \_\_\_\_\_ aggregate principal amount of Revenue Bonds (Flagler Health), Taxable Series 2020A (the "Series 2020A Bonds"), pursuant to a Trust Indenture, dated as of September 1, 2020 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee").

B. The Series 2020A Bonds are being issued to provide financing for the benefit of the Borrower.

C. The recitals to the Indenture are incorporated in this Loan Agreement by reference.

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

## ARTICLE 1

### Definitions and Other Provisions of General Application

#### SECTION 1.1 Definitions

For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture and the Master Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(8) The term “person” shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

#### **SECTION 1.2           Effect of Headings and Table of Contents**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

#### **SECTION 1.3           Date of Loan Agreement**

The date of this Loan Agreement is intended as and for a date for the convenient identification of this Loan Agreement and is not intended to indicate that this Loan Agreement was executed and delivered on said date.

#### **SECTION 1.4           Severability Clause**

If any provision in this Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

#### **SECTION 1.5           Governing Law**

This Loan Agreement shall be construed in accordance with and governed by the laws of the State.

#### **SECTION 1.6           Counterparts**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.



## ARTICLE 2

### The Loan

#### SECTION 2.1 Sale of Series 2020A Bonds

Simultaneously with the delivery of this Loan Agreement, the Issuer shall issue the Series 2020A Bonds pursuant to the Indenture.

#### SECTION 2.2 Loan of Series 2020A Bond Proceeds

The Issuer does hereby loan the principal amount of the Series 2020A Bonds to the Borrower, and the Borrower does hereby borrow such amount from the Issuer and instruct the Issuer to apply the proceeds of the Series 2020A Bonds in the manner set forth in *Section 6.3* of the Indenture.

#### SECTION 2.3 Withdrawals From Costs of Issuance Fund

The Borrower may cause withdrawals to be made from the Costs of Issuance Fund for the payment of Costs of Issuance (including reimbursement to the Borrower for any such Costs paid directly by the Borrower) to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 6.5(b)*, executed on behalf of the Borrower by an Authorized Borrower Representative.

#### SECTION 2.4 Withdrawals From Project Fund

The Borrower may cause withdrawals to be made from the Project Fund for the payment of Project Costs (including reimbursement to the Borrower for any such Costs paid directly by the Borrower) to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 6.5(b)*, executed on behalf of the Borrower by an Authorized Borrower Representative.

#### SECTION 2.5 Description of the 2020A Project

(a) The 2020A Project to be financed, reimbursed or refinanced with proceeds of the Series 2020A Bonds is described in *Exhibit 2.5(b)*.

(b) The Borrower may cause changes or amendments to be made in the description of the 2020A Project contained in *Exhibit 2.5(b)*, provided that (i) the Borrower delivers to the Trustee a resolution adopted by the Borrower's governing body specifying such changes or amendments, and (ii) the Borrower delivers to the Trustee an Opinion of Counsel to the effect that such action will not change the nature of the 2020A Project to the extent that it would not qualify for financing under the Enabling Law.

## **ARTICLE 3**

### **Loan Payments**

#### **SECTION 3.1            Loan Payments**

(a)     The Borrower shall make Loan Payments to the Trustee, for the account of the Issuer, on each Bond Payment Date in an amount equal to the Debt Service on the Series 2020A Bonds due on such Bond Payment Date. All Loan Payments shall be made in funds immediately available to the Trustee not later than 10:00 a.m. on fifth (5<sup>th</sup>) Business Day immediately preceding the related Bond Payment Date.

(b)     Credits shall be allowed against the Loan Payments for income and profits received from the investment of money in the Debt Service Fund.

(c)     The Borrower acknowledges that Loan Payments are intended to provide amounts that will be sufficient to pay Debt Service on the Series 2020A Bonds as the same becomes due. If on any Bond Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay Debt Service on the Series 2020A Bonds due and payable on such date, the Borrower shall immediately deposit the amount of such deficiency in the Debt Service Fund in funds immediately available to the Trustee at the Office of the Trustee on such Bond Payment Date.

#### **SECTION 3.2            Delivery of Series 2020A Note**

(a)     Simultaneously with the delivery of the Series 2020A Bonds, the Borrower shall cause the Obligated Group to execute and deliver the Series 2020A Note to the Trustee, as assignee of the Issuer, in a principal amount equal to the Series 2020A Bonds and payable at times and in amounts corresponding to the required payments of Debt Service with respect to the Series 2020A Bonds. The Series 2020A Note shall be considered evidence of and security for the Borrower's obligation to make Loan Payments under this Loan Agreement. All Loan Payments with respect to the Series 2020A Bonds shall be credited against the required payments under the Series 2020A Note, all to the end that (i) the unpaid aggregate principal amount of the Series 2020A Bonds shall be equal to the unpaid principal amount of the Series 2020A Note, and (ii) the unpaid aggregate principal amount of the Series 2020A Bonds shall be equal to the unpaid principal amount of the Series 2020A Note.

(b)     At such time as all of the Series 2020A Bonds are no longer Outstanding, the Series 2020A Note shall be deemed fully paid and the Issuer shall cause the Trustee to surrender such Series 2020A Note to the Borrower.

#### **SECTION 3.3            Additional Payments**

(a)     The Borrower shall pay to the Issuer or to the Trustee, as the case may be, the following:

- (1)     the acceptance fee of the Trustee and the annual (or other regular) fees, charges and expenses of the Trustee and any paying agents designated under the Indenture;

(2) any amount to which the Trustee may be entitled under *Section 12.7* of the Indenture; and

(3) the reasonable expenses of the Issuer incurred at the request of the Borrower, or in the performance of its duties under any of the Financing Documents, or in connection with any litigation which may at any time be instituted involving any of the Financing Documents, or in the pursuit of any remedies under any of the Financing Documents.

(b) The Borrower shall make such payments to the Issuer or the Trustee, as the case may be, within 30 days after receipt of an invoice therefor.

#### **SECTION 3.4 Overdue Payments**

Any Loan Payments required by *Section 3.1* that are not received by the Trustee by the related Bond Payment Date shall bear interest from such Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments specified in the Series 2020A Bonds. Any other payments required by this *Article 3* that are overdue shall bear interest from the date due until paid at the Post-Default Rate specified in the Indenture.

#### **SECTION 3.5 Advances by Issuer**

If the Borrower shall fail to perform any of its covenants in this Loan Agreement, the Issuer may, at any time and from time to time, after written notice to the Borrower if no Loan Default exists, make advances to effect performance of any such covenant on behalf of the Borrower. Any money so advanced by the Issuer, together with interest at the Post-Default Rate, shall be repaid upon demand.

#### **SECTION 3.6 Unconditional Obligation**

The Borrower's obligation to make Loan Payments and the other payments required by this Loan Agreement and to perform and observe the other agreements and covenants on its part contained herein shall be absolute and unconditional, irrespective of any rights of set off, recoupment or counterclaim it might otherwise have against the Issuer or the Trustee.

### **ARTICLE 4**

#### **Concerning the Series 2020A Bonds, the Indenture and the Trustee**

#### **SECTION 4.1 Assignment of Loan Agreement and Loan Payments by Issuer**

(a) Simultaneously with the delivery of this Loan Agreement, the Issuer shall, pursuant to the Indenture, assign and pledge to the Trustee all of its right, title and interest in and to the Series 2020A Note and the Loan Agreement (except for the Reserved Rights). The Borrower hereby consents to such assignment and pledge.

(b) Until the Indenture Indebtedness has been Fully Paid, the Trustee shall have all rights and remedies herein accorded to the Issuer and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Loan Agreement.

**SECTION 4.2                    Redemption of Series 2020A Bonds and Prepayment of Series 2020A Note**

(a) The Issuer will redeem any or all of the Series 2020A Bonds in accordance with the scheduled mandatory redemption provisions of the Series 2020A Bonds and upon the occurrence of any event or contingency requiring the mandatory redemption of Series 2020A Bonds, all in accordance with the applicable provisions of the Series 2020A Bonds and the Indenture.

(b) If no Loan Default exists, the Issuer will exercise any right of optional redemption with respect to the Series 2020A Bonds only upon the written request of the Borrower, subject to any conditions to such redemption as shall be specified by the Borrower in such request.

(c) Upon the redemption of Series 2020A Bonds pursuant to any optional or mandatory redemption provisions, the Series 2020A Note shall be deemed prepaid in the amount equal to the principal amount of the Series 2020A Bonds redeemed.

**SECTION 4.3                    Amendment of Indenture**

As long as no Loan Default exists, the Issuer will not cause or permit the amendment of the Indenture or the execution of any supplemental indenture without the prior written consent of the Borrower.

**SECTION 4.4                    The Indenture Funds**

(a) If no Loan Default exists, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the terms of the Indenture and the written instructions of the Borrower.

(b) As security for the performance by the Borrower of the covenants hereunder, the Borrower hereby assigns and pledges to the Issuer, and grants to the Issuer a security interest in, all right, title and interest of the Borrower in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of this Loan Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in the Indenture. The Borrower acknowledges that the rights of the Issuer created by this Section shall be assigned by the Issuer to the Trustee pursuant to the Indenture.

(c) To the extent the regulations of the Comptroller of the Currency or other applicable regulatory entity grant, to the Borrower the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Borrower hereby specifically waives receipt of such confirmations to the extent permitted by law.

**SECTION 4.5 Full Payment of Indenture Indebtedness**

(a) After the Indenture Indebtedness is Fully Paid, and all fees and expenses due to the Issuer and the Trustee under the Indenture and this Loan Agreement have been fully paid, all references in this Loan Agreement to the Series 2020A Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Holders of the Series 2020A Bonds shall thereafter have any rights hereunder, except those rights that shall have theretofore vested.

(b) If any money or investments remain in the Indenture Funds after the Indenture Indebtedness has been Fully Paid, and all fees and expenses due to the Issuer and the Trustee under the Indenture and this Loan Agreement have been fully paid, the Issuer will pay and deliver such money and investments to the Borrower.

**ARTICLE 5**

**Representations and Covenants**

**SECTION 5.1 General Representations**

The Borrower makes the following representations for the benefit of the Issuer and as the basis for its undertakings hereunder:

(1) It is duly organized as a not for profit corporation under the laws of the State of Florida and is not in default under any of the provisions contained in its articles of incorporation or bylaws or in the laws of the State of Florida.

(2) It is an organization described under Section 501(c)(3) of the Internal Revenue Code and has done nothing to impair its status as such.

(3) It has the power to consummate the transactions contemplated by the Financing Documents to which it is a party.

(4) By proper corporate action it has duly authorized the execution and delivery of the Financing Documents to which it is a party and the consummation of the transactions contemplated therein.

(5) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Financing Documents to which it is a party.

(6) The execution and delivery by it of the Financing Documents to which it is a party and the consummation by it of the transactions contemplated therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its charter or bylaws, or any agreement, instrument, order or judgment to which it is a party or is subject, or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Financing Documents.

(7) The Financing Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

(8) The 2020A Project will be located in the County.

(9) The proceeds of the Series 2020A Bonds will be used solely for the 2020A Project, and the 2020A Project will promote and enhance the public purposes set forth in the Act and will benefit the economy of the Issuer. The costs of the 2020A Project to be paid from the proceeds of the Series 2020A Bonds will be "costs" of a "project" as defined in the Act. The 2020A Project is a "health care facility," as defined in the Act, and the Borrower intends to operate the 2020A Project as a "health care facility" until the Series 2020A Bonds are fully paid or, if the Borrower is no longer operating the 2020A Project, to assure that any tenant, assignee, vendee or other successor in interest actively using the 2020A Project shall so operate the 2020A Project until the Series 2020A Bonds are fully paid.

(10) The Borrower shall not use any facility acquired, improved, financed or in any way provided or assisted by the Issuer to promote any sectarian purpose or to advance or inhibit any religious activity, nor shall any such facility be operated by the Borrower in a manner so pervaded by religious activities that the secular objectives of the Enabling Law cannot be separated from the sectarian interests or purposes of the Borrower to the extent required by the Constitution of Florida and the first amendment to the Constitution of the United States of America.

**SECTION 5.2 Operation and Maintenance of the 2020A Project:** Upon completion of the 2020A Project and thereafter for so long as the Series 2020A Bonds are outstanding, the Borrower, as independent contractor and not as agent of the Issuer, shall comply with Section 503 of the Master Indenture with respect to the 2020A Project. The Borrower, as independent contractor and not as agent of the Issuer, may remodel, modify or otherwise improve the 2020A Project from time to time as the Borrower in its discretion determines to be in its best interests. The Borrower shall operate the 2020A Project as a "project" and a "health care facility" (as defined in the Act) at its own expense.

**SECTION 5.3 Corporate Existence**

(a) Except as provided in subsection (b) of this Section, the Borrower will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence:

(b) The Borrower may consolidate with or merge into any other nonprofit corporation or transfer its property substantially as an entirety to any person if:

(1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the rights and powers of the Trustee and the Holders of the Bonds;

(2) the corporation formed by such consolidation or into which the Borrower is merged or the person which acquires by conveyance or transfer the Borrower's property substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee (as advised by counsel, at the expense of the Borrower) containing an assumption by such Successor of the performance and observance of every covenant and condition of this Loan Agreement and the other Financing Documents to be performed or observed by the Borrower;

(3) the Borrower shall certify to the Issuer and the Trustee immediately after giving effect to such transaction, no Loan Default, or any event which upon notice or lapse of time or both would constitute such a Loan Default, shall have occurred and be continuing;

(4) the Borrower shall have delivered to the Trustee a certificate executed by its chief executive officer and an Opinion of Counsel, each of which shall state that such consolidation, merger, conveyance or transfer complies with this Section and that all conditions precedent herein provided relating to such transactions shall have been complied with.

(c) Upon any consolidation or merger or any conveyance or transfer of the Borrower's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for the Borrower under this Loan Agreement with the same effect as if such Successor had been named as the Borrower herein.

#### **SECTION 5.4 Indemnity of Issuer and Trustee**

(a) Subject to the provisions of subsections (b) and (c) hereof, the Borrower agrees to indemnify and hold the Issuer, the Trustee and their members, officers, employees, agents and representatives and any person who "controls" (within the meaning of the Securities act of 1933, as amended) the Issuer or the Trustee (any or all of the foregoing being hereinafter referred to as the "Indemnified Persons") harmless from and against any and all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including but not limited to, reasonable attorneys' fees whether or not suit is brought and whether incurred in settlement negotiations, investigations of claims, at trial, on appeal or otherwise), litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments directly or indirectly (each, a "Loss") resulting from, arising out of, or related to (i) the actions and omissions by the Borrower in connection with the issuance, offering, remarketing, sale or delivery or resale on the secondary market of the Series 2020A Bonds; (ii) the enforcement of provisions of this Loan Agreement or any other document to which the Issuer or the Trustee is a party executed in connection with the Series 2020A Bonds; (iii) any written statements or representations made or given by the Borrower or by any partner, director, officer, employee, attorney or agent of the Borrower or person under direct contract to the Borrower or acting on the Borrower's behalf to any Indemnified Persons relating to statements or representations or financial information; (iv) the design, construction, installation, operation, use, occupancy, maintenance or ownership of the 2020A Project; or (v) any violation of any environmental law, rule or regulation with respect to the 2020A Project or the land on which it is situated.

(b) This indemnity does not apply to the extent that any such Loss is caused by the willful misconduct or bad faith of an Indemnified Person or, in the case of the Trustee, its negligence.

(c) After receipt of notice of any claim as to which they assert a right to indemnification (notice to the Indemnified Persons being service with respect to the filing of any legal action, receipt of any claim in writing or similar form of actual notice), the Indemnified Persons shall notify the Borrower of such claim in writing. The Indemnified Persons will provide notice to the Borrower in a timely manner following their receipt of a filing relating to a legal action or any other claim so as not to impair the Borrower's rights to defend such legal action or claim.

(d) If any claim for indemnification by the Indemnified Persons arises out of a claim for monetary damages by a person other than the Indemnified Persons, the Borrower shall undertake to conduct any proceedings or negotiations in connection therewith which are necessary to defend the Indemnified Persons and shall take all such steps or proceedings as the Borrower in good faith deems necessary to settle or defeat any such claims, and to employ counsel reasonably acceptable to the Indemnified Persons to contest any such claims; provided, however, that the Borrower shall reasonably consider the advice of the Indemnified Persons as to the defense of such claims, and, except as provided below, control of such litigation and settlement shall remain with the Borrower. The Indemnified Persons shall provide all reasonable cooperation in connection with any such defense by the Borrower. Reasonable counsel (except as provided above) and auditor fees, filing fees and court fees of all proceedings, contests or lawsuits with respect to any such claim or asserted liability shall be borne by the Borrower. If any such claim is made hereunder and the Borrower does not undertake the defense thereof within time required so as to not jeopardize Indemnified Persons' interest, the Indemnified Persons shall be entitled to control such litigation and settlement and shall be entitled to indemnity with respect thereto pursuant to the terms of this Section 5.6. To the extent that the Borrower undertakes the defense of such claim, the Indemnified Persons shall be entitled to indemnity hereunder only to the extent that such defense is unsuccessful as determined by a final judgment of a court of competent jurisdiction, or by written acknowledgment of the parties. Notwithstanding the foregoing, the Indemnified Persons shall have the right to employ separate counsel in any such action or proceedings and to participate in the defense thereof, but, unless such separate counsel is employed with the approval and consent of the Borrower, or because of an actual and relevant conflict of interest between the Borrower and the Indemnified Person, the Borrower shall not be required to pay the fees and expenses of such separate counsel. At the request of an Indemnified Person, the Borrower agrees, in addition to the above indemnification, to pay the reasonable costs and expenses of counsel to an Indemnified Person in connection with the actions or proceedings giving rise to the indemnification.

(e) The indemnification provided in this Section 5.6 is in addition to, and not in substitution of, the indemnification provisions in other documents executed and delivered in connection with the making of the Loan and the issuance of the Series 2020A Bonds, and shall survive the termination of this Loan Agreement.



## ARTICLE 6

### Remedies

#### SECTION 6.1 Events of Default

Any one or more of the following shall constitute an event of default (a “Loan Default”) under this Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (1) default in the payment of any Loan Payment required by *Section 3.1* on the related Bond Payment Date; or
- (2) the Borrower shall fail to observe or perform any covenant or warranty in this Loan Agreement (other than a covenant or warranty, a default in the performance or breach of which is specifically addressed elsewhere in this Section 6.1) for a period of 60 days (or such longer period as permitted in writing by the Trustee) after the date on which written notice, specifying such failure and requiring that it be remedied, shall have been given to the Borrower by the Issuer or the Trustee.
- (3) an Act of Bankruptcy shall occur with respect to the Borrower; or
- (4) the occurrence of an “Event of Default” as described and defined in any of the Financing Documents (other than this the Continuing Disclosure Agreement) and the expiration of any applicable grace period.

The Continuing Disclosure Agreement contains the exclusive remedies for breach by the Borrower of the covenants on its part contained in such Agreement, and no such breach shall constitute a Loan Default or an event of default under any other Financing Document.

#### SECTION 6.2 Remedies on Default

If a Loan Default occurs and is continuing, the Issuer (or the Trustee, as provided in *Section 4.1*) may exercise any of the following remedies:

- (1) declare all Loan Payments to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Series 2020A Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration, plus all other amounts due and payable hereunder;
- (2) declare the Series 2020A Note to be immediately due and payable in accordance with the terms thereof, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Series 2020A Note or the Master Indenture to the contrary notwithstanding; or
- (3) take whatever other action at law or in equity that, in its judgment, is necessary or desirable to collect the amounts due on the Series 2020A Note or under this

Loan Agreement, whether by declaration or otherwise, or to enforce the performance, observance or compliance by the Borrower with any covenant or agreement contained in this Loan Agreement.

**SECTION 6.3                    Rights With Respect to Series 2020A Note**

The Borrower acknowledges that, if any Loan Default exists, the Trustee shall be entitled to exercise all of the rights afforded by the Master Indenture to the Trustee as the holder of the Series 2020A Note.

**SECTION 6.4                    Proceedings in Bankruptcy**

In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of the Borrower under the Federal Bankruptcy Code or any other similar federal or state law, or in case a receiver or trustee shall have been appointed for its property, the Issuer, irrespective of whether Loan Payments or Series 2020A Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Issuer or the Trustee shall have made any demand pursuant to the provisions of *Section 6.2* hereof, the Issuer or the Trustee (as the case may be) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of Loan Payments and Series 2020A Note owing and unpaid, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Issuer allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any money or other property payable or deliverable on any such claims.

**SECTION 6.5                    No Remedy Exclusive**

No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

**SECTION 6.6                    Agreement to Pay Attorneys' Fees and Expenses**

If the Borrower should default under any of the provisions of this Loan Agreement and the Issuer or the Trustee (in its own name or in the name and on behalf of the Issuer) should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any agreement or covenant on the part of the Borrower herein contained, the Borrower will on demand therefor pay to the Issuer or the Trustee (as the case may be) the reasonable fee of such attorneys and such other reasonable expenses so incurred.

**SECTION 6.7                    No Additional Waiver Implied by One Waiver**

In the event 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 any other breach hereunder.

**SECTION 6.8                    Remedies Subject to Applicable Law**

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Loan Agreement invalid or unenforceable.

**SECTION 6.9                    Injunctive Relief.** The Borrower acknowledges that, in the event an Event of Default occurs hereunder, any remedy of law may prove to be inadequate relief to the Issuer; therefore, the Borrower agrees that the Issuer or the Trustee shall be entitled to seek such temporary or permanent injunctive relief as a court of competent jurisdiction in its discretion may award in any such case.

**ARTICLE 7**

**Miscellaneous**

**SECTION 7.1                    Issuer's Liabilities Limited**

(a) The covenants and agreements contained in this Loan Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein.

(b) No recourse under or upon any covenant or agreement of this Loan Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of the Issuer, or of any successor corporation, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Loan Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Issuer or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in this Loan Agreement.

**SECTION 7.2                    Corporate Existence of Issuer**

The Issuer will maintain its corporate existence; provided that all of its assets and liabilities may by law be transferred to, and assumed by, another government entity.

### **SECTION 7.3 Notices**

(a) Any request, demand, authorization, direction, notice, instruction, consent, waiver or other document provided or permitted by this Loan Agreement to be made upon, given or furnished to, or filed with, the Borrower, the Issuer or the Trustee must (except as otherwise expressly provided in this Loan Agreement) be in writing and be delivered by one of the following methods: (1) by personal delivery, (2) by first-class, registered or certified mail, or (3) by Electronic Means. Notice by Electronic Means shall constitute written notice; provided, however, that if the Borrower or the Issuer elects to give the Trustee facsimile instructions and the Trustee in its discretion elects to act upon such facsimile instructions, the Trustee's understanding of such facsimile instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses directly or indirectly from the Trustee's reliance upon and compliance with such facsimile instructions notwithstanding such facsimile instructions conflict with or are inconsistent with a subsequent written instruction. Any specific reference in this instrument to "written notice" shall not be construed to mean that any other notice may be oral, unless oral notice is specifically permitted by this instrument under the circumstances. If this instrument permits any oral notice to the Trustee, such notice must be delivered or given to a corporate trust officer to be effective. Address information provided by the Financing Participants for receipt of notice or other documents by such parties is set forth in *Exhibit 16.1(a)* of the Indenture. Any of such parties may change the address or number for receiving any such notice or other document by giving notice of the change to the other parties named in this Section.

(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed at the address specified pursuant to this Section, or, if sent by mail, 7 days after such notice or document is deposited in the United States mail addressed as provided above.

### **SECTION 7.4 Successors and Assigns**

All covenants and agreements in this Loan Agreement by the Issuer or the Borrower shall bind their respective successors and assigns, whether so expressed or not.

### **SECTION 7.5 Benefits of Loan Agreement**

Nothing in this Loan Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Holders of the Outstanding Series 2020A Bonds, any benefit or any legal or equitable right, remedy or claim under this Loan Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be duly executed and delivered as of the day and year first above written.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Its: Chairman

Attest:

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

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Its: President

[Signature Page to Loan Agreement]

## EXHIBIT 2.5(b)

### Description of 2020A Project

The 2020A Project to be financed, reimbursed or refinanced with proceeds of the Series 2020A Bonds consists of the following health care facilities of the Borrower:

- (i) health villages in Nocatee and Durbin Creek which will provide outpatient care, including primary care, pediatric care, specialty medical services and imaging and lab services;
- (ii) an urgent care building, which will provide urgent care at the main hospital location in St. Augustine;
- (iii) Durbin Creek land, which will be the future location of a health village and hospital facilities providing additional medical services in the northern part of St. Johns County;
- (iv) outpatient facilities to be developed, including land, buildings, furnishings, fixtures and equipment in St. Johns County;
- (v) improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Hospital's existing facilities at the main hospital location in St. Augustine;
- (vi) a health village in Palm Coast, including land, two-story building, improvements, furnishings, fixtures and equipment, which will provide outpatient care, including primary care, pediatric care, specialty medical services, and imaging and lab services, to be located at the southeast corner of Matanzas Woods Parkway and New Belle Terre Parkway, in the City of Palm Coast, Flagler County, Florida, approximately 5 miles south of the Flagler County – St Johns County line; and
- (vii) the buildout of medical office space, including related improvements, furnishings, fixtures and equipment, and the installation of medical equipment, to provide orthopedic and other medical care, to be located in the health village described in clause (vi) above.

**EXHIBIT C**

TRUST INDENTURE

**TRUST INDENTURE**

**Dated as of September 1, 2020**

**Between**

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**And**

**U.S. BANK NATIONAL ASSOCIATION,  
As Trustee**

*Relating to the Issuance of*

**\$ \_\_\_\_\_  
St. Johns County Industrial Development Authority  
Revenue Bond (Flagler Health)  
Taxable Series 2020A**

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## TRUST INDENTURE

**THIS TRUST INDENTURE**, dated as of September 1, 2020 (this “Indenture”), is entered into by **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic of the State of Florida (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the “Trustee”).

### Recitals

A. The Issuer has duly authorized the issuance of \$\_\_\_\_\_ aggregate principal amount of its St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A (the “Bonds” or the “Series 2020A Bonds”) pursuant to this Indenture.

B. The Bonds are being issued to provide financing or refinancing for Flagler Hospital, Inc., a Florida not-for-profit corporation (the “Borrower”). Proceeds of the Bonds will be used to finance, reimburse or refinance all or part of the costs of acquiring, constructing and installing the 2020A Project described herein.

C. Proceeds of the Bonds will be loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of September 1, 2020 (the “Loan Agreement”), between the Issuer and the Borrower. Pursuant to the Loan Agreement the Borrower will agree to make Loan Payments (as hereinafter defined) at the times and in amounts sufficient to pay Debt Service (as hereinafter defined) on the Bonds.

D. As evidence of and security for its loan repayment obligation, the Borrower will issue and deliver to the Trustee, as assignee of the Issuer, its Master Note, Series 2020A, No. 1 (the “Series 2020A Note”), pursuant to Supplemental Indenture for Master Note, Series 2020A, No. 1 (the “Supplemental Master Indenture”), supplementing and amending the Second Amended and Restated Master Trust Indenture, dated as of September 1, 2020, as supplemented and amended from time to time (the “Master Indenture”), between the Borrower and Flagler Health Care Foundation, Inc., as members of the Obligated Group under (and as defined in) the Master Indenture, and U.S. Bank National Association, as trustee (the “Master Trustee”). As security for the payment of the Bonds and all other obligations under this Indenture, the Issuer will, pursuant to this Indenture, assign and pledge to the Trustee all of the Issuer’s rights under the Loan Agreement and the Series 2020A Note, except for Reserved Rights (as hereinafter defined).

E. The Bonds shall be special and limited obligations of the Issuer payable solely out of (i) the Loan Payments made by the Borrower pursuant to the Loan Agreement, (ii) payments made by the Obligated Group on the Series 2020A Note and (iii) any other assets constituting a part of the Trust Estate established pursuant to this Indenture, including money in the funds and accounts established pursuant to this Indenture.

F. All things have been done which are necessary to make the Bonds, when executed by the Issuer and authenticated and delivered by the Trustee hereunder, the valid obligations of the Issuer, and to constitute this Indenture a valid trust indenture for the security of the Bonds, in accordance with the terms of the Bonds and this Indenture.

**NOW, THEREFORE, THIS INDENTURE WITNESSETH:**

It is hereby covenanted and declared that all the Bonds are to be authenticated and delivered and the property subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Bondholders as follows:

**ARTICLE 1**

**DEFINITIONS AND OTHER PROVISIONS  
OF GENERAL APPLICATION**

**SECTION 1.1      DEFINITIONS**

In addition to the words and terms elsewhere defined in this Indenture, the words and terms as used herein shall have the meanings given to them in the Master Indenture, or if not defined therein, such words and terms shall have the following meanings unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms defined herein.

**“Act of Bankruptcy”** shall mean the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

**“Affiliate”** of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

**“Authorized Borrower Representative”** shall mean the Chief Executive Officer or the Chief Financial Officer of the Borrower.

**“Authorized Issuer Representative”** shall mean any officer or agent of the Issuer authorized by the governing body of the Issuer to act as “Authorized Issuer Representative” for purposes of the Bond Documents.

**“Authorized Denomination”** shall have the meaning assigned in *Section 6.1*.

**“Bond”** or **“Series 2020A Bond”** shall mean any bond issued pursuant to this Indenture.

**“Bond Documents”** shall mean the Bonds, the Indenture and the Loan Agreement.

**“Bond Payment Date”** shall mean each date (including any date fixed for redemption of Bonds) on which Debt Service is payable on the Bonds.

“**Bond Register**” shall mean the register or registers for the registration and transfer of Bonds maintained by the Issuer pursuant to *Section 4.1*.

“**Bondholder**” when used with respect to any Bond shall mean the person in whose name such Bond is registered in the Bond Register.

“**Borrower**” shall mean Flagler Hospital, Inc., a Florida not-for-profit corporation, until a successor shall have become such pursuant to the applicable provisions of the Loan Agreement, and thereafter “Borrower” shall mean such successor.

“**Business Day**” shall mean any day other than a Saturday, a Sunday or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to this Indenture.

“**Costs of Issuance**” shall mean the expenses incurred in connection with the issuance of the Bonds, including legal, consulting, accounting and underwriting fees and expenses.

“**Costs of Issuance Fund**” shall mean the Costs of Issuance Fund established pursuant to *Section 6.4*.

“**County**” shall mean St. Johns County, Florida.

“**Date of Issuance**” shall mean September \_\_, 2020, which is the date of the original issuance of the Series 2020A Bonds.

“**Debt Service**” shall mean the principal, premium (if any) and interest payable on the Bonds.

“**Debt Service Fund**” shall mean the fund established pursuant to *Section 8.1*.

“**Defaulted Interest**” shall have the meaning assigned in *Section 4.3*.

“**Electronic Means**,” when used with respect to the delivery of notices, shall mean telecopy, telegraph, telex, facsimile transmission, or other similar electronic means of communication.

“**Enabling Law**” shall mean, collectively, Chapter 159, Parts II, III and VII, Florida Statutes, as amended; and other applicable laws.

“**Federal Securities**” shall mean noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

“**Financing Documents**” shall mean the Bond Documents and the Master Indenture Documents.

“**Financing Participants**” shall mean the Issuer, the Trustee and the Borrower.

“**Fitch**” shall mean Fitch Ratings, Inc., and its successors and assigns, and if Fitch is dissolved or liquidated or is no longer designated a “nationally recognized statistical rating

organization” or its equivalent, “Fitch” shall be deemed to refer to any other Rating Agency designated to the Trustee in a certificate of an Authorized Borrower Representative.

“**Fully Paid,**” when used with respect to Indenture Indebtedness, shall have the meaning stated in *Section 14.1*.

“**Governmental Authority**” shall mean any government or political subdivision, or any agency, board, commission, department or instrumentality of either, or any court, tribunal, central bank or arbitrator.

“**Holder,**” when used with respect to any Bond, shall mean the person in whose name such Bond is registered in the Bond Register.

“**Indenture**” shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

“**Indenture Default**” shall have the meaning stated in *Article 11*. An Indenture Default shall “exist” if an Indenture Default shall have occurred and be continuing.

“**Indenture Funds**” shall mean any fund or account established pursuant to this Indenture.

“**Indenture Indebtedness**” shall mean all indebtedness of the Issuer at the time secured by this Indenture, including without limitation (a) all Debt Service on the Bonds and (b) all reasonable fees, charges and disbursements of the Trustee for services performed and disbursements made under this Indenture.

“**Independent,**” when used with respect to any person, shall mean a person who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Financing Participant or any Affiliate of a Financing Participant, and (c) is not connected with any Financing Participant or any Affiliate of a Financing Participant as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“**Interest Payment Date,**” when used with respect to any installment of interest due on a Bond, shall have the meaning assigned in *Section 6.1(e)*.

“**Issuer**” or “**Authority**” shall mean the St. Johns County Industrial Development Authority, a public body corporate and politic of the State of Florida.

“**Loan Default**” shall have the meaning stated in *Section 6.1* of the Loan Agreement. A Loan Default shall “exist” if a Loan Default shall have occurred and be continuing.

“**Loan Payments**” shall mean payments by the Borrower pursuant to the Loan Agreement.

“**Master Indenture**” shall mean the Master Trust Indenture dated as of September 1, 2020, as supplemented and amended and as amended and restated upon the issuance of the Series 2020 Notes pursuant to the Second Amended and Restated Master Trust Indenture dated as of September



1, 2020, between the Obligated Group and the Master Trustee, as the same may be supplemented and amended from time to time.

**“Master Indenture Documents”** shall mean the Master Indenture, the Supplemental Master Indenture and the Series 2020A Note.

**“Master Trustee”** shall mean U.S. Bank National Association in its capacity as successor master trustee under the Master Indenture, until a successor Master Trustee shall have become such pursuant to the applicable provisions of the Master Indenture, and thereafter “Master Trustee” shall mean such successor.

**“Maturity,”** when used with respect to any Bond, shall mean the date specified herein and in such Bond as the date on which principal of such Bond is due and payable.

**“Maximum Rate”** shall mean the lesser of 25% or the maximum rate permitted by law.

**“Moody’s”** shall mean Moody’s Investors Service, Inc., and its successors and assigns, and if Moody’s is dissolved or liquidated or is no longer a “nationally recognized statistical organization” or its equivalent, “Moody’s” shall be deemed to refer to any other Rating Agency designated to the Trustee in a certificate of an Authorized Borrower Representative.

**“Obligated Group”** or **“Members of the Obligated Group”** or **“Members”** shall mean the Borrower and all other members of the Obligated Group established under the Master Indenture.

**“Obligor Bonds”** shall mean Bonds registered in the name of (or in the name of a nominee for) the Issuer, the Borrower, or any Affiliate of the Issuer or the Borrower. The Trustee may assume that no Bonds are Obligor Bonds unless it has actual notice to the contrary.

**“Office of the Trustee”** shall mean the office of the Trustee for the delivery of notices and other documents, as specified pursuant to *Article 16*.

**“Opinion of Counsel”** shall mean an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

**“Outstanding”** when used with respect to Bonds shall mean, as of the date of determination, all Bonds authenticated and delivered under this Indenture, except:

- (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Holders of such Bonds; provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Obligor Bonds shall be disregarded and deemed not to be Outstanding. Obligor Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that Bonds registered in the name of such pledgee as beneficial owner would not be considered Obligor Bonds.

**"Post-Default Rate"** shall mean (a) when used with respect to any payment of Debt Service on any Bond, the rate specified in such Bond for overdue installments of Debt Service on such Bond, computed as provided in such Bond, and (b) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee's prime rate plus 1.0% (100 basis points), computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

**"Project Costs,"** when used with respect to the Bonds, shall mean costs of acquiring, constructing and installing the 2020A Project, including without limitation interest accruing on the Bonds.

**"Project Fund"** shall mean the Project Fund established pursuant to *Section 6.5*.

**"Qualified Investments"** shall mean:

(i) Federal Securities;

(ii) Federal Securities which have been stripped of their unmatured interest coupons and interest coupons stripped from Federal Securities and receipts, certificates or other similar documents evidencing ownership of future principal or interest payments due on Federal Securities which are held in a custody or trust account by a commercial bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$20,000,000;

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Federal Home Loan Banks; Federal Home Loan Mortgage Corporation (including participation certificates); Federal National Mortgage Association; Government National Mortgage Association; Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Export-Import Bank of the United States; or Federal Land Banks;

(iv) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or Person controlled or supervised by and acting as an instrumentality of the United States government pursuant to authority granted by Congress;

(v) (a) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee

or any affiliate thereof), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or (b) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee or any affiliate thereof), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose (or whose parent's) long-term unsecured debt is rated in either of the two highest long term rating categories by Moody's or S&P, and provided further that with respect to (a) and (b) any such obligations are held by, or are in the name of, the Trustee or a bank, trust company or national banking association (other than the issuer of such obligations);

(vi) Repurchase agreements collateralized by Collateralization Securities (as defined in the Master Indenture) with any financial institution that complies with the Long-Term Rating Standard (as defined in the Master Indenture), including the Trustee or any affiliate of the Trustee; provided that (1) a specific written repurchase agreement governs the transaction and (2) the Collateralization Rules (as defined in the Master Indenture) are complied with when it is assumed that references to the "Trustee" in such definition are references to the Trustee party to this Indenture;

(vii) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having, at the time of purchase, a rating by S&P of AAA-m or AA-m, a rating by Moody's of Aaa-mf or Aa-mf, or a rating by Fitch of AAA-mmf or AA-mmf, including such funds advised, managed or sponsored by the Trustee or any of its affiliates;

(viii) Investment agreements, including guaranteed investment contracts, or corporate notes or bonds (with a maturity of not more than five years) that are obligations or indebtedness, as the case may be, of an entity whose senior long-term debt obligations or claims-paying ability are rated, or guaranteed by an entity whose obligations are rated (at the time the investment is entered into), in compliance with the Superior Long-Term Rating Standard;

(ix) Commercial paper rated in the highest rating category by Moody's or S&P;

(x) Shares of investment companies that comply with the Long-Term Rating Standard (including any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates), or cash equivalent investments which are authorized to invest only in assets or securities described in subparagraphs (i), (ii), (iii), (iv) and (v) above;

(xi) Obligations that are exempt from federal income taxation and comply with the Long-Term Rating Standard; and

(xii) Forward delivery agreements, forward supply contracts, or similar products that provide for the delivery of the securities listed in subparagraphs (i), (ii), (iii), (iv), (vii), (ix) and (x) above.

**“Rating Agency”** shall mean Moody’s, S&P, Fitch or any other nationally recognized securities rating agency.

**“Regular Record Date”** shall be the first day (whether or not a Business Day) of the month of such Interest Payment Date.

**“Reserved Rights”** shall have the meaning set forth in Section 3.1(b) hereof.

**“S&P”** shall mean S&P Global Ratings, a division of S&P Global Inc., and its successors and assigns, and if S&P is dissolved or liquidated or is no longer designated a “nationally recognized statistical organization” or its equivalent, “S&P” shall be deemed to refer to any other Rating Agency designated to the Trustee in a certificate of an Authorized Borrower Representative.

**“Series 2020A Note”** shall mean the Master Note, Series 2020A, No. 1 issued by the Borrower to the Trustee, as assignee of the Issuer, as evidence of and security for the Borrower’s obligation to make Loan Payments under the Loan Agreement.

**“Special Record Date”** for the payment of any Defaulted Interest on the Bonds shall mean a date fixed by the Trustee pursuant to *Section 4.3*.

**“State”** shall mean the State of Florida.

**“Supplemental Indenture”** shall mean an instrument supplementing, modifying or amending this Indenture.

**“Supplemental Master Indenture”** has the meaning ascribed thereto in the recitals to this Indenture.

**“Trust Estate”** shall have the meaning assigned in *Article 3*.

**“Trustee”** shall mean U.S. Bank National Association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean such successor.

**“2020A Project”** shall mean the health care facilities all or part of the costs of which are being financed, refinanced or reimbursed by the Bonds, consisting of the improvements, additions, renovations, equipment and other capital expenditures more particularly described in Exhibit 2.5(b) to the Loan Agreement.

**“Underwriter”** shall mean the underwriter of the Bonds in the initial public offering.

**“Wire Transfer”** shall mean a transfer of funds by electronic means between banks that are members of the Federal Reserve System, or such other method of transferring funds for same-day settlement or credit as shall be acceptable to the Trustee.

## **SECTION 1.2 GENERAL RULES OF CONSTRUCTION**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.

(d) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to.”

## **SECTION 1.3 OWNERSHIP OF BONDS; EFFECT OF ACTION BY BONDHOLDERS**

(a) The ownership of Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect

of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

**SECTION 1.4 EFFECT OF HEADINGS AND TABLE OF CONTENTS**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

**SECTION 1.5 DATE OF INDENTURE**

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

**SECTION 1.6 SEVERABILITY CLAUSE**

If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 1.7 GOVERNING LAW**

This Indenture shall be construed in accordance with and governed by the laws of the State of Florida.

**SECTION 1.8 COUNTERPARTS**

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

**SECTION 1.9 DESIGNATION OF TIME FOR PERFORMANCE**

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

**ARTICLE 2**

**SOURCE OF PAYMENT**

**SECTION 2.1 SOURCE OF PAYMENT OF SERIES 2020A BONDS AND OTHER OBLIGATIONS**

(a) The Bonds and all other payment obligations under this Indenture are limited obligations of the Issuer payable solely out of (x) payments by the Borrower pursuant to the Loan Agreement with respect to debt service on the Bonds, (y) payments by the Obligated Group pursuant to the Series 2020A Note, and (z) any other assets constituting part of the Trust Estate.

established pursuant to this Indenture, including money in the funds and accounts established pursuant to this Indenture. The Bonds shall never constitute a debt of the State or the Issuer, and neither the State nor the Issuer shall be liable thereon, nor shall the Bonds be payable out of any funds of the Issuer other than those pledged therefor.

(b) This Indenture shall not constitute or effect a pledge or assignment of, or any other type of security interest in, the property, taxes or revenues of the Issuer other than the property specifically identified by this Indenture as part of the Trust Estate.

## **SECTION 2.2            LIMITATION OF ISSUER'S LIABILITY**

Anything in this Indenture, the Bonds, the Loan Agreement or any other Bond Document to the contrary notwithstanding, any obligations of the Issuer under this Indenture or the Bonds or under the Loan Agreement or under any other Bond Document or related document for the payment of money shall not create a general obligation, debt or bonded indebtedness of the State or the Issuer or the County and neither the State nor the Issuer or the County shall be liable on any obligation so incurred. To the extent provided in and except as otherwise permitted by this Indenture (i) the Bonds shall be special and limited obligations of the Issuer and the principal, redemption price and purchase price of, and interest on, the Bonds shall be payable solely from the Trust Estate and (ii) the payment of the principal, redemption price and purchase price of, and interest on, the Bonds shall be secured by the Trust Estate under this Indenture.

NEITHER THE ISSUER, THE COUNTY NOR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR MAKE ANY OTHER PAYMENTS WITH RESPECT THERETO EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THIS INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PRICE OF, THE INTEREST ON, OR OTHER COSTS INCIDENT TO, THE BONDS. THE BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, EXCEPT THE TRUST ESTATE IN THE MANNER AND UPON THE PRIORITY SET FORTH IN THIS INDENTURE.

No covenant, stipulation, obligation or agreement herein contained or contained in any Bond Document shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Issuer or its governing body in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

**SECTION 2.3 OFFICERS, DIRECTORS, ETC., EXEMPT FROM  
INDIVIDUAL LIABILITY**

No recourse under or upon any covenant or agreement of this Indenture, or of any Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or member of the governing body of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Bonds issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Issuer or any successor, or any of them, because of the issuance of the Bonds, or under or by reason of the covenants or agreements contained in this Indenture or in any Bonds or implied therefrom.

**ARTICLE 3**

**SECURITY FOR PAYMENT**

**SECTION 3.1 PLEDGE AND ASSIGNMENT**

To secure the payment of Debt Service on the Bonds and all other Indenture Indebtedness and the performance of the covenants herein and in the Bonds contained, and to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Holders thereof, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following property:

(a) **Indenture Funds.** Money and investments from time to time on deposit in, or forming a part of, the Indenture Funds.

(b) **Loan Agreement.** All right, title and interest of the Issuer in and to the Loan Agreement, including without limitation the right to receive loan payments by the Borrower with respect to Debt Service on the Bonds; provided, however, that the Issuer shall retain the following "Reserved Rights":

(1) The Issuer shall retain the right to payments under *Section 3.4* of the Loan Agreement.

(2) The Issuer shall retain the right to receive notices and other communications to be sent to it under the Loan Agreement.

Provided, further, nothing contained in this Indenture shall impair, diminish or otherwise affect the Issuer's obligations under the Loan Agreement or impose any of such obligations on the Trustee.

(c) **Series 2020A Note.** All right, title and interest of the Issuer in and to the Series 2020A Note.



(d) **Other Property.** Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its part or with its consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

**TO HAVE AND TO HOLD** all such property, rights and privileges (collectively called the “Trust Estate”) unto the Trustee and its successors and assigns;

**BUT IN TRUST, NEVERTHELESS,** for the equal and proportionate benefit and security of the Holders from time to time of the Bonds (without any priority of any such Bond over any other such Bond);

**PROVIDED, HOWEVER,** that money and investments in the Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture.

#### **ARTICLE 4**

### **REGISTRATION, EXCHANGE AND GENERAL PROVISIONS REGARDING THE SERIES 2020A BONDS**

#### **SECTION 4.1 REGISTRATION, TRANSFER AND EXCHANGE**

(a) The Issuer shall cause to be kept at the Office of the Trustee a register (herein sometimes referred to as the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Bonds and registration of transfers of Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed as agent of the Issuer for the purpose of registering Bonds and transfers of Bonds as herein provided.

(b) Upon surrender for transfer of any Bond at the Office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Maturity, of any Authorized Denominations and of a like aggregate principal amount.

(c) At the option of the Holder, Bonds may be exchanged for other Bonds of the same Maturity, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Office of the Trustee. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Bondholder making the exchange is entitled to receive.

(d) All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee.

(e) All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

(f) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(g) No service charge shall be made for any transfer or exchange of Bonds, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

(h) The Issuer shall not be required (1) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bond so selected for redemption in whole or in part.

#### **SECTION 4.2 MUTILATED, DESTROYED, LOST AND STOLEN SERIES 2020A BONDS**

(a) If (1) any mutilated Bond is surrendered to the Trustee, or the Issuer and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) Upon the issuance of any new Bond under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

(c) Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

#### **SECTION 4.3 PAYMENT OF INTEREST ON SERIES 2020A BONDS; INTEREST RIGHTS PRESERVED**

(a) Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(b) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Bonds are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest 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 persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest 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 Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of a Bond at his address as it appears in the Bond Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds are registered on such Special Record Date.

(c) Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

#### **SECTION 4.4 PERSONS DEEMED OWNERS**

The Issuer and the Trustee may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of Debt Service on such Bond and for all other purposes whatsoever whether or not such Bond is overdue, and, to the extent permitted by law, neither the Issuer nor the Trustee shall be affected by notice to the contrary.

#### **SECTION 4.5 TRUSTEE AS PAYING AGENT**

The Debt Service on the Bonds shall, except as otherwise provided herein, be payable at the Office of the Trustee. The Trustee is hereby appointed agent of the Issuer for the purpose of paying Debt Service on the Bonds.

#### **SECTION 4.6            PAYMENTS DUE ON NON-BUSINESS DAYS**

Except as otherwise expressly provided herein, if any payment on the Bonds is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

#### **SECTION 4.7            CANCELLATION**

All Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture.

#### **SECTION 4.8            BOOK-ENTRY ONLY SYSTEM; PAYMENT PROVISIONS**

(a) The registration and payment of Bonds shall be made pursuant to the Book-Entry Only System (the "Book-Entry Only System") administered by The Depository Trust Company ("DTC") until such System is terminated pursuant to *Section 4.8(c)*. The Bonds shall initially be registered in the name of Cede & Co., as nominee of DTC.

(b) While Bonds are in the Book-Entry Only System, the following provisions shall apply for purposes of this Indenture and shall supersede any contrary provisions of this Indenture:

(1) Notwithstanding the fact that DTC may hold a single physical certificate for each stated maturity for purposes of the Book-Entry Only System, the term "Bond" shall mean each separate Security (as defined in the applicable rules and regulations of DTC) issued pursuant to the Book-Entry Only System, and the term "Holder" shall mean the person identified on the records of DTC as the owner of the related Security.

(2) The terms and limitations of this Indenture with respect to each separate Bond shall be applicable to each separate Security registered under the Book-Entry Only System.

(3) All notices under this Indenture to Holders of Bonds from any other Financing Participant shall be delivered by such Financing Participant to DTC for distribution by DTC in accordance with the Letter of Representations between the Issuer and DTC (the "Letter of Representations"). All notices under this Indenture to or from a Financing Participant other than a Holder of a Bond shall be delivered directly to the Financing Participant as provided in this Indenture and shall not be delivered through DTC or the Book-Entry Only System.

(4) All payments of Debt Service on the Bonds shall be made by the Trustee to DTC and shall be made by DTC to the Participants (as such term is defined in the Letter of Representations) as provided in the Letter of Representations. All such payments shall be valid and effective fully to satisfy and discharge the Issuer's obligations with respect to such payments.

(c) If the Issuer determines that it would be in the best interests of the Holders of the Bonds for the Book-Entry Only System to be discontinued (in whole or in part), such Book-Entry Only System shall be discontinued (in whole or in part) in accordance with the provisions of the Letter of Representations. In addition, the Book-Entry Only System may be discontinued (in whole or in part) at any time by any Financing Participant acting alone in accordance with the Letter of Representations.

(d) If the Book-Entry Only System is discontinued, except as otherwise provided in this Section with respect to Wire Transfer rights, payment of interest on the Bonds which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Bond Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) the Bonds and payment of accrued interest on the Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(e) Upon the written request of the Holder of Bonds in an aggregate principal amount of not less than \$1,000,000, the Trustee will make payment of the Debt Service due on such Bonds by Wire Transfer, provided that:

- (1) such request contains adequate instructions for the method of payment, and
- (2) payment of the principal of (and redemption premium, if any, on) such Bonds and payment of the accrued interest on such Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Bonds to the Trustee.

## **ARTICLE 5**

### **GENERAL PROVISIONS REGARDING REDEMPTION OF SERIES 2020A BONDS**

#### **SECTION 5.1 SPECIFIC REDEMPTION PROVISIONS**

The specific redemption provisions with respect to the Bonds are specified in *Section 6.1(i)*.

#### **SECTION 5.2 MANDATORY REDEMPTION**

The Bonds shall be subject to mandatory redemption in accordance with Section 6.1(i)(2) hereof without any direction from or consent by the Issuer.

#### **SECTION 5.3 OPTIONAL REDEMPTION**

(a) The Bonds are subject to optional redemption at the election of the Issuer in accordance with Section 6.1(i)(1) and (3) hereof, upon the written request of the Borrower, as long as no Loan Default exists. The election of the Issuer to exercise its right of optional redemption shall be evidenced by notice to the Trustee from an Authorized Issuer Representative, which notice

shall include any conditions to such optional redemption specified in such written request of the Borrower. Unless such conditions are specified in the Borrower's written request, the Borrower's request shall be irrevocable after the Trustee sends notice of such redemption to the Bondholders.

(b) The notice of election to redeem must be received by the Trustee at least 60 days prior to the date fixed for redemption (unless a shorter notice is acceptable to the Trustee) and shall specify (a) the principal amount and Maturity of the Bonds to be redeemed (if less than all Bonds Outstanding are to be redeemed pursuant to such option) and (b) the redemption date, subject to the provisions of this Indenture with respect to the permitted period for such redemption.

#### **SECTION 5.4 SELECTION BY TRUSTEE OF SERIES 2020A BONDS TO BE REDEEMED**

(a) Except as otherwise provided in the specific redemption provisions set forth in the Bonds, if less than all Bonds Outstanding are to be redeemed, the principal amount and Maturity of the Bonds to be redeemed may be specified by the Issuer by notice delivered to the Trustee not less than 60 days before the date fixed for redemption (unless a shorter notice is acceptable to the Trustee) or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot; provided, however, that the principal amount of Bonds of each Maturity to be redeemed may not be larger than the principal amount of Bonds of such Maturity then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) Except as otherwise provided in the specific redemption provisions set forth in the Bonds, if less than all Bonds with the same Maturity are to be redeemed, the particular Bonds of such Maturity to be redeemed shall be selected by the Trustee not less than 30 nor more than 60 days prior to the redemption date from the Outstanding Bonds of such Maturity then eligible for redemption by lot and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such Maturity of a denomination larger than the smallest Authorized Denomination.

(c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

#### **SECTION 5.5 NOTICE OF REDEMPTION**

(a) Unless waived by the Holders of all Bonds then Outstanding to be redeemed, notice of redemption shall be given by first class mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Bonds to be redeemed, at his address appearing in the Bond Register.

(b) All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,

(3) the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date,

(5) the place or places where the Bonds to be redeemed are to be surrendered for payment of the redemption price, and

(6) if such redemption is contingent upon the satisfaction of conditions specified by the Borrower in its written request delivered to the Issuer pursuant to *Section 5.3(a)*, a description of such conditions and a statement to the effect that if such conditions are not satisfied such Bonds will not be redeemed but shall instead be returned to the Holders and remain Outstanding under this Indenture.

(c) Notice of redemption of Bonds to be redeemed at the option of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer. Notice of redemption of Bonds in accordance with the mandatory redemption provisions of the Bonds shall be given by the Trustee in the name and at the expense of the Issuer.

(d) The Issuer and the Trustee shall, to the extent practical under the circumstances, comply with the standards set forth in Securities and Exchange Commission's Exchange Act Release No. 23856 dated December 3, 1986, regarding redemption notices; provided that their failure to do so shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in the other provisions of this Section.

#### **SECTION 5.6 DEPOSIT OF REDEMPTION PRICE**

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee, unless the applicable conditions to redemption specified by the Borrower pursuant to *Section 5.3(a)* have not been satisfied. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

#### **SECTION 5.7 SERIES 2020A BONDS PAYABLE ON REDEMPTION DATE**

(a) Notice of redemption having been given as aforesaid, and any conditions to such redemption specified by the Borrower pursuant to *Section 5.3(a)* having been satisfied, the Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice such Bond shall be paid by the Issuer at the redemption price. Installments of interest due on or prior to the redemption date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

(b) If any Bond called for redemption shall not be paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate.

**SECTION 5.8            SERIES 2020A BONDS REDEEMED IN PART**

Unless otherwise provided herein, any Bond which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same Maturity and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

**ARTICLE 6**

**SPECIFIC TERMS FOR SERIES 2020A BONDS**

**SECTION 6.1            SPECIFIC TITLE AND TERMS**

(a) **Title and Amount.** The Bonds shall be entitled “St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A.” The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to \$\_\_\_\_\_.

(b) **Authorized Denominations and Date.** The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof (each, an “Authorized Denomination”). The Bonds shall be dated as of the date of initial delivery of the Bonds.

(c) **Form and Number.** The Bonds shall be issuable as registered bonds without coupons in Authorized Denominations. The Bonds shall be numbered separately from 1 upward. The Bonds and the certificate of authentication shall be substantially as set forth in *Exhibit 6.1(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) **Maturities, Amounts and Interest Rates.** The Bonds shall mature on August 15 in years in the amounts and bearing interest as set forth in the following table.

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
<b><u>(August 15)</u></b>	<b>\$ _____</b>	<b>____%</b>

(e) **Interest Payment Dates.** Interest on the Bond shall be payable on February 15 and August 15 in each year, beginning February 15, 2021; provided, however, that if any interest payment on the Bonds is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.



(f) **Regular Record Date.** The interest due on any Interest Payment Date for the Bonds shall be payable to the Holder as of the Regular Record Date for such Interest Payment Date.

(g) **Computation of Interest Accrued.** The Bonds shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, until the principal thereof shall become due and payable, at the applicable rate per annum set forth in **Section 6.1(d)**. Interest on the Bonds shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(h) **Interest on Overdue Payments.** Interest on overdue principal and premium and (to the extent legally enforceable) on any overdue installment of interest on any Bond shall be payable at the interest rate borne by such Bond.

(i) **Redemption Provisions.** The Bonds shall be subject to redemption prior to Maturity as follows:

(1) **Optional Redemption.** The Bonds are subject to redemption prior to their stated maturities, in whole or in part, at the option of the Issuer, on or after August 15, 20\_\_ at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the redemption date.

(2) **Scheduled Mandatory Redemption.** The Bonds shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the redemption date, on August 15 in years and principal amounts (after credit as provided below) as follows:

<b>Year (August 15)</b>	<b>Amount to be Redeemed</b>
	\$

\*

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\*Maturity

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Issuer may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Bonds scheduled for redemption on such date: (A) the principal amount of Bonds delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of Bonds previously redeemed (other than Bonds redeemed pursuant to this subparagraph (2)) and not previously claimed as a credit; and (C) the principal amount of Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

(3) **Optional Redemption from Property Insurance Proceeds, Title Insurance Proceeds or Condemnation Awards.** The Bonds may be redeemed in whole or in part, at the option of the Issuer, on any date at the redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date, from property insurance proceeds, title insurance proceeds or condemnation awards received with respect to any property of a Member of the Obligated Group and applied to the prepayment of the Series 2020A Note in accordance with Section 503(b) of the Master Indenture.

## **SECTION 6.2 EXECUTION, AUTHENTICATION, DELIVERY AND DATING**

(a) The Bonds shall be executed on behalf of the Issuer by its Chairman or Vice Chairman and attested by its Secretary or Assistant Secretary. The signature of any of these officers on the Bonds may be manual or, to the extent permitted by law, facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

(b) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

(c) No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

## **SECTION 6.3 PROCEEDS FROM SALE OF SERIES 2020A BONDS**

The proceeds from the sale of the Bonds to the Underwriter in the amount of \$ \_\_\_\_\_ shall be applied as follows:

(a) \$\_\_\_\_\_, representing the underwriting discount relating to the Bonds, shall be retained by the Underwriter;

(b) \$\_\_\_\_\_ shall be deposited in the Cost of Issuance Fund to pay Costs of Issuance; and

(c) the balance of such proceeds (\$\_\_\_\_\_) shall be deposited in the Project Fund.

#### **SECTION 6.4 COSTS OF ISSUANCE FUND**

(a) There is hereby established with the Trustee a trust fund which shall be designated the "Costs of Issuance Fund." A deposit to the Costs of Issuance Fund is to be made pursuant to *Section 6.3*.

(b) Money in the Costs of Issuance Fund shall be paid out by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to the Bonds upon delivery to the Trustee of a requisition substantially in the form attached as *Exhibit 6.5(b)*, executed by an Authorized Borrower Representative.

(c) After an Authorized Borrower Representative certifies to the Trustee that money remaining in the Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Bonds, and in no event later than 180 days after the issuance of the Bonds, any balance remaining in the Costs of Issuance Fund shall be deposited in the Project Fund.

#### **SECTION 6.5 PROJECT FUND**

(a) There is hereby established with the Trustee a trust fund which shall be designated the "Project Fund." A deposit to the Project Fund is to be made pursuant to *Section 6.3*.

(b) Money in the Project Fund shall be paid out by the Trustee from time to time for the purpose of paying Project Costs (including reimbursement of the Borrower for any such costs paid by it) upon delivery to the Trustee of a requisition substantially in the form attached as *Exhibit 6.5(b)*, executed by an Authorized Borrower Representative.

(c) If any moneys remain on deposit in the Project Fund after an Authorized Borrower Representative delivers a certificate to the Trustee stating (i) that the Project has been completed and (ii) the completion date, the Trustee shall deposit any balance remaining in the Project Fund into the Debt Service Fund and shall apply the same to the payment of Debt Service on the Bonds on the next ensuing Bond Payment Date.

#### **SECTION 6.6 DESCRIPTION OF 2020A PROJECT**

(a) The 2020A Project is described in Exhibit 2.5(b) of the Loan Agreement.

(b) The Borrower may cause changes or amendments to be made in the description of the 2020A Project and may add items to, or delete items from, the 2020A Project; provided that (1) the Borrower delivers to the Trustee a resolution adopted by the Borrower's governing body

specifying such changes, amendments, additions or deletions, and (2) the Borrower delivers to the Trustee an Opinion of Counsel to the effect that such action will not change the nature of the 2020A Project to the extent that it would not qualify for financing under the Enabling Law.

## ARTICLE 7

### NO ADDITIONAL BONDS

The Bonds identified in this Indenture are the only bonds to be issued under or secured by this Indenture. This Indenture does not provide for additional series of bonds to be issued under or secured by this Indenture.

## ARTICLE 8

### OTHER INDENTURE FUNDS

#### SECTION 8.1 DEBT SERVICE FUND

(a) There is hereby established with the Trustee a special trust fund which shall be designated the "Debt Service Fund."

(b) On each Bond Payment Date, money in the Debt Service Fund shall be applied by the Trustee to pay Debt Service on the Bonds.

(c) The Borrower is required by *Section 3.1* of the Loan Agreement to make Loan Payments at times and in amounts sufficient to pay Debt Service on the Bonds. Such Loan Payments are to be deposited in the Debt Service Fund.

#### SECTION 8.2 MONEY FOR DEBT SERVICE PAYMENTS TO BE HELD IN TRUST; REPAYMENT OF UNCLAIMED MONEY

(a) If money is on deposit in the Debt Service Fund on any Bond Payment Date sufficient to pay Debt Service on the Bonds due and payable on such Date, but the Holder of any Bond that matures on such Date or that is subject to redemption on such Date fails to surrender such Bond to the Trustee for payment of Debt Service due and payable on such Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Bond on such Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

(b) Any money held in trust by the Trustee for the payment of Debt Service on any Bond pursuant to this Section and remaining unclaimed for five (5) years after such Debt Service has become due and payable shall be paid to the Borrower upon request of an Authorized Borrower Representative; and the Holder of such Bond shall thereafter, as an unsecured general creditor, look only to the Borrower for payment thereof; and all liability of the Trustee with respect to such trust money shall thereupon cease; provided, however, that the Trustee, before being required to make any such payment to the Borrower, may at the expense of the Borrower cause to be published once, in a newspaper of general circulation in the city where the Office of the Trustee is located,

notice that such money remains unclaimed and that, after a date specified therein, any unclaimed balance of such money then remaining will be paid to the Borrower.

## **ARTICLE 9**

### **INVESTMENT AND APPLICATION OF INDENTURE FUNDS**

#### **SECTION 9.1 INVESTMENT OF INDENTURE FUNDS**

(a) Except as otherwise expressly provided in this Indenture, any money held as part of an Indenture Fund shall, as long as no Loan Default exists, be invested or reinvested in Qualified Investments by the Trustee in accordance with the written instructions provided by the Borrower to the Trustee pursuant to Section 4.4 of the Loan Agreement. Any investment made with money on deposit in an Indenture Fund shall be held by or under control of the Trustee and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such Fund.

(b) Any investment of money in the Indenture Funds may be made by the Trustee through its own bond department, investment department or other commercial banking department providing investment services.

(c) The Trustee shall follow the instructions of the Issuer with respect to investments of the Indenture Funds as provided in this Section.

(d) To the extent the regulations of the Comptroller of the Currency or other applicable regulatory entity grant, to the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer hereby specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish to the Issuer and the Borrower periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

#### **SECTION 9.2 APPLICATION OF FUNDS AFTER INDENTURE INDEBTEDNESS FULLY PAID**

After all Indenture Indebtedness has been Fully Paid, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to the Issuer.

## **ARTICLE 10**

### **REPRESENTATIONS; COVENANTS**

#### **SECTION 10.1 GENERAL REPRESENTATIONS**

The Issuer makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Enabling Law and its certificate of incorporation, it has the power to consummate the transactions contemplated by the Bond Documents to which it is a party.

(b) The Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

## **SECTION 10.2 PAYMENT OF SERIES 2020A BONDS**

Subject to the limited source of payment hereinafter referred to (solely from and to the extent of the Trust Estate), the Issuer shall duly and punctually pay, or cause to be paid through the Trustee, the Debt Service on the Bonds as and when the same shall become due and will duly and shall punctually deposit, or cause to be deposited by the Trustee, in the Indenture Funds the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture. The principal of, premium, if any, and interest on the Bonds are payable solely from payments or prepayments received by the Trustee on the Series 2020A Note, under the Loan Agreement and otherwise as provided herein, which the Series 2020A Note and the payments thereon and the Loan Agreement and the payments thereunder are hereby specifically assigned and pledged to the payment of the Bonds in the manner and to the extent herein specified, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer.

## **SECTION 10.3 PERFORMANCE OF COVENANTS; LEGAL AUTHORIZATION.**

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Issuer shall not be required to perform any undertaking or to execute any instrument pursuant to the provisions hereof until it shall have been requested to do so by the Borrower or the Trustee, or shall have received the instrument to be executed and, at the option of the Issuer, shall have received from the party requesting such performance or execution assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with such performance or execution. The Issuer represents that it is duly authorized under the Enabling Law, the Constitution and laws of the State to issue the Bonds authorized hereby, to execute this Indenture and to pledge and assign the Loan Agreement and the Series 2020A Note and payments thereon and thereunder to the Trustee pursuant to this Indenture in the manner and to the extent herein set forth; all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture and the Loan Agreement has been taken; and the Bonds in the hands of the holders thereof, as shown on the Bond Register, are and will be valid and enforceable obligations of the Issuer according to the import thereof.

## **SECTION 10.4 OWNERSHIP; INSTRUMENTS OF FURTHER ASSURANCE**

The Issuer represents that the pledge and assignment of the Series 2020A Note and the assignment of its interest in the Loan Agreement (other than the Reserved Rights) to the Trustee is valid. The Issuer covenants that it will defend, at the sole cost of the Borrower, its title to the Series 2020A Note and its interest in the Loan Agreement and the assignment thereof to the Trustee, for the benefit of the Holders of the Bonds against the claims and demands of all persons whomsoever. The Issuer covenants that it will, at the sole cost of the Borrower, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee, the Series 2020A Note, Loan Agreement and all payments thereon and pledged hereby for the purpose of the payment of the principal of, premium, if any, and interest on the Bonds.

## **SECTION 10.5 RECORDING AND FILING.**

The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered by the parties in control, such instruments supplemental hereto and such further acts, instruments and transfers as the Borrower may reasonably request and at the Borrower's sole expense, for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee the Issuer's interests in and to the payments under the Loan Agreement and the Series 2020A Note and all other interests, revenues and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record or file any such instruments or transfers.

## **ARTICLE 11**

### **DEFAULTS AND REMEDIES**

#### **SECTION 11.1 EVENTS OF DEFAULT**

Any one or more of the following shall constitute an event of default (an "Indenture Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay (1) the interest on any Bond when such interest becomes due and payable or (2) the principal of (or premium, if any, on) any Bond when such principal (or premium, if any) becomes due and payable, whether at its stated Maturity, by declaration of acceleration or call for redemption or otherwise; or

(b) default in the performance, or breach, by the Issuer of any covenant, condition, agreement or provision in this Indenture (other than a default under subsection (a) of this Section), and the continuation of such default for a period of 60 days after the date on which written notice, specifying such failure and requesting that it be remedied, has been given to the Issuer by the Trustee; or

- (c) a Loan Default shall occur and be continuing.

## SECTION 11.2 REMEDIES

(a) **Acceleration of Maturity.** If an Indenture Default exists, then and in every such case, the Trustee or the Holders of not less than 25% in principal amount of the Bonds Outstanding may declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice to the Issuer (and to the Trustee, if given by Bondholders), and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this Section, the Holders of a majority in principal amount of the Bonds Outstanding may, by notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

(1) the Issuer has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Bonds,

(B) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the non-payment of the principal of Bonds which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in *Section 11.10*.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(b) **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(c) **Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid,



unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

### **SECTION 11.3 APPLICATION OF MONEY COLLECTED**

Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all amounts due the Trustee under *Section 12.7*;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due; provided, however, that payments with respect to Obligor Bonds shall be made only after all other Bonds have been Fully Paid; and

(c) **Third:** To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

### **SECTION 11.4 TRUSTEE MAY ENFORCE CLAIMS WITHOUT POSSESSION OF SERIES 2020A BONDS**

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

### **SECTION 11.5 LIMITATION ON SUITS**

No Holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

(a) such Holder has previously given notice to the Trustee of a continuing Indenture Default;

(b) the Holders of not less than 25% in principal amount of the Outstanding Bonds shall have made request to the Trustee to institute proceedings in respect of such Indenture Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Bonds, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

#### **SECTION 11.6 UNCONDITIONAL RIGHT OF BONDHOLDERS TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST**

Notwithstanding any other provision in this Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the Maturity date expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

#### **SECTION 11.7 RESTORATION OF POSITIONS**

If the Trustee or any Bondholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Bondholder, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Bondholders shall continue as though no such proceeding had been instituted.

#### **SECTION 11.8 DELAY OR OMISSION NOT WAIVER**

No delay or omission of the Trustee or of any Holder of any Bond to exercise any right or remedy accruing upon an Indenture Default shall impair any such right or remedy or constitute a waiver of any such Indenture Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

## **SECTION 11.9 CONTROL BY BONDHOLDERS**

The Holders of a majority in principal amount of the Outstanding Bonds shall have the right, during the continuance of an Indenture Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) such Holders have offered the Trustee reasonable indemnity against costs, expenses and liabilities to be incurred in compliance with such direction,

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(4) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

## **SECTION 11.10 WAIVER OF PAST DEFAULTS**

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Bonds may, by notice to the Trustee and the Issuer, on behalf of the Holders of all the Bonds waive any past default hereunder or under any other Bond Document and its consequences, except for a default in the payment of Debt Service on any Bond or a default in respect of a covenant or provision hereof which under *Article 13* cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

(b) Upon any such waiver, such default shall cease to exist, and any Indenture Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

## **SECTION 11.11 SUITS TO PROTECT THE TRUST ESTATE**

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholders in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholders or the Trustee.

**SECTION 11.12 REMEDIES UNDER LOAN AGREEMENT AND SERIES 2020A NOTE**

(a) The Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement and the Series 2020A Note.

(b) Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement and the Series 2020A Note shall be applied as provided in this *Article 11*.

**ARTICLE 12**

**THE TRUSTEE**

**SECTION 12.1 CERTAIN DUTIES AND RESPONSIBILITIES OF TRUSTEE**

(a) Except during the continuance of an Indenture Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Indenture Default exists, 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 prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subsection shall not be construed to limit the effect of *Section 12.1(a)*;

(2) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of

conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

## **SECTION 12.2 NOTICE OF DEFAULTS**

(a) If a notice event described in *Section 12.2(b)* exists, the Trustee shall notify Bondholders of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Bondholders.

(b) For purposes of this Section the following shall constitute “notice events”:

(1) the occurrence of an Indenture Default; and

(2) any event which is, or after notice or lapse of time or both would become, an Indenture Default.

## **SECTION 12.3 CERTAIN RIGHTS OF TRUSTEE**

Except as otherwise provided in *Section 12.1*:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Issuer or the Borrower mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative or an Authorized Borrower Representative, as the case may be;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate executed by an Authorized Issuer Representative or an Authorized Borrower Representative, as the case may be;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer or the Borrower, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

#### **SECTION 12.4 NOT RESPONSIBLE FOR RECITALS**

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

#### **SECTION 12.5 MAY HOLD SERIES 2020A BONDS**

The Trustee in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not Trustee.

#### **SECTION 12.6 MONEY HELD IN TRUST**

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in *Article 9*.

#### **SECTION 12.7 COMPENSATION AND REIMBURSEMENT**

(a) The Trustee shall be entitled from the Borrower:

(1) to receive reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) except as otherwise expressly provided herein, reimbursement upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct.

(b) The Borrower shall indemnify and hold harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties hereunder and under any other agreement referred to herein which are not due to the Trustee's negligence or willful misconduct, and for any reasonable fees and expenses of the Trustee which are not applicable under this Indenture for the payment thereof. The rights of the Trustee under this *Section 12.7* shall survive payment in full of the Bonds and the discharge of this Indenture.

#### **SECTION 12.8 CORPORATE TRUSTEE REQUIRED; ELIGIBILITY**

There shall at all times be a Trustee hereunder which shall (1) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (2) be authorized under such laws to exercise corporate trust powers, and (3) be subject to supervision or examination by federal or state authority.

#### **SECTION 12.9 RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR**

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 12.10*.

(b) The Trustee may resign at any time by giving notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Holders of a majority in principal amount of the Outstanding Bonds by notice delivered to the Trustee and the Issuer. If no Indenture Default exists, the Trustee may be removed at any time by the Issuer by notice delivered to the Trustee.

(d) If at any time:

(1) the Trustee shall cease to be eligible under *Section 12.8* and shall fail to resign after request therefor by the Issuer or by any Bondholder who has been a bona fide Holder of a Bond for at least 6 months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (a) the Issuer by a resolution of its governing body may remove the Trustee, or (b) any Bondholder who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Issuer. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Bondholders. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Holders of a majority in principal amount of the Outstanding Bonds, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Bondholders and accepted appointment in the manner hereinafter provided, any Bondholder who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing notice of such event by first-class mail, postage prepaid, to the Holders of Bonds as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of the Office of the Trustee.

#### **SECTION 12.10 ACCEPTANCE OF APPOINTMENT BY SUCCESSOR**

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in *Section 12.7*. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.



(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

**SECTION 12.11 MERGER, CONVERSION, CONSOLIDATION OR  
SUCCESSION TO BUSINESS**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

**ARTICLE 13**

**AMENDMENT OF BOND DOCUMENTS**

**SECTION 13.1 GENERAL REQUIREMENTS FOR AMENDMENTS**

The Trustee may, on behalf of the Bondholders, from time to time enter into, or consent to, an amendment of any Bond Document only as permitted by this Article.

**SECTION 13.2 AMENDMENTS WITHOUT CONSENT OF BONDHOLDERS**

An amendment of the Bond Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Bonds:

(a) to correct or amplify the description of any property at any time subject to the lien of any Bond Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Bond Document, or to subject to the lien of any Bond Document, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the related Bond Document for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Bondholders and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Bond Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer

than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default;

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Bondholders; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders of the Bonds; or

(f) to appoint a separate agent of the Issuer or the Trustee to perform any one or more of the following functions: (1) registration of transfers and exchanges of Bonds, or (2) payment of Debt Service on the Bonds; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to modify, amend or supplement the provisions hereof in any other way which does not materially adversely affect the rights or interests of any Bondholder.

### **SECTION 13.3 AMENDMENTS REQUIRING CONSENT OF ALL AFFECTED BONDHOLDERS**

An amendment of the Bond Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Bond affected:

(a) to change the stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Holders is required for any amendment of the Bond Documents, or the consent of whose Holders is required for any waiver provided for in the Bond Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(d) to modify any of the provisions of this Section or *Section 11.10*, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby; or

(e) to permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Bond of the security afforded by the lien of this Indenture; or

(f) to eliminate, reduce or delay the obligation of the Borrower to make Loan Payments at times and in amounts sufficient to pay Debt Service on the Bonds.

**SECTION 13.4 AMENDMENTS REQUIRING MAJORITY CONSENT OF BONDHOLDERS**

An amendment of the Bond Documents for any purpose not described in *Sections 13.2* or *13.3* may be entered into, or consented to, by the Trustee only with the consent of the Holders of a majority in principal amount of Bonds Outstanding.

**SECTION 13.5 TRUSTEE PROTECTED BY OPINION OF COUNSEL**

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to *Section 12.1*, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture.

**SECTION 13.6 AMENDMENTS AFFECTING TRUSTEE'S PERSONAL RIGHTS**

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Bond Documents.

**SECTION 13.7 EFFECT ON BONDHOLDERS**

Upon the execution of any amendment under this Article, every Holder of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

**SECTION 13.8 REFERENCE IN SERIES 2020A BONDS TO AMENDMENTS**

Bonds authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Issuer and the Trustee as to any matter provided for in such amendment. New Bonds so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

**SECTION 13.9 AMENDMENT OF MASTER INDENTURE AND SERIES 2020A NOTE**

The Master Indenture and the Series 2020A Note are subject to amendment as provided in the applicable terms of the Master Indenture. For purposes of voting requirements with respect to any such amendment, the Trustee shall treat each Holder of the Bonds as the holder of a corresponding amount of the Series 2020A Note.

## ARTICLE 14

### DEFEASANCE

#### SECTION 14.1 PAYMENT OF INDENTURE INDEBTEDNESS; SATISFACTION AND DISCHARGE OF INDENTURE

(a) Whenever all Indenture Indebtedness has been Fully Paid, and all fees and expenses due to the Issuer and the Trustee under this Indenture and the Loan Agreement have been fully paid, then (1) this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and (2) the Trustee shall, upon the request of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon the order of the Issuer, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) A Bond shall be deemed "Fully Paid" if

(1) such Bond has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Bond shall have matured or been called for redemption and, on such Maturity date or redemption date, money for the payment of Debt Service on such Bond is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) such Bond is alleged to have been destroyed, lost or stolen and has been replaced as provided in *Section 4.2*, or

(4) a trust for the payment of such Bond has been established in accordance with *Section 14.2*.

(c) Indenture Indebtedness other than Debt Service on the Bonds shall be deemed "Fully Paid" whenever the Issuer has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

#### SECTION 14.2 TRUST FOR PAYMENT OF DEBT SERVICE ON SERIES 2020A BONDS

(a) The Issuer may provide for the payment of any Bond by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Bond as the same becomes due and payable until the Maturity or redemption of such Bond; provided, however, that:

(1) Such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such Securities.

(2) If such Bond is to be redeemed prior to its Maturity, either (a) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Bond or (b) the Issuer shall confer on the Trustee irrevocable authority for the giving of such notice on behalf of the Issuer.

(3) Prior to the establishment of such trust the Trustee must receive verification demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

(b) Any trust established pursuant to this Section may provide for payment of less than all Bonds outstanding or less than all Bonds of any remaining series or Maturity.

(c) If any trust provides for payment of less than all Bonds of a Maturity, the Bonds of such Maturity to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Bonds of such series and Maturity of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds. After such selection is made, Bonds that are to be paid from such trust (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Bonds (or portions thereof) have been selected for payment from such trust and shall direct such Bondholders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants.

(d) Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Holder of the Bond to be paid from such fund.

## ARTICLE 15

### THE BORROWER AND THE LOAN AGREEMENT

#### SECTION 15.1 RIGHT OF THE BORROWER TO EXERCISE RIGHTS AND OPTIONS WITH RESPECT TO TERMS OF THE SERIES 2020A BONDS

(a) If no Loan Default exists, the Borrower may, on behalf of the Issuer, exercise all rights and options of the Issuer with respect to the terms of the Bonds, including without limitation: (i) the exercise of any optional redemption rights, (ii) the selection of Bonds for redemption, and (iii) the establishment or termination of a book-entry only system of registration and transfer of Bonds.

(b) If a Loan Default exists but the Loan Agreement has not been terminated, the Issuer will exercise such rights and options with respect to the Bonds only with the consent of the Borrower.

(c) If the Loan Agreement has been terminated, the Issuer may exercise all such rights and options with respect to the Bonds without notice to or consent of the Borrower.

#### **SECTION 15.2 PERFORMANCE BY ISSUER UNDER LOAN AGREEMENT**

The Issuer will perform and observe all covenants required to be performed and observed by it under the Loan Agreement.

#### **SECTION 15.3 RIGHTS OF THE BORROWER WITH RESPECT TO DEFAULTS BY ISSUER**

Without relieving the Issuer from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Issuer, may perform any such covenant or agreement.

#### **SECTION 15.4 REMEDIES UNDER LOAN AGREEMENT**

(a) The Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement.

(b) Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement shall be applied as provided in *Article 11*.

#### **SECTION 15.5 THE BORROWER MAY DIRECT INVESTMENT OF INDENTURE FUNDS**

If no Loan Default exists, the Borrower shall, on behalf of the Issuer, direct the investment of Indenture Funds pursuant to *Article 9*.

#### **SECTION 15.6 AMENDMENT OF BOND DOCUMENTS**

If no Loan Default exists, no amendment may be made to the Bond Documents without the consent of the Borrower.

#### **SECTION 15.7 REMOVAL OF TRUSTEE**

(a) If no Loan Default exists, the Borrower may, on behalf of the Issuer, remove the Trustee pursuant to *Section 12.9(c)*.

(b) If no Loan Default exists, the Trustee may not be removed and no successor Trustee may be appointed without the consent of the Borrower.

**SECTION 15.8 DISPOSITION OF INDENTURE FUNDS AND TRUST ESTATE**

If no Loan Default exists, any remaining Indenture Funds or Trust Estate assets otherwise payable to the Issuer pursuant to *Sections 8.4(b), 9.2 or 11.3* shall be paid to the Borrower.

**SECTION 15.9 BENEFITS OF INDENTURE FOR THE BORROWER**

This Indenture shall also be for the benefit of the Borrower to the extent provided herein.

**ARTICLE 16**

**MISCELLANEOUS**

**SECTION 16.1 NOTICES**

(a) *Exhibit 16.1(a)* contains address information provided by the Financing Participants for the receipt of notices. Any Financing Participant may change the address information listed in *Exhibit 16.1(a)*, or may specify additional addresses for the receipt of notices, by giving notice of the change or addition to the other Financing Participants.

(b) In order to be effective for purposes of this Indenture:

(1) Any request, demand, authorization, direction, instruction, notice, consent, waiver or other document (collectively referred to in this Section as “notices”) provided or permitted by this Indenture to be made upon, given or furnished to, or filed with, any of the Financing Participants must (except as otherwise expressly provided in this Indenture) be in writing. Notice by Electronic Means shall constitute written notice; provided however that if any Financing Participant elects to give the Trustee facsimile instructions and the Trustee in its discretion elects to act upon such facsimile instructions, the Trustee’s understanding of such facsimile instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses directly or indirectly from the Trustee’s reliance upon and compliance with such facsimile instructions notwithstanding such facsimile instructions conflict with or are inconsistent with a subsequent written instruction.

(2) The notice must be actually received by the Financing Participant to whom such notice is directed. If notice is sent by registered or certified mail to a Financing Participant to the mailing address for such Financing Participant provided pursuant to *Section 16.1(a)*, such notice shall be deemed received by such Financing Participant seven (7) days after such notice is deposited in the United States mail.

(c) Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless oral notice is specifically permitted by this Indenture under the circumstances.

## **SECTION 16.2 NOTICES TO BONDHOLDERS; WAIVER**

(a) Where this Indenture provides for giving of notice to Bondholders of any event, such notice must (unless otherwise herein expressly provided) be in writing and mailed, first-class postage prepaid, to such Bondholder at the address of such Bondholder as it appears in the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(b) In any case where notice to Bondholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

## **SECTION 16.3 SUCCESSORS AND ASSIGNS**

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

## **SECTION 16.4 BENEFITS OF INDENTURE**

Nothing in this Indenture or in the Bonds, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Holders of the Outstanding Bonds any benefit or any legal or equitable right, remedy or claim under this Indenture.

## **SECTION 16.5 NOTICE TO RATING AGENCIES**

The Trustee shall give prior notice, where applicable, of the following events to each Rating Agency that maintains a rating with respect to any Bonds: (a) any change of the Trustee; (b) any change or amendment of the Bond Documents; (c) acceleration of the payment date for Bonds; (d) the redemption of all Bonds prior to Maturity (other than scheduled mandatory redemption); and (e) the establishment of a trust for the payment of Bonds in accordance with *Section 14.2* of this Indenture.

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**IN WITNESS WHEREOF**, the Issuer and the Trustee have caused this instrument to be duly executed, and their respective corporate seals to be hereunto affixed and attested.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Its: Chairman

(SEAL)  
Attest:

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

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Its: Vice President

[Signature Page to Trust Indenture]

**EXHIBIT 6.1(c)**

**Form of Bonds**

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
REVENUE BONDS (FLAGLER HEALTH)  
TAXABLE SERIES 2020A**

No. R-1 \$ \_\_\_\_\_

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>CUSIP</b>
August 15, 20__	_____%	_____

**St. Johns County Industrial Development Authority**, a public body corporate and politic of the State of Florida (the "Issuer", which term includes any successor under the Indenture hereinafter referred to), for value received, hereby promises to pay to

**CEDE & CO.**

as registered owner, or registered assigns, the principal sum of

\_\_\_\_\_ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the date hereof, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable, at the applicable per annum rate of interest specified above. Interest shall be payable on February 15 and August 15 of each year, commencing February 15, 2021, and shall be computed on the basis of a 360-day year with 12 months of 30 days each. If any of such dates is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the first day (whether or not a Business Day) of the month of such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall 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 interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Bonds not less than 10 days prior to such Special Record Date.

Interest shall be payable on overdue principal (and premium, if any) on this bond and (to the extent legally enforceable) on any overdue installment of interest on this bond at the rate borne by this bond.

Payment of Debt Service on this bond shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This bond is one of a duly authorized issue of bonds of the Issuer, aggregating \$ \_\_\_\_\_ in principal amount, designated "St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A (the "Bonds"), and issued under and pursuant to a Trust Indenture dated as of September 1, 2020 (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee", which term includes any successor trustee under the Indenture). The Bonds and all other bonds issued pursuant to the Indenture are collectively referred to as the "Bonds." Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

The Bonds are being issued to provide financing for the benefit of Flagler Hospital, Inc. doing business as Flagler Hospital, Inc., a Florida not-for-profit corporation (the "Borrower"). Pursuant to a Loan Agreement, dated as of September 1, 2020 (the "Loan Agreement"), between the Issuer and the Borrower, the proceeds of the Bonds have been loaned to the Borrower and the Borrower has agreed to make loan payments at times and in amounts sufficient to pay Debt Service on the Bonds. Concurrently with the issuance of the Bonds, the Borrower has issued and delivered to the Trustee, as assignee of the Issuer, its Master Note, Series 2020A, No. 1 (the "Series 2020A Note"), and the Issuer, as security for the payment of the Bonds and all other obligations under the Indenture, has, pursuant to the Indenture, assigned and pledged to the Trustee all of the Issuer's rights under the Loan Agreement and the Series 2020A Note, except for certain rights of the Issuer under the Loan Agreement relating to indemnification, reimbursement of expenses and receipt of notices and other communications.

The Series 2020A Note has been issued by the Borrower under and pursuant to the Second Amended and Restated Master Trust Indenture, dated as of September 1, 2020 (as supplemented and amended from time to time, the "Master Indenture"), between the Borrower and Flagler Health Care Foundation, Inc., as members of the Obligated Group under (and as defined in) the Master Indenture, and U.S. Bank National Association, as trustee (the "Master Trustee").

The Bonds and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of (a) payments by the Borrower pursuant to the Loan Agreement with respect to debt service on the Bonds, (b) payments by the Obligated Group pursuant to the Series 2020A Note and (c) any other assets constituting part of the Trust Estate established pursuant to the Indenture, including money in the funds and accounts established pursuant to the Indenture.

NEITHER THE ISSUER, ST. JOHNS COUNTY, FLORIDA (THE "COUNTY") NOR THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS OR MAKE ANY OTHER PAYMENTS WITH RESPECT THERETO EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AND REDEMPTION PRICE OF, THE INTEREST ON, OR OTHER COSTS, INCIDENT TO, THE BONDS. THE BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE ISSUER, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, EXCEPT THE TRUST ESTATE IN THE MANNER AND UPON THE PRIORITY SET FORTH IN THE INDENTURE.

Copies of the Bond Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Bonds and the Financing Participants, and the terms upon which the Bonds are, and are to be, authenticated and delivered.

In the manner and with the effect provided in the Indenture, the Bonds will be subject to redemption prior to Maturity as follows:

(1) **Optional Redemption.** The Bonds are subject to redemption prior to their stated maturities, in whole or in part, at the option of the Issuer, on or after August 15, 2030 at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the redemption date.

(2) **Scheduled Mandatory Redemption.** The Bonds shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the redemption date, on August 15 in years and principal amounts (after credit as provided below) as follows:

<u>Year</u> <u>(August 15)</u>	<u>Amount to be</u> <u>Redeemed</u>
	\$

\*

---

\*Maturity

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Issuer may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Bonds scheduled for redemption on such date: (A) the principal amount of Bonds delivered by the Issuer to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of Bonds previously redeemed (other than Bonds redeemed pursuant to this subparagraph (2)) and not previously claimed as a credit; and (C) the principal amount of Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

**(3) Optional Redemption from Property Insurance Proceeds, Title Insurance Proceeds or Condemnation Awards.** The Bonds may be redeemed in whole or in part, at the option of the Issuer, on any date at the redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date, from property insurance proceeds, title insurance proceeds or condemnation awards received with respect to any property of a Member of the Obligated Group and applied to the prepayment of the Series 2020A Note in accordance with Section 503(b) of the Master Indenture.

If less than all Bonds Outstanding are to be redeemed pursuant to the applicable optional redemption provisions, the principal amount of Bonds of each Maturity to be redeemed may be specified by the Issuer by written notice to the Trustee, or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot; provided, however, that the principal amount of Bonds of each Maturity to be redeemed must be in an Authorized Denomination.

If less than all Bonds with the same Maturity are to be redeemed, the particular Bonds of such Maturity to be redeemed shall be selected by the Trustee by lot and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such Maturity of a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Bond, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Bonds of the same Maturity and in authorized form for the unredeemed portion of principal. Bonds (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Any redemption shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Indenture. If any such notice of optional redemption of Bonds states that such redemption is contingent upon the satisfaction of conditions specified in such notice and such conditions are not satisfied, such Bonds shall not be redeemed but shall instead be returned to the Holders and remain Outstanding under the Indenture.

If an "Indenture Default", as defined in the Indenture, shall occur, the principal of all Bonds then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment of the Bond Documents and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Bondholders and in other circumstances with the consent of all Bondholders or a specified percentage of Bondholders. Any such consent or waiver by the Holder of this bond shall be conclusive and binding upon such Holder and upon all future Holders of this bond and of any bond issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this bond.

The Holder of this bond shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this bond is transferable on the Bond Register maintained at the Office of the Trustee upon surrender of this bond for transfer at such office, together with all necessary endorsements for transfer, and thereupon one or more new Bonds of the same Maturity, in any Authorized Denominations and for a like aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Bonds are exchangeable for other Bonds of the same Maturity, in any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer and the Trustee may treat the person in whose name this bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond is overdue, and neither the Issuer nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this bond or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Issuer, and neither any member of the governing body of the Issuer nor any officer executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with 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.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

**IN WITNESS WHEREOF**, the Issuer has caused this bond to be duly executed as of the date hereof.

Dated: September \_\_, 2020

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

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

(SEAL)  
Attest:

\_\_\_\_\_  
Secretary

**Certificate of Authentication**

This is one of the Bonds referred to in the within-mentioned Indenture.

Date of authentication: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Authorized Signatory

**Assignment**

For value received, \_\_\_\_\_ hereby sell(s),  
assign(s) and transfer(s) unto [Please insert name and taxpayer identification number]  
\_\_\_\_\_ this bond and hereby irrevocably  
constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this bond  
on the books of the within named Issuer at the office of the within named Trustee, with full power  
of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment  
must correspond with the name of the payee  
written on the face of the within bond in all  
respects, without alteration, enlargement or  
change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
(Bank or Trust Company)

By: \_\_\_\_\_  
(Authorized Officer)

\*Signature(s) must be guaranteed by an  
eligible guarantor institution which is a  
member of the recognized signature  
guarantee program, i.e., Securities Transfer  
Agents Medallion Program (STAMP), Stock  
Exchanges Medallion Program (SEMP), or  
New York Stock Exchange Medallion  
Signature Program (MSP).



**EXHIBIT 6.5(b)**

**Requisition**

To: U.S. Bank National Association, as trustee No. \_\_\_\_\_  
under the Indenture referred to below

Re: \$\_\_\_\_\_ St. Johns County Industrial Development Authority Revenue Bonds  
(Flagler Health), Taxable Series 2020A, issued by the St. Johns County Industrial  
Development Authority pursuant to a Trust Indenture dated as of September 1, 2020 (the  
"Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the  
Indenture.

**Request for Payment**

The Borrower hereby requests payment from

- the Project Fund or
  - the Costs of Issuance Fund
- of \$ \_\_\_\_\_

to:

Name of payee: \_\_\_\_\_

Address of payee: \_\_\_\_\_

Payment Instructions\*:  Check  Wire

Such payment will be made for the following purpose(s):

\_\_\_\_\_  
\_\_\_\_\_

(Describe purpose in reasonable detail.)

The Borrower hereby certifies that: (a) such payment is for (in the case of payments from  
the Project Fund) Project Costs or (in the case of payments from the Costs of Issuance Fund) Costs  
of Issuance, and has not been the basis for a previous requisition; (b) if the payee named above is

\* Provide mailing or wiring instructions.

the Borrower, the Borrower is reimbursing itself for the payment of Costs of Issuance/Project Costs previously made by the Borrower, and the Borrower has not previously been reimbursed for such Costs of Issuance/Project Costs; (c) the labor, services and/or materials covered hereby have been performed or furnished (in the case of payments from the Costs of Issuance Fund) in connection with the issuance of the Bonds or (in the case of payments from the Project Fund) in connection with the acquisition, renovation, construction, equipping and installation of the 2020A Project; (d) after payment of this requisition, the funds remaining in the Project Fund, together with all other funds available to the Borrower for the payment of Project Costs, will be sufficient to complete the 2020A Project; (e) no changes or amendments have been made in the description of the 2020A Project set forth in Exhibit A to the Loan Agreement, except as permitted by the terms of the Loan Agreement; and (f) no Loan Default exists and no event has occurred and is continuing which, with notice or the lapse of time, or both, would constitute a Loan Default.

Dated: \_\_\_\_\_.

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Authorized Borrower Representative

## **EXHIBIT 16.1(a)**

### **Notices**

#### **Issuer**

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, FL 32084  
Attention: Chairman  
Telephone: (904) 823-2457  
Facsimile: (904) 823-2515

#### **Borrower**

Flagler Hospital, Inc.  
400 Health Park Boulevard  
St. Augustine, Florida 32086  
Attention: President  
Telephone: (904) 825-4400  
Facsimile: (904) 825-4472

#### **Trustee**

U.S. Bank National Association  
225 Water Street, Suite 700  
Jacksonville, Florida 32202  
Attention: Global Corporate Trust Services  
Telephone: (904) 358-5363  
Facsimile: (904) 358-537427

**EXHIBIT D**

PRELIMINARY OFFICIAL STATEMENT

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HD&W DRAFT 7/8/2020

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST \_\_, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: \_\_\_\_  
S&P: \_\_\_\_  
See "Ratings" herein.

*In the opinion of Foley & Lardner LLP, Bond Counsel, interest on the Series 2020A Bonds is includable in gross income for federal income tax purposes. Bond Counsel is further of the opinion that the Series 2020A Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, as defined therein. See "TAX MATTERS" herein.*

\$ \_\_\_\_\_  
**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**REVENUE BONDS (FLAGLER HEALTH),**  
**TAXABLE SERIES 2020A**

**The Authority.** The bonds as set forth above (the "Series 2020A Bonds") are being issued by the St. Johns County Industrial Development Authority (the "Authority").

**Purpose of the Financing.** The Series 2020A Bonds are being issued for the benefit of Flagler Hospital, Inc. (the "Borrower"). Proceeds from the sale of the Series 2020A Bonds will be loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of September 1, 2020 (the "Loan Agreement"), between the Authority and the Borrower, and used by the Borrower to (i) finance, reimburse or refinance all or a portion of the costs of the 2020A Project (as hereinafter defined), (ii) refund all or a portion of the outstanding Refunded Obligations (as hereinafter defined) and (iii) pay costs associated with the issuance of the Series 2020A Bonds, all as more particularly described herein.

**Authorizing Document.** The Series 2020A Bonds are being issued pursuant to a Trust Indenture dated as September 1, 2020 (the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee.

**Source of Payment.** The Series 2020A Bonds are special and limited obligations of the Authority payable solely out of (i) payments to be made by the Borrower pursuant to the Loan Agreement, (ii) payments to be made on a promissory note (the "Series 2020A Note") issued by the Borrower under the Amended and Restated Master Trust Indenture dated as of September 1, 2017, as supplemented (the "First A&R Master Indenture"), between the Obligated Group (as hereinafter defined) and U.S. Bank National Association, as master trustee, as such First A&R Master Indenture will be amended and restated as described herein by the Second Amended and Restated Master Trust Indenture dated as of September 1, 2020, as supplemented (the "Master Indenture") by and among the Obligated Group and the Master Trustee, and (iii) any other property that constitutes a part of the trust estate (the "Trust Estate") established under the Bond Indenture.

NEITHER THE AUTHORITY, ST. JOHNS COUNTY, FLORIDA (THE "COUNTY") NOR THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020A BONDS OR MAKE ANY OTHER PAYMENTS WITH RESPECT THERETO EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE BOND INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, THE INTEREST ON, OR OTHER COSTS INCIDENT TO, THE SERIES 2020A BONDS. THE SERIES 2020A BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, EXCEPT THE TRUST ESTATE IN THE MANNER SET FORTH IN THE BOND INDENTURE.

**Book-Entry Only Form and Authorized Denominations.** The Series 2020A Bonds are issuable only in fully registered form and, when issued, will be issued in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2020A Bonds. Purchases will be made in book-entry form through DTC Participants (as hereinafter defined) in the denomination of \$5,000 or any integral multiple thereof, and no physical delivery of the Series 2020A Bonds will be made to Beneficial Owners (as hereinafter defined) thereof. As long as Cede & Co. is the registered owner of the Series 2020A Bonds, as nominee of DTC, references herein to Bondholders and to holders, registered owners or owners of the Series 2020A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2020A Bonds. See "THE DTC BOOK-ENTRY ONLY SYSTEM" in APPENDIX G.

**Date of Delivery.** The Series 2020A Bonds are expected to be delivered on or about September \_\_, 2020. The Series 2020A Bonds will be dated as of the date of their initial delivery.

**Maturity Dates, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Information.** As shown on the inside front cover page of this Official Statement.

**Interest Payment Dates.** February 15 and August 15 of each year, commencing February 15, 2021.

**Redemption.** See the caption "THE SERIES 2020A BONDS — Redemption Provisions" herein.

**Risk Factors.** For a description of certain risk factors involved in an investment in the Series 2020A Bonds, see "RISK FACTORS" herein.

**Legal Opinions.** Foley & Lardner LLP, Jacksonville, Florida, has served as Bond Counsel to the Obligated Group and will deliver its opinion with respect to the Series 2020A Bonds in substantially the form attached as APPENDIX F. In connection with the issuance of the Series 2020A Bonds, Geoffrey B. Dobson, Esq., St. Augustine, Florida has served as counsel to the Authority; Upchurch Bailey & Upchurch, P.A., St. Augustine, Florida, has served as counsel to the Obligated Group; and Hawkins, Delafield & Wood LLP, New York, New York, has served as counsel to the Underwriter.

**BARCLAYS**

The date of this Official Statement is September \_\_, 2020.

\* Preliminary, subject to change.

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**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**REVENUE BONDS (FLAGLER HEALTH),**  
**TAXABLE SERIES 2020A**

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,  
 PRICES AND CUSIP<sup>‡</sup> INFORMATION**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>‡</sup></u>
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\$ \_\_\_\_\_ % Term Bond due August 15, 20\_\_ – Priced at \_\_\_\_\_ to yield \_\_\_\_\_; CUSIP<sup>‡</sup> \_\_\_\_\_

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\* Preliminary, subject to change.

‡ Copyright 2020, American Bankers Association. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided to the CUSIP Service Bureau, managed on behalf of the American Bankers Association by S&P Global. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Underwriter or the Obligated Group and are included solely for the convenience of the registered owners and beneficial owners of the applicable Series 2020A Bonds. None of the Authority, the Underwriter or the Obligated Group is responsible for the selection or uses of those CUSIP numbers, and no representation is made as to their correctness on the applicable Series 2020A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2020A Bonds as a result of various subsequent actions including, but not limited to, as a result of a refunding in whole or in part or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2020A Bonds.

## USE OF THIS OFFICIAL STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Authority and the Underwriter or the purchasers or holders of the Series 2020A Bonds.

No dealer, broker, salesman or other person has been authorized by the Authority or the Obligated Group to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by them.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Series 2020A Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission nor any state regulatory agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Neither the Bond Indenture, the First A&R Master Indenture nor the Master Indenture has been qualified under the Trust Indenture Act of 1939, as amended.

The information in this Official Statement is provided as of the date of this Official Statement. Nothing contained in this Official Statement shall under any circumstances create an implication that there has been no change in such information after the date of this Official Statement.

The information set forth in this Official Statement has been obtained from the sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

Certain statements contained in this Official Statement reflect forecasts and forward-looking statements, rather than historical facts. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, among others, certain of the information in APPENDIX A and "RISK FACTORS" in the forepart of this Official Statement. All such forward-looking statements are expressly qualified by the cautionary statements set forth in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained herein are not incorporated into, and are not part of, this Official Statement.

In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Series 2020A Bonds. Such transactions may include purchases of the Series 2020A Bonds for the purpose of maintaining the price of the Series 2020A Bonds. Such transactions, if commenced, may be discontinued at any time.

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**Discuss: Include the forms of bond indenture/loan agreement/master indenture or summaries?**



## OFFICIAL STATEMENT

Regarding

\$ \_\_\_\_\_\*

### ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY REVENUE BONDS (FLAGLER HEALTH), TAXABLE SERIES 2020A

*The descriptions and forms of the various documents set forth herein (including in APPENDICES C, D and E) do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of such documents. All statements herein regarding such documents are qualified in their entirety by reference to such documents. See APPENDICES C and D for the definition of certain terms used herein which are otherwise defined.*

### INTRODUCTION

**General.** This Official Statement provides certain information for use in connection with the offering by the St. Johns County Industrial Development Authority (the "Authority") of its \$ \_\_\_\_\_ St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A (the "Series 2020A Bonds") for the benefit of Flagler Hospital, Inc. (the "Borrower"), a Florida not for profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Series 2020A Bonds will be issued pursuant to Chapter 159, Parts II, III and VII, Florida Statutes, as amended (the "Act"), and pursuant to a Trust Indenture dated as of September 1, 2020 (the "Bond Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee").

**The Obligated Group and Flagler Health+.** [The Borrower owns and operates Flagler Hospital (the "Hospital"), which is located on an approximately 73-acre site (the "Hospital Campus") immediately south of the city limits of St. Augustine, Florida. The Borrower is the sole corporate member of various organizations that comprise Flagler Health+ (the "Flagler Health+") that includes Flagler Health Care Foundation, Inc., a Florida not for profit corporation and an organization described in Section 501(c)(3) of the Code (the "Foundation"), Flagler Health Services, Inc., a Florida for profit corporation ("Health Services"), and Health Park Owners Association, a Florida not for profit corporation (the "Owners Association"). The Foundation serves as a support organization for the Borrower and is the developer of the Hospital Campus. Health Services and the Owners Association own and operate real property on and around the Hospital Campus, including four medical office buildings. The Borrower and the Foundation are the only members of the Obligated Group. See APPENDIX A to this Official Statement for additional information concerning the Obligated Group and Flagler Health+. Also see APPENDIX B to this Official Statement for the audited consolidated financial statements of Flagler Hospital, Inc. and Subsidiaries as of and for the fiscal year ended September 30, 2019. For the fiscal year ended September 30, 2019, the Obligated Group represented approximately \_\_\_% of the total revenues of Flagler Health+ and \_\_\_% of its total assets.] [To be updated based on Appendix A]

As of the date of delivery of the Series 2020A Bonds, the Borrower and the Foundation will be the only Members of the Obligated Group under the Second Amended and Restated Master Trust Indenture dated as of September 1, 2020 (the "Master Indenture") by and among the Borrower, the Foundation and U.S. Bank National Association, as master trustee (the "Master Trustee"). The Master Indenture will amend and restate the First A&R Master Indenture (as defined below) effective immediately upon receipt by the Master Trustee of the consents thereto from the Bond Trustee, the Series 2020B Direct Purchaser (as defined below) and the holders of the Existing Notes (as defined below).

**Series 2020A Bonds.** The Authority will loan the proceeds from the sale of the Series 2020A Bonds to the Borrower pursuant to a Loan Agreement dated as of September 1, 2020 (the "Loan Agreement"), between the Authority and the Borrower. The proceeds of the Series 2020A Bonds will be used to (i) finance, reimburse or

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\* Preliminary, subject to change.

refinance all or a portion of the costs of the acquiring, constructing and installing health care facilities of the Hospital (the "2020A Projects"), (ii) refund all or a portion of the outstanding Refunded Obligations (as defined below) and (iii) pay costs associated with the issuance of the Series 2020A Bonds. See "THE PLAN OF FINANCING." See also "\_\_\_\_\_ " in APPENDIX A to this Official Statement for a description of the Series 2020A Projects.

On the date of issuance of the Series 2020A Bonds, the Borrower will issue and deliver to the Bond Trustee, as assignee of the Authority, its Master Note, Series 2020A, No. 1, in a principal amount equal to the aggregate principal amount of the Series 2020A Bonds (the "Series 2020A Note"), as security for the payment of the principal or redemption price of, and interest on, the Series 2020A Bonds, and the Bond Trustee, as holder of the Series 2020A Note, will consent to the amendment and restatement of the First A&R Master Indenture pursuant to the Master Indenture. Upon giving effect to such amendment and replacement (as described below), the Series 2020A Note will be outstanding under the Master Indenture. The Series 2020A Note will be a joint and several obligation of the Members of the Obligated Group and will be secured on a parity basis with all other Master Notes issued under the Master Indenture, including the Series 2020B Direct Purchase Note and the Existing Notes.

Purchasers of the Series 2020A Bonds will be deemed, by virtue of their purchase, to have directed the Bond Trustee, as holder of the Series 2020A Note, to consent to the amendment and restatement of the First A&R Master Indenture pursuant to the Master Indenture.

**[Series 2020B Direct Purchase Bonds.** On the date of issuance of the Series 2020A Bonds, the Authority will issue its \$\_\_\_\_\_ St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020B (the "Series 2020B Direct Purchase Bonds" and together with the Series 2020A Bonds, the "Series 2020 Bonds"), and TD Bank, N.A., a national banking association organized under the laws of the United States (the "2020B Direct Purchaser"), will purchase the Series 2020B Direct Purchase Bonds directly, without a public offering, pursuant to a Financing Agreement among the Authority, the Borrower and the 2020B Direct Purchaser (the "2020B Financing Agreement"). [The Series 2020B Direct Purchase Bonds will bear interest at a fixed rate through its August 15, 20\_\_ stated maturity, although such fixed interest rate is subject to increase upon the occurrence of certain events. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS — Series 2020B Direct Purchase Bonds". The Series 2020B Direct Purchase Bonds will not be subject to mandatory tender, and the 2020B Direct Purchaser will not have any option to tender the Series 2020B Direct Purchase Bonds for repayment, although the 2020B Direct Purchaser may declare the Series 2020B Direct Purchase Bonds to be immediately due and payable upon the occurrence of certain events of default (as defined in the 2020B Financing Agreement), which events of default are substantially similar as those applicable to the Series 2020A Bonds, as set forth in the Loan Agreement.] [To be updated based on financing agreement]

The proceeds of the Series 2020B Direct Purchase Bonds will be used to (i) finance, reimburse or refinance all or a portion of the costs of the acquiring, constructing and installing health care facilities of the Hospital (the "Series 2020B Projects" and together with the Series 2020A Projects, the "Series 2020 Projects"), (ii) refund all or a portion of the outstanding Refunded Obligations and (iii) pay costs associated with the issuance of the Series 2020B Direct Purchase Bonds. See "THE PLAN OF FINANCING." See also "\_\_\_\_\_ " in APPENDIX A to this Official Statement for a description of the Series 2020 Projects.

On the date of issuance of the Series 2020B Direct Purchase Bonds, the Borrower will issue and deliver to the 2020B Direct Purchaser its Master Note, Series 2020B, No. 1, in a principal amount equal to the principal amount of the Series 2020B Direct Purchase Bonds (the "Series 2020B Direct Purchase Note" and together with the Series 2020A Note, the "Series 2020 Master Notes"), as security for the payment of the principal or redemption price of, and interest on, the Series 2020B Direct Purchase Bonds and payment of the amounts payable under the 2020B Financing Agreement, and the 2020B Direct Purchaser, as holder of the Series 2020B Direct Purchase Note, will consent to the amendment and restatement of the First A&R Master Indenture pursuant to the Master Indenture. Upon giving effect to such amendment and replacement, the Series 2020B Direct Purchase Note will be outstanding under the Master Indenture. The Series 2020B Direct Purchase Note will be a joint and several obligation of the Members of the Obligated Group and will be secured on a parity basis with all other Master Notes issued under the Master Indenture, including the Series 2020A Note and the Existing Notes. **The Series 2020B Direct Purchase Bonds is not being offered by this Official Statement.**

The issuance of the Series 2020A Bonds is conditioned upon the issuance of the Series 2020B Direct Purchase Bonds.]

**Security for the Series 2020A Bonds.** The Series 2020A Bonds are special and limited obligations of the Authority, secured by and payable solely from the trust estate established under the Bond Indenture, which consists primarily of the Authority's rights to receive payments to be made by the Borrower under the Loan Agreement with respect to debt service on the Series 2020A Bonds, payments to be made on the Series 2020A Note and certain money and investments from time to time on deposit in the funds established under the Bond Indenture (the "Trust Estate"). See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS" herein. The Borrower will issue the Series 2020A Note pursuant to the Supplemental Indenture for Master Note, Series 2020A, No. 1 dated as of September 1, 2020 (the "Series 2020A Supplemental Indenture"), between the Obligated Group and the Master Trustee, supplementing and amending the First A&R Master Indenture.

**The Master Indenture.** On the date of issuance of the Series 2020A Bonds, the Obligated Group and the Master Trustee will enter into the Master Indenture, amending and restating the First A&R Master Trust Indenture, dated as of September 1, 2017 (the "First A&R Master Indenture") in its entirety. Such amendment and restatement will become effective immediately upon receipt by the Master Trustee of the consents thereto from the Bond Trustee, the 2020B Direct Purchaser and the holders of the Existing Notes, all as described above. The provisions of the Master Indenture described in this Official Statement and included in the form thereof attached as APPENDIX D reflect such amendment and restatement. Purchasers of the Series 2020A Bonds will be deemed, by virtue of their purchase, to have directed the Bond Trustee, as holder of the Series 2020A Note, to consent to the amendment and restatement of the First A&R Master Indenture pursuant to the Master Indenture.

The obligations of the Members of the Obligated Group under the First A&R Master Indenture are, and the obligations of the Members of the Obligated Group under the Master Indenture will be, secured by the following (the "Security"): (i) a security interest granted by the Members of the Obligated Group in their Gross Revenues (as hereinafter defined); and (ii) a mortgage granted by the Borrower on the Mortgaged Property pursuant to (and as defined in) the Mortgage and Security Agreement dated as of December 1, 2003, as supplemented and amended (the "Mortgage"), from the Borrower to the Master Trustee. The Mortgaged Property consists of a portion of the Hospital Campus. The Series 2020 Master Notes, the Existing Notes and any additional Master Notes issued after the date hereof will all be secured on a parity by the Security. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS" herein. The Bond Indenture, the Loan Agreement, the Master Indenture, the Series 2020A Supplemental Indenture, the Series 2020A Note and the Mortgage are referred to herein as the "Financing Documents."

**Risk Factors.** Investment in the Series 2020A Bonds involves a certain degree of risk. See the caption "RISK FACTORS" for a description of certain of those risks.

**Continuing Disclosure.** On the date of issuance of the Series 2020A Bonds, the Borrower, as Obligated Group Agent, will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the Series 2020A Bonds pursuant to Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. See "CONTINUING DISCLOSURE." See also APPENDIX E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING."

**Forms of Documents.** The forms of the Loan Agreement, the Bond Indenture and the Master Indenture set forth herein, respectively, as APPENDICES C and D are in substantially final form, however, such forms do not purport to be final.

## THE SERIES 2020A BONDS

### General

The Series 2020A Bonds will be dated as of the date of their initial delivery. The Series 2020A Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates per annum, and will mature on August 15 in the amounts and in the years, set forth on the maturity schedule on the inside front cover

page of this Official Statement. Interest on the Series 2020A Bonds will be payable on February 15 and August 15 of each year, commencing February 15, 2021, to the holders as of the applicable record date of February 1 or August 1. The Series 2020A Bonds will be issued as fully registered bonds in the authorized denomination of \$5,000 or any integral multiple thereof.

The Series 2020A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2020A Bonds. Individual purchases of the Series 2020A Bonds will be made in book-entry form only in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2020A Bonds will not receive certificates representing their ownership interest in the Series 2020A Bonds. As long as Cede & Co. is the Registered Owner, the Bond Trustee will pay the principal of, premium, if any, and interest on the Series 2020A Bonds to DTC in accordance with DTC’s rules, regulations and procedures, and DTC will remit such payments to the Beneficial Owners (as hereinafter defined) of the Series 2020A Bonds. For a description of the method of payment of the principal, premium, if any, and interest on the Series 2020A Bonds to the Beneficial Owners thereof and matters pertaining to transfers and exchanges of the Series 2020A Bonds while they are held in DTC’s book-entry only system, see APPENDIX G.

If the book-entry only system is discontinued, the Bond Indenture contains alternate provisions for the method of payment and for transfers and exchanges of the Series 2020A Bonds.

**Redemption Provisions\***

**Optional Redemption.** The Series 2020A Bonds may be redeemed in whole or in part at the option of the Authority, at the written request of the Borrower, on or after August 15, 20\_\_ at a redemption price of 100% (expressed as a percentage of principal amount redeemed) plus accrued interest to the redemption date.

If less than all Series 2020A Bonds Outstanding are to be optionally redeemed, the principal amount and Maturity of the Series 2020A Bonds to be redeemed may be specified by the Authority by notice delivered to the Bond Trustee not less than 60 days before the date fixed for redemption (unless a shorter notice is acceptable to the Bond Trustee) or, in the absence of timely receipt by the Bond Trustee of such notice, shall be selected by the Bond Trustee by lot. If less than all Series 2020A Bonds with the same Maturity are to be optionally redeemed, the particular Series 2020A Bonds of such Maturity to be so redeemed shall be selected by the Bond Trustee not less than 30 nor more than 60 days prior to the redemption date from the Outstanding Series 2020A Bonds of such Maturity then eligible for optional redemption by lot.

**Mandatory Redemption.** The Series 2020A Bonds shall be redeemed, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on August 15 in the years and in the principal amounts (after credit as provided below) as follows:

<b>Redemption Date</b>	<b>Amount</b>
<u>August 15</u>	<u>to be Redeemed</u>
†	
† Maturity	

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Bond Trustee shall proceed to select for redemption, by lot, Series 2020A Bonds or portions thereof in an aggregate

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\* Preliminary, subject to change.

principal amount equal to the amount required to be redeemed and shall call such Series 2020A Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2020A Bonds scheduled for redemption on such date: (A) the principal amount of Series 2020A Bonds delivered by the Authority to the Bond Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of Series 2020A Bonds previously redeemed (other than Series 2020A Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Series 2020A Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

***Optional Redemption From Property Insurance Proceeds, Title Insurance Proceeds and Condemnation Awards.*** The Series 2020A Bonds may be redeemed in whole or in part at the option of the Authority, at the written request by the Borrower, on any date at a redemption price equal to 100% of the principal amount of the Series 2020A Bonds to be redeemed, plus accrued interest thereon to the redemption date, from property insurance proceeds, title insurance proceeds or condemnation awards received with respect to any Property of a Member of the Obligated Group and applied to the prepayment of the Series 2020A Note in accordance Section 503(b) of the Master Indenture. See APPENDIX D.

Selection of the Series 2020A Bonds to be redeemed in accordance with this subcaption shall be made in the same manner described in the second paragraph under the subcaption "Optional Redemption" above.

#### **Notice of Redemption; Effect**

Notice of redemption of Series 2020A Bonds or portions thereof is required to be given to DTC not less than 30 days or more than 60 days prior to the date fixed for redemption in accordance with the Blanket Letter of Representations between the Authority and DTC. All notices of redemption shall state (i) the redemption date; (ii) the redemption price; (iii) the place or places where the Series 2020A Bonds to be redeemed are to be surrendered for payment of the redemption price; (iv) the principal amount of Series 2020A Bonds to be redeemed and, if less than all Outstanding Series 2020A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2020A Bonds to be redeemed; (v) that on the redemption date, the redemption price of each of the Series 2020A Bonds to be redeemed will become due and payable and the interest thereon shall cease to accrue from and after said date; and (vi) if any optional redemption of Series 2020A Bonds is contingent upon the satisfaction of conditions specified by the Borrower in its written request to the Authority to call such Series 2020A Bonds for optional redemption, a description of such conditions and a statement to the effect that, if such conditions are not satisfied, such Series 2020A Bonds will not be redeemed but shall instead be returned to the holders thereof and remain Outstanding under the Bond Indenture.

Notice of redemption having been given as aforesaid, and any conditions to any such optional redemption specified by the Borrower having been satisfied, the Series 2020A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Authority shall default in the payment of the redemption price) such Series 2020A Bonds will no longer bear interest or be entitled to the benefit of the security provided by the Bond Indenture.

### **SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS**

#### **Limitation on the Authority's Liability**

NEITHER THE AUTHORITY, ST. JOHNS COUNTY, FLORIDA (THE "COUNTY") NOR THE STATE OF FLORIDA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020A BONDS OR MAKE ANY OTHER PAYMENTS WITH RESPECT THERETO EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE BOND INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, THE INTEREST ON, OR OTHER COSTS INCIDENT TO, THE SERIES 2020A BONDS. THE SERIES 2020A BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OR A LIEN

UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, EXCEPT THE TRUST ESTATE IN THE MANNER SET FORTH IN THE BOND INDENTURE.

#### **Special and Limited Obligations; Sources of Payment**

The Series 2020A Bonds are special and limited obligations of the Authority, payable solely out of the following sources: (i) payments made by the Borrower pursuant to the Loan Agreement, except pursuant to the Authority's rights relating to the payment of expenses, indemnity, attorneys' fees and advances, (ii) payments made by the Obligated Group pursuant to the Series 2020A Note and (iii) any other assets that constitute a part of the Trust Estate established under the Bond Indenture, including money and investments on deposit in the funds established under the Bond Indenture.

#### **Security for Payment**

Pursuant to the Bond Indenture, and in order to secure the payment of the principal of, premium, if any, and interest on the Series 2020A Bonds, the Authority will pledge and assign to the Bond Trustee all of its rights and interests in the Series 2020A Note and the Loan Agreement (except for the rights of the Authority relating to the payment of expenses, indemnity, attorneys' fees and advances) and will grant to the Bond Trustee a lien on and security interest in the Trust Estate, including all money and investments held by the Bond Trustee in the funds established under the Bond Indenture.

#### **Bond Indenture Funds**

The funds established under the Bond Indenture that constitute a part of the Trust Estate include the following:

***Debt Service Fund.*** The Debt Service Fund will be established to collect Loan Payments made by the Borrower under the Loan Agreement and payments made by the Obligated Group on the Series 2020A Note. Payments under the Loan Agreement with respect to debt service on the Series 2020A Bonds will be credited against the amounts due on the Series 2020A Note. Amounts in the Debt Service Fund will be used to pay debt service on the Series 2020A Bonds.

***Project Fund.*** The Project Fund will be established to disburse Series 2020A Bond proceeds for the payment or reimbursement of the costs of the 2020A Project. Money may be withdrawn from the Project Fund upon receipt by the Bond Trustee of a requisition from the Borrower.

***Costs of Issuance Fund.*** The Costs of Issuance Fund will be established to disburse Bond proceeds for payment of costs of issuance of the Series 2020A Bonds. Money may be withdrawn from the Costs of Issuance Fund upon receipt by the Bond Trustee of a requisition from the Borrower.

The Series 2020A Bonds will not be secured by a debt service reserve fund.

#### **Loan Agreement**

Pursuant to the Loan Agreement, the Borrower will agree to make Loan Payments directly to the Bond Trustee, as assignee of the Authority, in an amount sufficient to pay in full all of the principal of, premium, if any, and interest on the Series 2020A Bonds when due.

#### **Master Indenture**

The following is a brief description of certain provisions of the Master Indenture. For the form of the Master Indenture and the definitions of certain capitalized terms used below, see APPENDIX D.

**Amendment and Restatement of the First A&R Master Indenture.** On the date of issuance of the Series 2020A Bonds, the Obligated Group and the Master Trustee will enter into the Master Indenture, amending and restating the First A&R Master Indenture in its entirety, and such amendment and restatement will become effective immediately upon receipt by the Master Trustee of the consents thereto from the Bond Trustee and the 2020B Direct Purchaser as the holders of the Series 2020 Master Notes. The provisions of the Master Indenture described and the form thereof attached as APPENDIX D reflect such amendment and restatement. Purchasers of the Series 2020A Bonds will be deemed, by virtue of their purchase, to have directed the Bond Trustee, as holder of the Series 2020A Note, to consent to the amendment and restatement of the First A&R Master Indenture pursuant to the Master Indenture.

**Security Interest in Gross Revenues.** In order to secure their obligations under the Master Indenture and on the Master Notes issued thereunder, the Members of the Obligated Group have granted to the Master Trustee a security interest in their Gross Revenues (to the extent that a security interest may be granted therein by law) pursuant to the Master Indenture, subject to Permitted Liens. See the definition of “Gross Revenues” in APPENDIX D for a description of certain revenues that are excluded from the term “Gross Revenues.”

The security interest in Gross Revenues may be limited by a number of factors, including: (i) rights of third parties in Gross Revenues converted to cash and not in the possession of the Bond Trustee or the Master Trustee; (ii) statutory liens; (iii) rights arising in favor of the United States or any agency thereof; (iv) present or future prohibitions against assignment of amounts due under the Medicare or Medicaid programs or any other federal or State health insurance programs; (v) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (vi) federal bankruptcy laws or State laws respecting bankruptcy, insolvency or creditors’ rights; (vii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Uniform Commercial Code of the State; (viii) state fraudulent conveyance laws; (ix) rights of parties with prior perfected security interests, including Permitted Liens; and (x) the inability of the Master Trustee to perfect a security interest in those Gross Revenues that can be perfected only by possession or only by possession and filing or that represent proceeds of prior perfected security interests. See “RISK FACTORS — Enforceability of the Lien on Gross Revenues.”

**Entrance Into and Withdrawal from the Obligated Group.** Currently the only Members of the Obligated Group are the Borrower and the Foundation. The Master Indenture permits other entities to join and withdraw from the Obligated Group. The Borrower and the Foundation have no present intention to include other entities in the Obligated Group in the future. [Confirm] The Borrower has covenanted not to withdraw from the Obligated Group while the Master Notes are outstanding under the Master Indenture.

**Outstanding Master Notes under the First A&R Master Indenture.** As of September 30, 2019, master notes issued under the First A&R Master Indenture to secure indebtedness previously issued or incurred for the benefit of the Obligated Group consisted of the following master notes, aggregating approximately \$124,630,000. [Update outstanding amount as of 6/30/2020]

Master Note Issued Under the First A&R Master Indenture - Purpose
Flagler Hospital, Inc. Master Note, Series 2012B, No. 1, dated April 4, 2012 (the “Series 2012B Note”) - secured the Authority’s Hospital Revenue Refunding Bond (Flagler Hospital, Inc. Project), Series 2012B (“Series 2012B Bonds”)
Flagler Hospital, Inc. Master Note, Series 2014, No. 1, dated October 29, 2014 (the “Series 2014 Note”) - secured a term loan (the “Series 2014 Term Loan”)
Flagler Hospital, Inc. Master Note, Series 2017A, No. 1, dated September 28, 2017 (the “Series 2017A Note”) – secured the Authority’s Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Taxable Series 2017A (the “Series 2017A Bonds”)
Flagler Hospital, Inc. Master Note, Series 2017B, No. 1, dated September 28, 2017 (the “Series 2017B Note”) – secured the Authority’s Hospital Revenue and Refunding Bond (Flagler Hospital, Inc. Project) Series 2017B (the “Series 2017B Bond”)
Flagler Hospital, Inc. Master Note, Series 2017C, No. 1, dated September 28, 2017 (the “Series 2017C Note”) – secured a term loan

The Series 2017B Note and the Series 2017C Note are collectively referred to as the “Existing Notes.”

***Covenants of the Obligated Group.*** The Master Indenture contains covenants, among others, relating to, among others, debt service coverage, liquidity, the sale, lease or other disposition of property, the incurrence of additional indebtedness, permitted liens, maintenance of insurance and reporting requirements.

***Amendments to Master Indenture.*** Certain amendments to the Master Indenture may be made with the consent of (i) the holders of not less than 51% in aggregate principal amount of all outstanding Master Notes, until such time as the Existing Notes are no longer outstanding, and (ii) thereafter, the holders of not less than a majority in aggregate principal amount of all outstanding Master Notes. Such amendments may adversely affect the security of the Bondholders, and such percentage may be composed, in whole or in part, of the holders of Master Notes other than the Series 2020A Note. In addition, the Master Indenture may be replaced by a new master indenture of a new obligated group to create a new credit group structure or accommodate an affiliation or other corporate transaction with respect to a Member of the Obligated Group with the prior written consent of (i) the issuers of any Credit Facilities securing any series of Related Bonds or Master Notes, (ii) each Beneficial Owner (as defined in the Master Indenture) of 100% of any series of Related Bonds and (iii) each holder that owns 100% of any series of Master Notes. See APPENDIX D – “FORM OF THE SECOND AMENDED AND RESTATED MASTER INDENTURE – Article VIII – Supplements and Amendments.”

### **Series 2020A Note**

The Series 2020A Note evidences the joint and several obligation of each Member of the Obligated Group to pay to the Bond Trustee amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2020A Bonds. The Bond Trustee, as holder of the Series 2020A Note, will be entitled, together with the holders of all other Master Notes, including the Series 2020B Direct Purchase Note and the Existing Notes, issued under the Master Indenture, to the equal and proportionate benefit of the Master Indenture.

### **Mortgage**

To secure the payments required by the Master Indenture to be made by the Obligated Group Members on the Master Notes, including the Series 2020 Master Notes, and the performance by the Obligated Group Members of their other obligations under the Master Indenture, the Borrower has mortgaged the Mortgaged Property to the Master Trustee pursuant to the Mortgage, subject to Permitted Liens. The Mortgaged Property consists of a portion of the Hospital Campus including the Borrower’s main Hospital facility. No other real property owned by any Member of the Obligated Group will be subject to a mortgage in favor of the Master Trustee. There can be no assurance, should the Master Trustee foreclose on the lien of the Mortgage upon an Event of Default under the Master Indenture, that the Master Trustee will receive sufficient funds from the sale of the Mortgaged Property to satisfy all of the Obligated Group’s obligations under the Master Indenture. See “RISK FACTORS – Realization of Value on Mortgaged Property.”

A title insurance policy with respect to the Mortgaged Property was issued in September 2017 in favor of the Master Trustee in the amount of \$35,000,000, which is less than the original aggregate principal amount of the Series 2020 Master Notes and the Existing Notes. Proceeds of claims on the title insurance policy shall be applied towards the purchase, redemption, prepayment or partial prepayment of the Master Notes or to repair or replace the affected portion of the Hospital facility in accordance with Section 503(b) of the Master Indenture. The terms of the Series 2020A Bonds provide that the Series 2020A Bonds may be redeemed in whole or in part at the option of the Authority, at the written request by the Borrower, on any date at a redemption price equal to 100% of the principal amount of the Series 2020A Bonds to be redeemed, plus accrued interest thereon to the redemption date, from the proceeds of a claim on such title insurance policy and applied to the prepayment of the Series 2020A Note in accordance Section 503(b) of the Master Indenture. Provided, however if an Event of Default under the Master Indenture shall have occurred and be continuing, the Master Trustee is required to apply the title insurance proceeds on a pro rata basis among all Master Notes in accordance with Section 604 of the Master Indenture. See Article V and Article VI of APPENDIX D – “FORM OF THE SECOND AMENDMENT AND RESTATED MASTER INDENTURE.” See also “THE SERIES 2020A BONDS – Redemption Provisions – Optional Redemption From Property Insurance Proceeds, Title Insurance Proceeds and Condemnation Awards.”



**Bank Covenants**

[The provisions of certain financing documents contain covenants and restrictions (the “Financing Covenants”) for the exclusive benefit of the respective providers of credit (each a “Credit Provider” and collectively, the “Credit Providers”) and commercial bank purchasers (each a “Direct Purchaser” and collectively, the “Direct Purchasers”) that are more restrictive than the Master Indenture covenants described herein. These Financing Covenants may be waived, modified or amended by the applicable Credit Provider or Direct Purchaser in their sole discretion and without notice to or consent by the bond trustee of any outstanding bonds, the Bond Trustee, the Master Trustee, the holders of outstanding bonds, including the Series 2020A Bonds, the holders of any Master Notes or any other Person. Violation of any of such Financing Covenants may result in an Event of Default under the Master Indenture and an acceleration of indebtedness secured by the related Master Note, which could result in acceleration of all of the Master Note, including the Series 2020A Note. See “RISKS FACTORS – \_\_\_\_\_.”] [To be confirmed/updated against bank documents]

**Limitations on Remedies**

The rights of the Master Trustee, the Bond Trustee and the holders of the Series 2020A Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other laws affecting the enforcement of creditors’ rights. See “RISK FACTORS.”

**THE PLAN OF FINANCING**

**Series 2020 Bonds**

The proceeds of the Series 2020A Bonds will be used to (i) finance, reimburse or refinance all or a portion of the costs of the 2020A Projects, (ii) refund all or a portion of the outstanding Refunded Obligations and (iii) pay costs associated with the issuance of the Series 2020A Bonds.

The proceeds of the Series 2020B Direct Purchase Bonds will be used to (i) finance, reimburse or refinance all or a portion of the costs of the Series 2020B Projects, (ii) refund all or a portion of the outstanding Refunded Obligations and (iii) pay costs associated with the issuance of the Series 2020B Direct Purchase Bonds. **The Series 2020B Direct Purchase Bonds is not being offered by this Official Statement.**

See “\_\_\_\_\_” in APPENDIX A to this Official Statement for a description of the Series 2020A Projects and Series 2020B Projects.

**Refunded Obligations**

In accordance with the plan of finance, portions of the proceeds of the Series 2020 Bonds are expected to be used to provide funds for the refunding and redemption or repayment of the following bonds and term loan (collectively, the “Refunded Obligations”).

Prior Bonds and Indebtedness	Outstanding Principal Amount(s)	Redemption or Payment Date
Series 2012B Bonds	\$8,000,000	At closing
Series 2014 Term Loan	\$12,085,000	At closing
Series 2017A Bonds	\$32,575,000	8/15/2027

† Refunded from proceeds of the Series 2020A Bonds.  
‡ Refunded from proceeds of the Series 2020B Bonds.

The portion of the proceeds of the Series 2020[A][B] Bonds that will be used to refund the Series 2017A Bonds, and other available funds contributed by the Obligated Group or transferred from the trustee for the Series 2017A Bonds, will be deposited with U.S. Bank National Association, as escrow trustee (the “Escrow Trustee”),

pursuant to an Escrow Deposit Agreement dated [as of] September [1], 2020 (the "Escrow Agreement"), among the Escrow Trustee, the Authority and the Borrower.

The funds deposited will be held as cash or invested in permitted investments (the "Investment Securities"), the principal of and interest on which will be sufficient to pay the principal of and interest on the Series 2017A Bonds on their interest payment, maturity and/or redemption dates. The Investment Securities and moneys deposited with the Escrow Trustee will be deposited in an irrevocable escrow account established pursuant to the Escrow Deposit Agreement and pledged to secure the payment of the principal of and interest on the Series 2017A Bonds on their interest payment, maturity and/or redemption dates.

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**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds for the plan of financing are as follows:

	<i>Series 2020A Bonds</i>	<i>Series 2020B Direct Purchase Bonds</i>	<i>Total</i>
<b><u>SOURCES OF FUNDS:</u></b>			
Principal Amount	\$ _____	\$ _____	\$ _____
Trustee-Held Funds	_____	_____	_____
Total Sources of Funds	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
<b><u>USES OF FUNDS:</u></b>			
Cost of the 2020 Projects	\$ _____	\$ _____	\$ _____
Refunding of Refunded Obligations			
Costs of Issuance <sup>(1)</sup>	_____	_____	_____
Total Uses of Funds	<u>_____</u> <u>\$</u>	<u>_____</u> <u>\$</u>	<u>_____</u> <u>\$</u>

<sup>(1)</sup> Includes underwriter's discount, fees and expenses of the Authority, trustees, accountants, financial advisors, attorneys and rating agencies and other costs of issuance.

*[Remainder of Page Intentionally Left Blank]*

### DEBT SERVICE REQUIREMENTS

The following table presents, on a fiscal year basis, the estimated debt service requirements on the Series 2020A Bonds. The table also includes debt service on indebtedness secured by Master Notes. The table assumes that the Refunded Obligations were refunded with proceeds from the sale of the Series 2020 Bonds.

<u>Fiscal Year Ending September 30</u>	<u>Series 2020A Bonds Debt Service</u>		<u>2020B Direct Purchase Bond Debt Service</u>		<u>Existing Indebtedness Debt Service<sup>(1)</sup></u>	<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
	2020					
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
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2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
2049						
2050						
<b>TOTAL</b>						

<sup>(1)</sup> Total may vary due to rounding.

## THE AUTHORITY

The Authority is a public body corporate and politic created and existing as a local governmental body and constituted as a public instrumentality for the purposes of facilitating the financing and refinancing of, among other things, health care facilities under the Act.

The Authority has issued, and may issue in the future, other series of bonds for the purpose of financing or refinancing other project for the benefit of third parties unrelated to the Obligated Group. Each such series of bonds is or will be secured by financing documents separate and apart from the Financing Documents and is or will be payable from different sources of revenues.

**NEITHER THE AUTHORITY, THE COUNTY, NOR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020A BONDS OR MAKE ANY OTHER PAYMENTS WITH RESPECT THERETO EXCEPT FROM THE TRUST ESTATE IN THE MANNER PROVIDED IN THE BOND INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF, THE INTEREST ON, OR OTHER COSTS INCIDENT TO, THE SERIES 2020A BONDS. THE SERIES 2020A BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, OR A LIEN UPON ANY PROPERTY OWNED BY OR SITUATED WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY THEREOF, EXCEPT THE TRUST ESTATE IN THE MANNER SET FORTH IN THE BOND INDENTURE.**

## RISK FACTORS

[Placeholder text only – to be updated. Will contain COVID-19 disclosure]

The discussion herein of risks to the registered owners of the Series 2020A Bonds is not intended as dispositive, comprehensive or definitive, but rather is to summarize certain matters which could affect payment on the Series 2020A Bonds. Other sections of this Official Statement, as cited herein, should be referred to for a more detailed description of risks described in this section, which descriptions are qualified by reference to any documents discussed therein. Copies of all such documents are available for inspection at the principal office of the Bond Trustee.

### Adequacy of Revenues

Except to the extent otherwise noted herein, the Series 2020A Bonds are payable solely from the payments required to be made by the Borrower to the Authority under the Loan Agreement. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to pay maturing principal of, redemption premium, if any, and interest on the Series 2020A Bonds. The ability of the Borrower to make payments under the Loan Agreement and the ability of the Authority to make payments on the Series 2020A Bonds under the Bond Indenture depends, among other things, upon the capabilities of management of the Borrower and the ability of the Borrower to maximize revenues under various third party reimbursement programs and to minimize costs and to obtain sufficient revenues from their operations to meet such obligations. Revenues and costs are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below should be considered in evaluating the ability of the Borrower and other Members of the Obligated Group, if any, to make payments in amounts sufficient to meet their obligations under the Loan Agreement, the Master Indenture and the Series 2020A Note. This discussion is not, and is not intended to be, exhaustive.

The ability of the Borrower and the other Members of the Obligated Group to make required payments on the Series 2020A Note is subject to, among other things, the capabilities of the management of the Members of the

Obligated Group and future economic and other conditions, which are unpredictable and which may affect revenues and costs and, in turn, the payment of principal of, premium, if any, and interest on the Series 2020A Bonds. Future revenues and expenses of the Obligated Group will be affected by events and conditions relating generally to, among other things, demand for the Obligated Group's services, its ability to provide the services required by patients, physicians' relationships with the Obligated Group, management capabilities, the design and success of the Obligated Group's strategic plans, economic developments in the service area, the Obligated Group's ability to control expenses, maintenance by the Members of the Obligated Group of relationships with HMOs and PPOs (as defined herein) and other third-party programs, competition, rates, costs, third-party reimbursement, future federal and State funding of healthcare reimbursement programs and potential future modifications of said programs, legislation, governmental regulation, general economic conditions, changes in technology used in the delivery of health care services and other conditions which are impossible to predict. Federal and state funding statutes and regulations are the subject of intense legislative debate and are likely to change, and unanticipated events and circumstances may occur which cause variations from the Obligated Group's expectations, and the variations may be material. Neither the Authority nor the Financial Advisor have made any independent investigation of the extent to which any such factors may have an adverse impact on the financial condition of the Members of the Obligated Group. **THERE CAN BE NO ASSURANCE THAT THE REVENUES OF THE MEMBERS OF THE OBLIGATED GROUP OR UTILIZATION OF THEIR FACILITIES WILL BE SUFFICIENT TO ENABLE THE MEMBERS OF THE OBLIGATED GROUP TO MAKE SUCH PAYMENTS.**

No representation or assurance can be given that the Borrower will generate revenues sufficient to allow payment of debt service on the Series 2020A Bonds when due.

#### **Health Care Industry Factors Affecting the Obligated Group**

The Borrower's ability to pay their obligations under the Loan Agreement or the Master Indenture, as the case may be, could be adversely affected by legislation, regulatory actions, economic conditions, increased competition from other health care providers, changes in the demand for health care services, government and third-party payor payment and reimbursement changes, demographic changes, and malpractice claims and other litigation. Neither the Underwriter, and the Authority nor the Financial Advisor have made any independent investigation of the extent to which any such factors may have an adverse impact on the financial condition of the Members of the Obligated Group.

#### **Federal Legislative and Regulatory Initiatives**

The discussion herein describes risks related to certain existing federal and state laws, regulations, rules and governmental administrative policies and determinations to which the Obligated Group and the healthcare industry are subject. Several of the federal statutes and regulations described herein may be substantially modified or repealed in whole or in part. The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the laws are referred to as the "PPACA" or "Health Care Reform"), is summarized below; however, all or parts of PPACA are subject to modifications or repeal. Such legislation could have a material impact on the Obligated Group's operations, financial condition and financial performance. Further, regulatory changes through adoption or repeal and executive actions could have a material impact on the Obligated Group's operations, financial condition and financial performance, even in the absence of statutory changes.

#### **Patient Protection and Affordable Care Act and Healthcare Reform Initiatives**

The changes to various aspects of the healthcare system in the PPACA are far-reaching and include substantial adjustments to Medicare payment and reimbursement, establishment of individual and employer mandates for health insurance coverage, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided healthcare insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. One of the primary goals of the PPACA is to provide or make available, or subsidize the premium costs of, healthcare insurance for consumers who are currently uninsured (or underinsured) and who fall below certain income levels. The PPACA is intended to accomplish that objective through various provisions, including:

- maintaining organized insurance markets (referred to as exchanges) in which individuals can purchase healthcare insurance for themselves and their families, and small employers can purchase healthcare insurance for their employees and their dependents,
- providing subsidies for premium costs to individuals and families based upon their income relative to federal poverty levels,
- mandating that individual consumers obtain and certain employers provide a minimum level of healthcare insurance; and providing for penalties or taxes on consumers and employers that do not comply with these mandates,
- establishing insurance reforms that expand coverage generally through such provisions as prohibitions on denials of coverage for pre-existing conditions and elimination of lifetime or annual cost caps, and
- expanding existing public programs, including Medicaid for individuals and families.

Some of the specific provisions of the PPACA that have and may continue to affect hospital operations, financial performance or financial conditions are described below. This listing is not comprehensive. The PPACA is complex and comprehensive, and includes a myriad of new programs and initiatives and changes to previously existing programs, policies, practices and laws. Additional PPACA programs and initiatives and changes to previously existing PPACA programs, policies and laws will likely occur in the future.

- With varying effective dates, the annual Medicare market basket updates for many providers, including inpatient and outpatient hospital services, will be adjusted based on a ten year average of national productivity and will be reduced by specified percentages each year.
- In federal fiscal year 2014, Medicare disproportionate share hospital (“DSH”) payments (i.e., payments a provider receives from the federal government to help defray the cost of treating the uninsured) were reduced by 75%; going forward the amount of these payments will be determined by a formula that takes into account the national number of consumers who do not have healthcare insurance and the amount of uncompensated care provided by a hospital. Medicare DSH payment reductions are scheduled to continue through 2019. Medicaid DSH payments also were to be reduced beginning in fiscal year 2014, but such reductions were delayed until federal fiscal year 2018. The Borrower is to receive Medicare and Medicaid DSH payments, but the Borrower opts out of receiving DSH payments in favor of more advantageous sole community hospital reimbursement rates.
- Commencing October 1, 2010 through September 30, 2019, payments under the “Medicare Advantage” programs (Medicare managed care) have been or will continue to be reduced, which may result in increased premiums or out-of-pocket costs to Medicare beneficiaries enrolled in Medicare Advantage plans and may also lead to decreased payments to providers by managed care companies operating Medicare Advantage programs.
- Under the Hospital Readmissions Reduction Program (“HRRP”) in effect prior to the PPACA, Medicare reduces payments to hospitals for readmissions within 30 days of discharge of beneficiaries with certain conditions, imposing a maximum penalty of a 3% reduction in Medicare payments. Such conditions include myocardial infarction, heart failure, pneumonia, chronic obstructive pulmonary disease, hip and knee replacements and – beginning in 2017 – coronary artery bypass graft surgery. Payment reduction penalties under the HRRP apply to all Medicare patients, not just to beneficiaries with conditions subject to readmission penalties. Under the PPACA, readmission information is available to the public. To date, the Borrower has had immaterial amounts of Medicare payments reduced in connection with HRRP and these reductions have not had a material adverse impact on the Borrower’s financial condition.

- Beginning in fiscal year 2015, hospitals with high volumes of “hospital acquired conditions” have had their payment for discharges reduced to 99% of the amount of payment that would otherwise apply to such discharges. Federal payments to states for Medicaid services related to hospital-acquired conditions have been prohibited since federal fiscal year 2011. Data regarding individual hospital performance is publicly available.
- The Centers for Medicare and Medicaid Services (“CMS”) of the U.S. Department of Health and Human Services (“HHS”), the agency responsible for administering Medicare, has established a value-based purchasing program. This program provides incentive payments to hospitals based on their performance on certain quality and efficiency measures. Funding for this program comes from the reductions to Medicare inpatient payments. To date, the Borrower has earned an immaterial amount of the available incentive payments.
- CMS has introduced numerous bundled payment models, including its first mandatory program, the Comprehensive Care for Joint Replacement bundled payment model, which launched in April of 2016. On December 20, 2016, CMS finalized the Advanced Care Coordination Through Episode Payment Models (EPMs), Cardiac Rehabilitation Incentive Model, and Changes to the Comprehensive Care for Joint Replacement Model rule, which, among other things, expands the Comprehensive Care for Joint Replacement bundled payment model to include other surgeries for hip and femur fractures. These rules were anticipated to take effect in May 2017; however, CMS has solicited additional public comments which has further delayed implementation.
- In order to reduce waste, fraud, and abuse in public programs, the PPACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, and enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs. It also requires Medicare and Medicaid program providers and suppliers to establish compliance programs. The PPACA requires the development of a database to capture and share healthcare provider data across federal healthcare programs and provides for increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities. Healthcare fraud enforcement activities have increased substantially under the PPACA, yielding the government billions of dollars in recoveries annually. To date, the Borrower has not been materially adversely affected by these provisions.
- On January 26, 2015, HHS announced a timetable for transitioning Medicare payments and reimbursements from the traditional fee-for-service model to a value-based payment system. This schedule calls for tying 50% of traditional Medicare fee-for-service payments to quality or value through alternative payment models, such as accountable care organizations or bundled payment arrangements (meaning payments for multiple services during a single episode of care), by the end of 2018. In addition, HHS has proposed that by 2018, 95% of all Medicare fee-for-service payments have a component based on quality or efficiency of care, such as value-based purchasing or readmission reductions.
- The PPACA establishes an Independent Payment Advisory Board to develop proposals to improve the quality of care and to recommend proposals to limit Medicare spending growth. Beginning January 15, 2019, if the Medicare spending growth rate exceeds the target recommended by the Independent Payment Advisory Board, then the Independent Payment Advisory Board is required to develop proposals to reduce the growth rate and require the Secretary of HHS to implement those proposals, unless Congress enacts legislation related to the proposals.
- The PPACA imposes substantial new data reporting obligations on hospital initiatives to improve the quality of care, reduce errors and improve health outcomes. Health care insurers now are required to include quality improvement covenants in their contracts with hospital providers, and will be required to report their progress on such actions to HHS. Commencing January 1, 2015, health care insurers participating in the health insurance exchanges are allowed to contract only



with hospitals that have implemented programs designed to ensure patient safety and enhance quality of care. The Borrower has implemented such programs.

- The PPACA immediately imposed additional requirements upon nonprofit hospitals to maintain their tax-exempt status, including obligations to adopt and publicize a financial assistance policy; limit charges to patients who qualify for financial assistance to the lowest amount charged to insured patients; and control the billing and collection processes. Additionally, effective for tax years commencing January 1, 2013, tax-exempt hospitals must conduct a community health needs assessment (“CHNA”) at least once every three tax years and adopt an implementation strategy to meet those identified needs. Failure to satisfy these conditions may result in the imposition of fines and the loss of tax-exempt status. The Borrower has conducted CHNAs as frequently as required, and had adopted implementation strategies to meet the identified needs.

Broadly speaking, the provisions of the PPACA that encourage or mandate healthcare coverage for individuals have increased demand for health care and have reduced the amount of uncompensated care that the Members of the Obligated Group provide. However, revisions to the Medicare program have reduced and could continue to reduce revenues. Therefore, the impact of the PPACA on the operations of the Obligated Group cannot be currently ascertained, and it may have a material impact, either positive or negative, on the Obligated Group’s operations.

Efforts to repeal or substantially modify provisions of the PPACA continue. On June 28, 2012, the Supreme Court upheld most provisions of the PPACA, while limiting the power of the federal government to penalize states for refusing to expand Medicaid. The Supreme Court ruled on various legal challenges to portions of the PPACA, finding that its individual mandate was constitutional as a valid exercise of Congress’ taxing power but that its Medicaid expansion provisions were improperly coercive on the states to the extent existing Medicaid funding was put at risk if a state opted out of the PPACA’s expansion of the current Medicaid program. On June 25, 2015, the Supreme Court of the United States issued its opinion in *King v. Burwell* holding that the tax credit subsidies provided in the PPACA apply equally to state-run exchanges and the federal exchange, obviating the potential disparate treatment of program participants nationally. Efforts to repeal or delay the implementation of the PPACA continue in Congress.

The House of Representatives adopted an intended replacement for PPACA in May 2017 and the Senate introduced its own bill with respect to PPACA; however, as broadly reported, there is no current expectation that the Senate bill, as initially introduced or as modified, will be voted upon or that any repeal or replacement legislation will be passed by Congress. Notwithstanding the status of current legislation, the outcome of future legislative attempts to repeal or amend the PPACA and other legal challenges to the PPACA are unknown and their impact on the operations of the Obligated Group cannot be determined at this time. Management of the Obligated Group cannot predict with any reasonable degree of certainty or reliability any interim or ultimate effects of any legislation and associated regulatory activity.

#### **Other Legislation**

The American Recovery and Reinvestment Act of 2009 (“ARRA”), also known as the “Stimulus Bill,” contained a number of provisions that may impact hospitals. For example, ARRA provided approximately \$19 billion for Medicare and Medicaid health information technology incentives. The incentives are provided through the Medicare program and encourage physicians and hospitals to adopt and use certified electronic health records in a meaningful way (as defined by the Secretary of Health and Human Services and may include reporting quality measures) before 2015. Providers who had not already adopted and used certified electronic health records in a meaningful way were subject to financial penalties. Additional financial penalties and incentives are being imposed on physicians and hospitals which fail to satisfy heightened standards for meaningful use of electronic health records during a 2015 through 2017 reporting period under the Modified Stage 2 Electronic Health Record Incentive Program. The Borrower has complied with all “meaningful use” requirements and has achieved proper demonstration of meaningful use of certified electronic health records technology. The Borrower has not incurred any penalties under these provisions, and has not been notified of any penalties to be assessed.

The Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”) was signed into law on April 16, 2015. MACRA created numerous changes to Medicare payment and created new quality reporting programs, as discussed further below (see Medicare Reimbursement and Related Federal Legislation). On May 9, 2016, CMS published a proposed rule and request for comments in the Federal Register. MACRA alters how physicians and other practitioners are paid by Medicare for services furnished to program beneficiaries. Because the Borrower employs only two physicians and has agreed to employ a third as of November 1, 2017, MACRA has very limited applicability to the Borrower with respect to physician reimbursement.

### **General Health Care Industry Factors**

The Borrower and the health care industry in general are subject to regulation by a number of governmental agencies, including agencies which administer the Medicare and Medicaid programs, federal, state and local agencies responsible for administration of health planning programs and the licensure of health care providers and payors, and other federal, state and local governmental agencies. The health care industry is also affected by federal, state and local policies developed to regulate the manner in which health care is provided, administered and paid for nationally and locally. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in governmental spending for such programs as well as changing health care policies.

**Increased Competition.** The Borrower may likely face increased competition in the future. Increased competition could be caused by: (i) the development by organizations unrelated to the Borrower of alternative health care delivery systems (e.g., health maintenance organizations (“HMOs”), preferred provider organizations (“PPOs”), Accountable Care Organizations (“ACOs”), clinically integrated networks (“CIN”) and patient-centered medical homes) in the service areas of the Borrower; (ii) competition with other hospitals to provide health care services; (iii) competition for patients with delivery systems of HMOs, PPOs and physician groups providing services at their own or other facilities; (iv) competition for enrollees between traditional insurers, whose patients generally have a free choice of hospitals, and HMOs and PPOs, which may own their own hospitals or substantially restrict the hospitals and physicians from which their enrollees may receive services or provide more favorable in-network status to certain hospital and physicians; (v) competition for patients between physicians, who generally refer patients to hospitals, and non-physician practitioners such as nurse-midwives, advance practice nurses, chiropractors, physical and occupational therapists and others, who may not generally refer patients to hospitals; (vi) competition from nursing homes, home health agencies, hospice programs, ambulatory care facilities, ambulatory surgical centers, rehabilitation and therapy centers, physician group practices, urgent care centers, and other non-hospital providers that provide services for which patients currently rely on hospitals as health care moves from inpatient to outpatient and becomes less hospital-centric; (vii) competition with other hospitals and licensed health facilities for qualified nursing and para-professional personnel; and (viii) competition with other hospitals, physician groups and HMOs, all of which are seeking different forms of alignment transactions with physicians in the communities serviced by the Borrower. Based on recent changes in federal and state laws, the scope of practice of certain non-physician practitioners in Florida and elsewhere has been expanded, thereby creating even more competition for patients between physicians, who generally refer patients to hospitals, and non-physician practitioners, who may not generally refer patients to hospitals.

**Joint Operating Agreements and Joint Ventures.** The Borrower, other Members of the Obligated Group and affiliated entities may enter into joint operating agreements or joint ventures with previously unrelated, tax-exempt health systems or corporations to develop regionally-based health care delivery systems or networks. These joint operating agreements and joint ventures may provide for corporations, limited liability companies, partnerships, or other jointly operated entities to operate hospitals and other related health care assets, subject to reserve powers vested in the corporate or sponsoring organizations. Joint operating agreements vary in structure but typically provide for the annual sharing of net income and impose certain operating and organizational restrictions and conditions upon the parties thereto.

**Inadequate Payments and Uncompensated Care.** The Obligated Group is also at risk for the provision of hospital services on an uncompensated basis. Consistent with its status as tax-exempt 501(c)(3) organization, the Borrower maintains policies of providing care to the poor and indigent without regard to ability to pay. Governmental agencies may also compel the provision of uncompensated care. For example, Federal and State law imposes significant fines on a hospital that denies appropriate care on the basis of the patient’s ability to pay or the

source of payment. Moreover, Congress has previously considered (and may again in the future) legislation which would require a hospital to perform a certain amount of charity care to maintain its 501(c)(3) status. As a result, the Borrower may be required to provide services for which they receive payment below cost, or for which they may receive no payment, from the patient or from third party payors. Also, pursuant to PPACA, 501(c)(3) tax-exempt hospitals must develop and report on their financial assistance policies on Schedule H of IRS Form 990. The Borrower has filed Form 990, including Schedule H, for all required years.

**Financial Distress of Private Health Plans.** The Borrower may also be affected by the financial instability of the HMOs, PPOs and other third-party payors with which the Borrower contracts and/or from which they receive reimbursement for furnished health care services. Also, health care providers may be required by law or court order to continue furnishing health care services to the enrollees of an insolvent third-party payor, even though the providers may not be reimbursed in full for such services.

### **Managed Care and Integrated Delivery Systems**

**General.** As a response to the increase in competition in the health care industry and to the increasing shift of patients' insurance coverage to managed care companies, many hospitals and health systems are pursuing strategies with physicians in order to offer an integrated package of health care services, including physician and hospital services, to patients, health care insurers, and managed care providers. These integration strategies take many forms. Further, many of these integration strategies are capital intensive and may create certain business and legal liabilities for health care providers such as the Borrower.

Even when these activities are conducted by affiliates, the start-up costs for implementation of such strategies, as well as operational deficits, are sometimes derived from the hospitals rather than from the affiliates. Depending on the size and organizational characteristics of a particular strategy, these funding requirements may be substantial. In some cases, the hospital may be asked to provide a financial guaranty for the debt of a related entity which is carrying out an integrated delivery strategy or the hospital may have an ongoing financial commitment to support operating deficits, which may be substantial on an annual or aggregate basis.

Further, the Borrower has entered into contractual arrangements with PPOs, HMOs, and other managed care organizations ("MCOs"), pursuant to which they agree to provide or arrange to provide certain health care services for these organizations' eligible enrollees. There can, however, be no assurance that revenues received under such contracts will be sufficient to cover all costs of services provided which may have a material adverse effect on the operations or financial condition of the Borrower.

**State and Federal Laws.** Members of the Obligated Group could be subject to a variety of laws and regulations, affecting both MCOs and health care providers, including laws and regulations prohibiting, restricting, or otherwise governing PPOs, third party administrators, physician-hospital organizations, independent practice associations or other intermediaries; fee-splitting; the "corporate practice of medicine"; selective contracting ("any willing provider" laws and "freedom of choice" laws); coinsurance and deductible amounts; insurance agencies and brokerages; quality assurance and improvement, utilization review, and credentialing activities; provider and patient grievances; mandated benefits; rate increases; payment of claims by electronic means; medical information privacy laws; and many other areas. Integrated delivery systems also create risks under federal law and regulations, including the Medicare Anti-Kickback Statute, the Stark Law and antitrust laws (as described below under "Regulation of Health Care Industry"), and the rules applicable to tax-exempt organizations and their relationships with for-profit entities.

Such requirements may impose operational, financial and legal burdens, costs and risks on the Obligated Group.

**Contracted Managed Care Health Plans and Commercial Insurers.** Some MCOs contract with hospitals on an "exclusive" or a "preferred" provider basis. Under such plans, there may be financial incentives for subscribers to use only those hospitals which contract with the plans. Under an exclusive provider plan, private payors may limit coverage to those services provided by selected hospitals that have agreed to accept certain typically discounted, reimbursement levels for such services. With this contracting authority, MCOs may effectively create narrow networks and direct patients to their participating health care providers and away from

others. The ability of the Obligated Group to secure and maintain contracts with MCOs, and with HMOs and other plans participating under the Medicare Advantage and Medicaid programs will be critical to the financial performance of the Obligated Group. There can be no assurance that the Obligated Group will be successful in its ability to secure and maintain these contracts or that the contracts will be profitable.

As a result of these developments, the volume of business of health care providers is increasingly dependent upon the providers' ability to attract and retain contracts with MCOs. The necessity for obtaining such contracts also increases competition among health care providers on the basis of price as well as quality. Also, recently there has been competition in contracting with MCOs for "population health" or "population management" contracts, which provide bonuses to hospitals and other providers for meeting quality metrics, cost savings or both. Termination, or expiration without renewal, of such contracts could have a material adverse effect on the financial condition of the Obligated Group. There can be no assurances that such contracts will be renewed upon expiration or that such contracts will not be terminated prior to expiration. Conversely, renewal of such contracts may maintain or increase business volume, but may result in reduced payments and lower net income to the Obligated Group.

The Borrower, through First Coastal Health Alliance, participates in a shared savings program with Florida Blue. The Borrower has earned incentive payments from its participation in this program.

**Physician Contracting and Relations.** The Obligated Group may wish to contract with physician organizations (*e.g.*, independent physician associations, physician-hospital organizations, etc.) ("POs") to arrange for the provision of physician and ancillary services. Because POs are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with the POs.

The success of the Obligated Group will be partially dependent upon its ability to attract physicians to join the POs and to attract POs to participate in the network, and upon the physicians', including the employed physicians, abilities to perform their obligations and deliver high quality patient care in a cost-effective manner. There can be no assurance that the Obligated Group will be able to attract and retain the requisite number of physicians, or that such physicians will deliver high quality health care services. Without impaneling a sufficient number and type of providers in the Obligated Group's network, the Obligated Group could fail to be competitive, could fail to keep or attract payor contracts, or could be prohibited from operating until its panel provided adequate access to patients. Such occurrences could have a material adverse effect on the business or operations of the Obligated Group.

#### **Medicare Reimbursement and Related Federal Legislation**

**Background.** Congress is frequently engaged in debates over federal budget commitments, and, in particular, the extent of the government's financial commitment to the Medicare program. Any prospective changes in Medicare payments to hospitals, including the potential reduction of funding levels and the transition of Medicare enrollees into Medicare managed care plans, could have an adverse effect on the Obligated Group's revenues.

**Medicare and Medicaid Programs.** Medicare and Medicaid are the commonly used names for health care reimbursement or payment programs governed by certain provisions of the federal Social Security Act Amendments of 1965. The federal government uses reimbursement as a key tool to implement health care policies, to allocate health care resources and to control utilization, facility and provider development and expansion, and technology use and development. These programs reflect the national policy that persons who are aged and persons who are poor should be entitled to receive medical care regardless of ability to pay. Medicare provides certain health care benefits to enrollees who are 65 years of age or older, disabled or qualify for the End Stage Renal Disease Program. Medicare Part A covers inpatient hospital, nursing home care and certain other services, including home health care services in limited circumstances. Medicare Part B covers outpatient hospital services, certain physician services, medical supplies and durable medical equipment. Medicare Part C, the Medicare Advantage program (formerly known as the Medicare+Choice Program) enables Medicare beneficiaries who are entitled to Part A and are enrolled in Part B to choose to obtain their benefits through a variety of private, managed care, risk-based plans.

Medicare is administered by the Centers for Medicare and Medicaid Services (“CMS”) of the U.S. Department of Health and Human Services (“HHS”), which delegates to the states the process for certifying those organizations to which CMS will make payment. The HHS’s rule-making authority is substantial and the rules are extensive and complex. Substantial deference is given by courts to rules promulgated by HHS.

Medicare claims are processed by non-governmental organizations or agencies that contract to serve as the fiscal intermediary between providers and the federal government to process Medicare’s Part A and Part B claims. These claims processors are known as “intermediaries” and “carriers”, for Parts A and B, respectively. They apply the Medicare coverage rules to determine the appropriateness of claims. CMS selects organizations (generally insurance companies) to act as intermediaries and carriers in various states or regions, and enters into a “prime contract” with each. Most Medicare hospital services are provided through a fixed rate per case program under the reimbursement methods described below. Some Medicare recipients, however, enroll in Medicare Advantage managed care plans, which may reimburse providers on a capitated basis. Health care providers that participate in the Medicare program must agree to be bound by the terms and conditions of the program such as meeting the quality standards for rendering covered services and adopting and enforcing policies to protect patients from certain discriminatory practices. In December 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (“MMA”) was signed into law. This law provides for a new Medicare Part D, under which outpatient prescription drug benefits became available to Medicare beneficiaries as of January 1, 2006 through a voluntary enrollment program. On January 1, 2005, the MMA established a new Medicare Advantage program under Part C.

**Sole Community Hospital Designation.** The Borrower has been designated a sole community hospital with respect to Medicare reimbursement. Sole community hospital status is available to providers for which no other hospital is within a 25 mile driving distance and experiences minimal outmigration from its market area, or are otherwise isolated as a result of weather conditions, travel conditions or other geographical factors. Sole community hospitals are afforded additional reimbursement by virtue of application of a DRG relative value factor. Hospitals can lose sole community status in the event a hospital is constructed within the 25 mile driving distance and, in certain circumstances, if a certain number of eligible patients seek care at other facilities. The financial impact of loss of sole community hospital status on the Borrower could be material.

**Hospital Inpatient Services/Operating Expenditures.** Medicare payments for operating expenses incurred in the delivery of certain inpatient hospital services are based on a prospective payment system (“PPS”) that essentially pays hospitals a fixed amount for each Medicare inpatient discharge based upon patient diagnosis and certain other factors used to classify each patient into a Diagnosis Related Group (“DRG”).

CMS periodically promulgates regulations, such as its annual inpatient PPS rules, to adjust the rates paid to hospitals based on its continuing experience with hospital operating and capital costs, and to implement various quality improvement, patient safety and fraud and abuse programs. PPACA expands programs to improve the quality of care, with reductions in reimbursements in future years for excessive readmissions, medical errors and preventable conditions such as hospital acquired infections.

To partially offset the cost of repealing the sustainable growth rate system, as discussed below, MACRA reduces Medicare payments to hospitals. A 3.2% increase in the base rate for inpatient hospital payments (scheduled for fiscal year 2018 under the American Taxpayer Relief Act of 2012) will instead be phased in at 0.5% per fiscal year, from 2018 through 2023. MACRA also reduces market basket updates for post-acute care providers by limiting the 2018 post-acute care update to 1%, though the Borrower does not currently operate any post-acute care services which would be subject to this reduction. Changes to the reimbursement schedules may negatively impact the revenue received by the Borrower for the cost of providing inpatient services.

**Hospital Outpatient Services.** Procedures, evaluations and management services, and drugs and devices in outpatient departments are classified into one of approximately 750 groups called Ambulatory Payment Classifications (“APC”). Services provided within an APC are similar clinically and in terms of the resources they require. Each APC has been assigned a weight derived from the median hospital cost of the services in the group relative to the median hospital cost of the services included in the APC for mid-level clinic visits. CMS determines the portion of the median labor related hospital costs and adjusts those costs for variations in hospital labor costs across geographic regions.

Under outpatient PPS, the prospective payment system relating to outpatient services, a hospital with costs exceeding the applicable payment rate would incur losses on such services provided to Medicare beneficiaries. There can be no assurance that outpatient PPS payments will be sufficient to cover all of the Institutions' actual costs of providing hospital outpatient services to Medicare patients. See APPENDIX A hereto under the caption "Sources of Patient Service Revenue" for a discussion of Medicare reimbursement as it relates to the Borrower.

**Hospital Capital Expenditures.** Medicare payments for capital costs are based upon a PPS system similar to that applicable to operating costs. Under PPS, payments for capital costs are calculated by multiplying the federal rate by the DRG weight for each discharge and by a geographical adjustment factor. The payments are subject to further adjustment by a disproportionate share hospital factor that contemplates the increased capital costs associated with providing care to low income patients, and an indirect medical education factor that contemplates the increased capital costs associated with medical education programs.

There can be no assurance that payments under the PPS inpatient capital regulations will be sufficient to fully reimburse the Borrower for its capital expenditures.

**Medical Education Costs.** Under PPS, teaching hospitals receive additional payments from Medicare for certain direct and indirect costs related to their graduate medical education ("GME") programs. Direct graduate medical education ("DGME") payments compensate teaching hospitals for the cost directly related to educating residents. Such costs include the residents' stipends and benefits, the salaries and benefits of supervising faculty, other costs directly attributable to the GME program, and allocated overhead costs. Payment for direct medical education costs are calculated based upon set formulae taking into account hospital-specific medical education costs associated with each resident, the number of full-time equivalent residents, and the proportion of Medicare inpatient days to non-Medicare inpatient days. Indirect medical education payments ("IGME") compensate teaching hospitals for the higher patient care costs they incur relative to non-teaching hospitals. Those indirect payments are issued as a percentage adjustment to the PPS payments. The calculation for both the direct and indirect parts of Medicare payments for GME include certain limitations on the number and classification of full-time equivalent residents reimbursed by Medicare. President Obama's fiscal year 2015 and 2016 budgets both proposed reducing the indirect GME adjustment by 10%, which would have reduced Medicare medical education payments by approximately \$14.6 billion over 10 years. MACRA extended funding for the GME programs through 2017. It is not known if funding for the program will be granted in future budgets.

The formula used to determine payments for medical education do not necessarily reflect the actual costs of such education, and the federal government will continue to evaluate its policy on graduate medical education and teaching hospital payments. The Borrower does not operate a teaching hospital, has no GME programs and does not receive any DGME or IGME payments.

PPACA includes some changes to funding for primary care residency programs and provides grants to establish teaching health centers, which are community based ambulatory patient care centers. PPACA also establishes other programs to encourage the training and development of more primary care residents (including family medicine, internal medicine, pediatrics, obstetrics and gynecology, psychiatry and geriatrics) and the primary care workforce. The Borrower has no primary care residency programs, and has no plans at the present time to establish one.

**Physician Payments.** Payment for physician fees is covered under Part B of Medicare. Under Part B, physician services are reimbursed in an amount equal to the lesser of actual charges or the amount determined under a fee schedule known as the "resource-based relative value scale" or "RBRVS". RBRVS sets a relative value for each physician service; that value is then multiplied by a geographic adjustment factor and a nationally-uniform conversion factor to determine the amount Medicare will pay for each service.

In October 2011, the Medicare Payment Advisory Commission ("MedPAC") recommended to Congress that the Sustainable Growth Rate ("SGR") system be fully repealed and replaced by a different methodology for determining the nationally-uniform conversion factor. With the enactment of the MACRA, the SGR System was repealed. Beginning in July 2015 and continuing through 2019, the Medicare Physician's Fee Schedule ("PFS") increases by 0.5% annually. The PPS will then remain at the same reimbursement level for five years (2020-2025).

Beginning in 2026, the PFS will be increased either by (i) 0.25% annually for providers participating in the Merit-Based Incentive Payment System, or (ii) 0.75% annually for providers participating in Alternative Payment Models.

In 2019, penalties under Medicare's current quality reporting programs (the Physician Quality Reporting System, Electronic Health Records Incentive Program, and the Physician Value-Based Modifier) will end and be replaced with the Merit-Based Incentive Payment System ("MIPS"). MIPS combines the Physician Quality Reporting System, Electronic Health Records Incentive Program, and Physician Value-Based Modifier into a single payment adjustment. The payment adjustment can be an increase or a decrease.

There can be no assurance that payments to the Borrower for the services of its employed physicians (if any) or other employed health care professionals will be sufficient to fully reimburse such Members of the Obligated Group for their cost of providing the services of such professionals. As of the date hereof, the Borrower employs only two primary care physicians, with a third scheduled to become employed as of November 1, 2017. Accordingly, implementation of MACRA is not expected to have a material adverse impact on the financial condition of the Obligated Group.

**Outlier Payments.** As noted above, hospitals are eligible to receive additional payments under the inpatient PPS for individual cases incurring extraordinarily high costs. Historically, the amount of an outlier payment was based, in part, on the hospital charges for a particular case as compared to that hospital's cost-to-charge ratio. As the hospital specific cost-to-charge ratio was calculated based on the most recently settled cost report, it was typically many months or years old and out of date.

Following an audit of aggressive pricing strategies at one of the nation's largest hospital chains, and a determination that some hospitals might be manipulating current hospital charge data to maximize reimbursement from Medicare under the outlier payment provisions, the Office of the Inspector General of HHS ("OIG") began investigating past outlier billing practices, and CMS amended the regulations on how outlier payments were to be calculated in the future. The methodology for calculating outlier payments is designed to prevent hospitals from manipulating the outlier formula to maximize reimbursement and allows for recovery of overpayments in certain cases.

The OIG continues to scrutinize outlier payments in an effort to determine whether outlier payments to the hospitals were paid in accordance with Medicare regulations or whether such payments were the result of potentially abusive billing practices. While the Borrower believes that it has calculated its outlier payments appropriately, there can be no assurance that the Borrower will not become the subject of an investigation or audit with respect to its past outlier payments, or that such an audit would not have a material adverse impact on the Borrower. Moreover, there can be no assurance that any future revisions to the formula for calculating outlier payments will not reduce the payments to the Borrower, or that any such reduction will not have a material adverse impact on the Borrower.

**Medicare Managed Care Program.** Individuals entitled to Medicare Part A benefits, and who are enrolled in Medicare Part B, with the exception of individuals who suffer from end stage renal disease, may elect coverage under either the traditional Medicare fee for service program (Parts A and B) or a Medicare managed care (Part C) program.

The shift of Medicare eligible beneficiaries from traditional Part A and Part B coverage to Part C Medicare Advantage programs is intended to increase competitive pressure to improve benefits, reduce premiums and reduce costs. These changes may result in reduced utilization of health care services and have a material negative impact upon the Borrower's revenue.

**ICD-10.** On October 1, 2015, Medicare changed its billing and coding system to ICD-10. ICD-10 has greatly increased the specificity required when billing Medicare for services rendered because the ICD-10 code set has been expanded from a combination of five numbers and letters to a combination of nine numbers and letters. ICD-9 contained approximately 13,000 codes and ICD-10 has increased the number of codes to approximately 68,000. In an effort to assist providers with the transition to ICD-10, CMS is initially allowing flexibility with coding; however, post-September 30, 2016, ICD-10 coding has become mandatory. The new required level of specificity in coding may negatively impact the reimbursement amounts received by the Borrower.

**Audits, Exclusions, Fines and Enforcement Actions.** Hospitals participating in Medicare are subject to audits and retroactive audit adjustments under the Medicare program. Based on an audit, a Medicare Administrative Contractor may conclude, among other things, that a charge was improper for many reasons, such as (for example): that a patient discharge has been claimed under an incorrect MS-DRG, that services may not have been provided under the direct supervision of a physician (to the extent so required), that a patient should not have been characterized as an inpatient, that certain services provided prior to admission as an inpatient should not have been billed as outpatient services, or that certain required procedures or processes were not satisfied or that the services were not properly documented or did not satisfy Medicare rules regarding the provision of the service (such as medical necessity). As a consequence, payments may be disallowed retroactively. Under certain circumstances, payments made may be determined to have been made as a consequence of improper claims subject to the federal False Claims Act or other federal statutes, subjecting the hospital to civil or criminal sanctions.

The Borrower is also subject to Recovery Audit Contractor (“RAC”) audits under a program originally established under section 306 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. RACs are private companies that contract with CMS on a contingency fee basis to conduct audits of claims and to identify and correct Medicare overpayments. RAC review is not intended to replace the level of analysis conducted by the Medicare Administrative Contractors; rather, it creates a supplemental level of review. The RAC program is intended to detect and correct improper Medicare payments by reviewing claims data received from a hospital’s fiscal intermediary every 45 days. RAC auditors are authorized to look back three years from the date the claim was paid, and to review the appropriateness of each claim by applying the same standards and guidance as would a Medicare Administrative Contractor at the time. A hospital’s failure to submit a requested medical record to a RAC within 45 days, absent good cause for delay, results in disallowance of a claim and demand for recoupment of any reimbursement paid. To date, RAC audits have not had a material financial impact on the Borrower.

**New Models for Care Under Health Care Reform.** Among various other programs, the PPACA directed HHS to establish and implement various ACO programs, including the Medicare Shared Savings Program (“MSSP”) that promotes accountability for the care of Medicare beneficiaries and encourages coordination of care and other efficiencies through ACOs. Under the MSSP, Medicare providers are offered a financial incentive to band together in an ACO with the shared goals of improving the quality of care provided to Medicare beneficiaries and coordinating care to achieve cost savings. If an ACO realizes savings in Medicare expenditures as compared to an expenditure benchmark established by CMS for the ACO’s assigned patients, and meets or exceeds quality performance standards established by CMS, it will be paid a share of Medicare’s savings.

Several hospitals and physician groups in Florida have formed ACOs that have been approved to participate in the MSSP. The Borrower participates in an MSSP through a joint venture with physicians (First Coast Health Alliance).

## **Medicaid Reimbursement**

**Medicaid and Other State Health Care Programs.** Unlike Medicare which is an exclusively federal program, Medicaid is a cooperative federal-state program of medical care for the categorically needy and other Medicaid-eligible groups (e.g., Supplemental Security Income recipients). States obtain federal matching funds for their Medicaid programs by obtaining the approval of CMS of a “state plan” which conforms to Title XIX of the Social Security Act and its implementing regulations. Within broad national guidelines which the Federal government provides, each of the states establishes its own, eligibility standards, determines the type, amount, duration, and scope of services, sets the rate of payment for services, and administers its own program. Thus, the Medicaid program varies considerably from state to state, as well as within each state over time. After its state plan is approved and provided the state plan provides certain basic and/or optional services, a state is entitled to federal matching funds for Medicaid expenditures.

Medicaid is designed to pay providers for care given to persons who qualify based on certain conditions. Current Medicaid eligibility is based on a combination of both income and the categorical classification of the individuals seeking benefits (i.e. families with children, pregnant women, etc.). Medicaid is funded by federal and state appropriations and is administered by an agency of the applicable state. Under PPACA, eligibility for Medicaid has been expanded in some states to cover individuals with income at or below 133% of the FPL, but the State has not done so.



**Medicaid Payments to Health Care Providers.** Medicaid operates as a vendor payment program. Subject to federally-imposed upper payment limits and specific restrictions, states may either pay providers directly or may pay for Medicaid services through various prepayment arrangements, see “Medicaid Managed Care” below. Providers participating in Medicaid must accept Medicaid payment rates as payment in full.

States may impose nominal deductibles, coinsurance, or co-payments on some Medicaid recipients for certain services. Emergency services, family planning services, pregnancy-related services and preventative services for children are exempt from such co-payments. Certain Medicaid beneficiaries must be excluded from this cost sharing including but not limited to: pregnant women (states may choose to exempt all services provided to pregnant women), children under age 18 (or 19, 20 or 21 at the state’s option), hospital or nursing home patients who are expected to contribute most of their income to institutional care, hospice patients and categorically needy HMO enrollees.

**Medicaid Modifier** Florida Medicaid regulations provide for a Medicaid modifier for rural hospitals consistent with Medicare sole community hospital status. This regulation became effective July 1, 2017 and augments Medicaid payments at approximately 2.1 times for inpatient services and approximately 1.5 times for outpatient services. While management expects the rural hospital Medicaid modifier to extend indefinitely into the future, such regulation may be changed or eliminated by a future act of the Florida legislature.

**Low Income Pool.** In August 2017, CMS renewed Florida’s Medicaid 1115 Waiver program through 2022. The program allows hospitals to access federally matched low-income (LIP) funds for uncompensated care. The five-year extension is expected to help Florida hospitals defray the cost of providing services to uninsured patients. The largest beneficiaries include safety-net hospitals, children’s hospitals and providers treating a high percentage of Medicaid, uninsured and underinsured patients. The renewal will increase federal funding for LIP from \$607 million to \$1.5 billion. However, hospitals will only benefit if they are able to put up matching intergovernmental transfer funds through a local government or special taxing district that enables the drawdown of funds.

**Medicaid Managed Care.** In Florida, the Medicaid managed care program is administered by the State’s Agency for Health Care Administration (“AHCA”). Under this program, AHCA contracts with managed care companies to arrange for the provision of health care services to most of the Medicaid recipients in the State. The managed care companies are paid a fixed amount per beneficiary per month by the State. These companies in turn negotiate rates for services with hospitals and other health care providers. There can be no assurance that the negotiated rates will cover expenses incurred in providing care to the Medicaid patients.

For Supplemental Security Income (“SSI”) recipients and other Medicaid-eligible groups not enrolled in a managed care program, hospitals are reimbursed for inpatient services using DRG rates. These rates are based on the average cost of hospital care for Medicaid patients at Florida hospitals. Because hospitals are reimbursed the median rate per case, there can be no assurance that Medicaid revenues will cover expenses for Medicaid patients. Further reduction in Medicaid payments and/or the conversion of Medicaid recipients to managed care Medicaid coverage would reduce the amount of reimbursement that the Borrower receives for providing services to Medicaid beneficiaries. There can be no assurances that the Borrower can reduce the costs associated with treating Medicaid patients to offset these potential reimbursement reductions. See APPENDIX A hereto under the caption “Third-Party Payment Methodologies and Sources of Revenue”.

**PPACA and Medicaid.** Some of PPACA’s major modifications to the Medicaid program include the following changes. States have had the option under PPACA to expand Medicaid program eligibility to cover individuals with household income at or below 133% of the FPL, plus a 5% income disregard, but the State has not elected to do so.

Future legislation, regulation, or other actions by the federal government are expected to continue the trend toward more restrictive limitations on reimbursement for health care services. Legislation has been introduced in Congress and is now pending, which would dramatically change the way in which healthcare services are insured and paid for throughout the United States. If enacted, such legislation would very likely result in limitations on health care revenues, reimbursement and costs or charges. At present, no determination can be made concerning whether, or in what form, such legislation will be enacted into law. Similarly, the impact of future cost control

programs and future regulations upon the Obligated Group's forecasted financial performance cannot be determined at this time.

Any future changes to the Medicare and Medicaid programs could result in substantial reductions in the amounts of Medicare and Medicaid payments to health care providers in the future which could substantially reduce the revenues available to the Borrower, and any reduction in the levels of payment in these government payment programs could substantially adversely affect the Borrower's financial condition and its ability to pay principal and interest on Master Notes.

### **Regulation of Health Care Industry**

**General.** The Borrower and the Members of the Obligated Group, and the health care industry in general are subject to regulation by a number of governmental agencies, including those that administer the Medicare and Medicaid programs, federal, state and local agencies responsible for administration of health care planning programs, and other federal, state and local governmental agencies. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs, and is affected by reductions and limitations in government spending for such programs as well as changing health care policies. Over the past several years, Congress has consistently attempted to curb the growth of federal spending on health care programs. In addition, Congress and governmental agencies have focused on the provision of care to indigent and uninsured patients, the prevention of the transfer of such patients to other hospitals in order to avoid the provision of uncompensated care, activities of tax-exempt institutions that are unrelated to their exempt purposes, and other issues. Some of the legislation and regulations affecting the health care industry are discussed below.

Additionally, laws, regulations and accreditation standards require that hospitals meet various detailed standards relating to the adequacy of medical care, equipment, personnel, operating policies and procedures, maintenance of adequate records, utilization, rate setting, compliance with building codes and environmental protection laws, and numerous other matters. Failure to comply with applicable regulations can jeopardize a hospital's licenses, ability to participate in the Medicare and Medicaid programs, and ability to operate as a hospital. These laws and regulations, as well as similar laws and regulations now in effect, and the adoption of additional laws, regulations and accreditation standards in these and other areas could have an adverse effect on the Obligated Group's ability to generate revenues in sufficient amounts to make timely payments of principal and interest on the Series 2020A Bonds.

**Federal "Fraud and Abuse" Laws and Regulations.** Section 1128(b) of the Social Security Act (the "Anti-Kickback Law") prohibits the knowing and willful offer, solicitation, payment or receipt of remuneration in exchange for or as an inducement to make or influence a referral of a patient for goods or services, or the purchase, lease, order or arrangement for the provision of goods or services, that may be reimbursed under Medicare, Medicaid or other health benefit programs funded by the federal government. The scope of the Anti-Kickback Law is very broad, and it potentially implicates many practices and arrangements common in the health care industry, including space and equipment leases, personal services contracts, purchase of physician practices, joint ventures, and relationships with vendors. Under PPACA, a violation of the Anti-Kickback Law is deemed to be a violation of the federal False Claims Act. Current safe harbor regulations are narrowly drawn and do not cover all of the practices and arrangements that health care providers may consider legitimate business arrangements that do not violate the Anti-Kickback Law. Arrangements that do not comply with all of the strict requirements of the safe harbors, though not necessarily illegal, may nevertheless face an increased risk of investigation or prosecution.

In light of the narrowness of the safe harbor regulations; there can be no assurances that the Borrower will not be found to have violated the Anti-Kickback Law, and if such a violation were found, that any sanctions imposed would not have a material adverse effect upon the future operations and financial condition of the Obligated Group, or the status of the applicable Members of the Obligated Group, as organizations described in Section 501(c)(3) of the Code.

**Restrictions on Referrals.** Section 1877 of the Social Security Act (the "Stark Law") prohibits a physician (or an immediate family member of the physician) who has a financial relationship with an entity that provides certain "designated" health services from referring Medicare and Medicaid patients to that entity for the provision of such health services, with limited exceptions. Financial relationships include direct or indirect

ownership or investment interests, as well as compensation arrangements. These restrictions currently apply to referrals for several designated health services and goods, including clinical laboratory services, physical therapy services, occupational therapy services, radiology or other diagnostic services, durable medical equipment, radiation therapy services, parenteral and enteral nutrients, equipment and supplies, prosthetics, orthotics and prosthetic devices, home health services, outpatient prescription drugs, and inpatient and outpatient hospital services.

The Stark Law is a strict liability statute. Intent behind violations does not matter and even technical violations can result in harsh penalties. Sanctions for violations of the Stark Law include refunds of the amounts collected for services rendered pursuant to a prohibited referral, civil money penalties of up to \$15,000 for each claim arising out of such referral, plus up to three times the reimbursement claimed, and exclusion from the Medicare program. The Stark Law also provides for a civil penalty of up to \$100,000 for entering into an arrangement with the intent of circumventing its provisions. In addition, knowing violation of the Stark Law may also serve as the basis for liability under the federal False Claims Act. As required under PPACA, CMS released a protocol under which health care providers can make self-disclosures of actual and potential Stark violations, with reduced penalties for self-disclosure violations.

The Stark Law and its accompanying regulations do not specifically refer to Medicaid, however the United States Department of Justice (“DOJ”) and courts have applied the Stark Law to health care services covered by Medicaid, and CMS has indicated that it believes that the Stark Law already applies to Medicaid, although it does not state that in its regulations. Numerous federal district and appellate courts have likewise held that the Stark Law applies to health services covered by Medicaid. Although the Stark Law only applies to Medicare (and possibly also Medicaid), Florida has enacted a similar statute pursuant to which similar types of prohibitions are made applicable to all other health plans or third-party payors.

**Federal False Claims Acts.** There are multiple federal laws concerning the submission of inaccurate or fraudulent claims for reimbursement and errors or misrepresentations on cost reports by hospitals and other providers. The coding, billing and reporting obligations of Medicare providers are extensive, complex and highly technical. In some cases, errors and omissions by billing and reporting personnel have resulted in liability under one of the federal False Claims Acts or similar laws, exposing a health care provider to civil and criminal monetary penalties, as well as exclusion from participation in the Medicare and Medicaid programs.

The federal False Claims Act prohibits knowingly submitting a false or fraudulent claim for payment to the United States. This statute is violated if a person acts with actual knowledge, or in deliberate ignorance or reckless disregard of the falsity of the claim. Penalties under the federal False Claims Act currently include substantial fines per violation. Anyone who knowingly makes a false statement or representation in any claim to Medicare, Medicaid or other federally funded programs may be subject to criminal penalties, including fines and imprisonment. Moreover, PPACA revised the Social Security Act to state that retention of Medicare, Medicaid and other federally funded overpayment more than 60 days after the overpayment is identified constitutes a federal False Claims Act violation.

The federal False Claims Act includes “whistleblower” provisions under which a person who believes that someone is violating the federal False Claims Act can file a sealed complaint against the alleged violator in the name of the United States government. The nature of the allegations is not revealed to the target during the time the DOJ investigates the complaint and determines whether to join in the suit. The initial sealing period is for 60 days but is often extended for months or even years while the DOJ conducts its investigation. If the DOJ decides not to join in the suit, the original whistleblower nonetheless can proceed. If the case is successful, the whistleblower is entitled to between 15% and 30% of the proceeds of any fines or damages paid, percentages that vary depending on whether or not the United States has joined the suit.

On January 12, 2017, the OIG published a final rule revising and expanding its authority to exclude individuals and entities from participation in federal health care plans, and in response to extensive comments objecting to no time limitations for exclusions, the OIG adopted a 10-year statute of limitations period for exclusion actions.

On June 16, 2016, the United States Supreme Court decided *Universal Health Services v. United States ex rel. Escobar*. This case analyzed whether a violation of the FCA occurs when a defendant submitting a claim that

includes specific representations about the goods or service provided, fails to disclose non-compliance with material statutory, regulatory or contractual requirements that makes those representations misleading with respect to those goods or services (the implied false certification theory). The Supreme Court ruled that the implied false certification theory can be a basis for liability under the FCA and liability under the FCA, for failing to disclose violations of legal requirements does not turn upon whether those requirements were expressly designated as conditions of payments.

**Civil Monetary Penalty Act.** The federal Civil Monetary Penalty Act (“CMPA”) provides for administrative sanctions against health care providers for a broad range of billing and other abuses. A health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for payment under Medicare, Medicaid and other federal health care programs. A hospital that participates in arrangements known as “gain sharing” by paying a physician to limit or reduce services to Medicare or Medicaid beneficiaries also would be subject to CMPA penalties. A health care provider that provides benefits to Medicare or Medicaid beneficiaries that the provider knows or should know are likely to induce the beneficiaries to choose the provider for their care also would be subject to CMPA penalties. The CMPA authorizes imposition of a civil money penalty and treble damages.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. Knowingly undertaking the action is sufficient. Ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on a health care provider could have a material adverse impact on the provider’s financial condition. The PPACA also amended the CMPA laws to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

**Expanded Enforcement Activity.** Congress enacted The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) (which was later amended by the HITECH Act) in August 1996 as part of a broad health care reform effort. Among other things, HIPAA established a program administered jointly by the Secretary of HHS and the United States Attorney General designed to coordinate federal, state and local law enforcement programs to control fraud and abuse in connection with the federal health care programs.

On January 25, 2013, HHS released the final HIPAA “Omnibus Rule”, which implements a number of provisions of HITECH. Among other things, the Omnibus Rule revises the standard for requiring notification to individuals following a HIPAA breach. It also further restricts the use of protected health information (“PHI”) for marketing and further enhances government enforcement mechanisms and remedies for HIPAA violations.

The Department of Health and Human Services’ Office for Civil Rights is currently conducting Phase 2 of its HIPAA compliance audit program. It includes desk audits of select HIPAA privacy and security rule provisions, followed by on-site audits as their resources allow. Auditors will be looking for compliance with updated protocols pursuant to the Omnibus Rule and specifically focusing on arrangements with business associates (as defined under the Omnibus Rule).

In addition, in HIPAA, Congress greatly increased funding for health care fraud enforcement activity, enabling the OIG to significantly expand its investigative staff and the Federal Bureau of Investigation to plan to quadruple the number of agents assigned to health care fraud. The result has been a dramatic increase in the number of civil, criminal and administrative prosecutions for alleged violations of the laws relating to payments under the federal health care programs, including the Anti-Kickback Law and the False Claims Act. This expanded enforcement activity, together with the whistleblower provisions of the False Claims Act, have significantly increased the likelihood that all health care providers, including the Borrower, could face inquiries or investigations concerning compliance with the many laws governing claims for payment and cost reporting under the federal health care programs.

**Exclusions from Medicare or Medicaid Participation.** The term “exclusion” means that no Medicare or state health care program payment (including Medicaid and the Maternal and Child Health programs) will be made for any services rendered by the excluded party or for any services rendered on the order or under the supervision of an excluded physician. The Secretary of HHS is required to exclude from program participation for not less than five years any individual or entity who has been convicted of (1) a program related crime, (2) patient neglect or

abuse, (3) health care fraud against any federal, state or locally financed health care program, or (4) an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance.

The Secretary of HHS also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, theft, embezzlement, breach of fiduciary duty, or other financial misconduct relating either to the delivery of health care in general, or to participation in a federal, state or local government program. The excluded person/entity and the entity that enters into a contract with the excluded person/entity are subject to a civil money penalty of up to \$10,000 for each item or service furnished by the excluded individual, and the responsible party is required to pay three times the amount claimed for each item or service.

**HIPAA's Administrative Simplification Provisions.** In addition to the expanded enforcement activity noted above, the "Administrative Simplification" provisions of HIPAA mandate the use of uniform standard electronic formats for certain administrative and financial health care transactions, the adoption of minimum security standards for individually identifiable health information maintained or transmitted electronically, and compliance with privacy standards adopted to protect the confidentiality of PHI. The Administrative Simplification provisions apply to health care providers, health plans, and healthcare clearinghouses (collectively "Covered Entities").

Various requirements of HIPAA apply to virtually all healthcare organizations, and significant civil and criminal penalties may result from a failure to comply with the Administrative Simplification regulations. Compliance required changes in information technology platforms, major operational and procedural changes in the handling of data, and vigilance in the monitoring of ongoing compliance with the various regulations. The costs of compliance with the Administrative Simplification regulations are substantial.

The HITECH Act. The American Recovery and Reinvestment Act of 2009 ("ARRA") appropriated approximately \$20 billion for the development and implementation of health information technology standards and the adoption of electronic health care records. ARRA includes the HITECH Act, which contains a number of provisions that affect HIPAA's privacy and security provisions applicable to Covered Entities and their business associates.

Under HITECH, Covered Entities that use an "electronic health record" system are required to account for disclosures of PHI, including disclosures for treatment, payment and health care operations. Covered Entities must comply with strict reporting procedures in connection with breaches of PHI. A covered entity must report any breach of information involving over 500 individuals in a state to HHS and the local media. All other breaches must be reported annually to HHS.

HITECH includes provisions requiring Covered Entities to agree to a patient request to restrict disclosure of information to a health plan, if the information pertains solely to an item or service for which the provider was paid out of pocket in full. In addition, if a Covered Entity maintains an electronic health record, it must provide individuals with a copy of the PHI maintained in the record in an electronic format, if requested. HITECH also includes a prohibition on the payment or receipt of remuneration in exchange for PHI without specific patient authorization, except in limited circumstances, and places additional restrictions on the use and disclosures of PHI for marketing communications and fundraising communications.

HITECH revises the civil monetary penalties associated with violations of HIPAA, and provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases, through a damages assessment of \$100 per violation or an injunction against the violator. The revised civil monetary penalties range: (a) in the case of violations due to willful neglect, from a minimum of \$10,000 or \$50,000 per violation depending on whether the violation was corrected within 30 days of the date the violator knew or should have known of the violation, and (b) in the case of all other violations, from a minimum of \$100 to \$1,000 per violation.

**Cybersecurity Concerns.** Information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. The Federal Bureau of Investigation has expressed concern that health care systems are a prime target for such cyber attacks due to the mandatory transition from paper records to EHRs and a higher financial payout for medical records in the black market. Such events or issues could lead to the inadvertent disclosure of PHI or other confidential information or could have an adverse effect on the ability of the Borrower to provide health care services.

Health care providers are increasingly a primary target of cyber criminals seeking the private information of patients and employees, including PHI, social security numbers and financial information. Breaches of hospital information technology systems may result in fines imposed by HHS under HIPAA and potential tort actions by individuals adversely impacted by such breaches. Additionally, the Federal Trade Commission ("FTC") in a July 29, 2016 ruling upheld its jurisdiction to enforce data security requirements against a health care company irrespective of evidence of particularized harm to customers. Although the ultimate implications of the recent FTC ruling remain unclear, it suggests that HHS and FTC may exert parallel jurisdiction over data security with respect to health care providers. Due to the increasing prevalence of cyber crime, there can be no assurance that the Members of the Obligated Group will not be exposed to fines and other liability in the event of a cyber attack or security breach, and in the event of the occurrence of a cyber attack or breach, that any sanctions imposed or liability incurred would not have a material adverse effect upon the future operations and financial condition of the Obligated Group.

**Emergency Medical Treatment and Labor Act.** In 1986, Congress enacted the Emergency Medical Treatment and Labor Act ("EMTALA"), in response to allegations of inappropriate hospital transfers of indigent and uninsured emergency patients. EMTALA imposes strict requirements on hospitals in the treatment and transfer of patients with emergency medical conditions.

If a hospital violates EMTALA, whether knowingly and willfully or negligently, it is subject to a civil money penalty of up to \$50,000 per violation. Failure to satisfy the requirements of EMTALA may also result in termination of the hospital's provider agreement with Medicare. EMTALA does not create a private cause of action for individuals or hospitals who suffer harm as a result of an EMTALA violation, but EMTALA does not limit or replace any professional liability claims that may arise under State law. A hospital that suffers financial loss as a result of another hospital's violation of EMTALA may also bring a civil action under State law. Enforcement activity has increased dramatically in recent years, and because of the broad interpretation of the reach of EMTALA, there can be no assurance that the Borrower will not have been found to have violated EMTALA, and if such a violation were found, that any sanctions imposed would not have a material adverse effect upon the future operations and financial condition of the Borrower. Because the nearest hospital is 27 miles away, the Borrower has less opportunity to transfer patients who are covered by EMTALA.

**Transparency in Pricing.** PPACA requires hospitals to establish and make public a list of the hospital's standard charges for items and services, including MS-DRGs. CMS issued a final rule which became effective on October 1, 2014 to implement this PPACA provision. It provides hospitals with flexibility in choosing how to comply with the pricing transparency requirements. Hospitals can either make public a list of their standard charges or make public their policy for allowing the public to view such a list in response to an inquiry. The Borrower posts on its website its policy with respect to the availability of price quotes in advance of services being provided.

**Antitrust Laws.** The Borrower, like other providers of health care services, is subject to antitrust laws. Those laws generally prohibit agreements and activities that restrain trade. Those laws also prohibit the acquisition or maintenance of a monopoly through anticompetitive practices. The legality of particular conduct under the antitrust laws depends on the specific facts and circumstances and cannot be predicted. Antitrust liability can arise in a number of different contexts, including medical staff privilege disputes, third-party payor contracting, joint ventures and affiliations between health care providers, and mergers and acquisitions by health care providers. Actions can be brought by federal and state enforcement agencies seeking criminal and civil remedies and, in some instances, by private plaintiffs seeking treble damages for harm from allegedly anticompetitive behavior. The Borrower believes that Coastal is in compliance with federal antitrust laws and regulations.

Recent judicial decisions have permitted physicians who are subject to disciplinary or other adverse actions by a hospital at which they practice, including denial or revocation of medical staff privileges, to seek treble damages from the hospital under the federal antitrust laws. The Federal Health Care Quality Improvement Act of 1986 provides immunity from liability for money damages for members of hospital peer review committees under certain circumstances, but courts have differed over the nature and scope of this immunity. In addition, hospitals occasionally indemnify medical staff members who incur costs as defendants in lawsuits involving medical staff privilege decisions. Recent court decisions have also permitted recovery by competitors claiming harm from a hospital's use of its market power to obtain unfair competitive advantage in expanding into ancillary health care

businesses. Antitrust liability in any of these contexts can be substantial, depending upon the facts and circumstances involved.

**National Investigations.** The OIG continues to conduct national investigations of perceived fraud and inappropriate billing by hospitals participating in the Medicare program in such areas as medical education payments, billing for patients transferred from one acute care hospital to another acute care hospital, DRG up-coding, outlier payments, and outpatient services provided in the days immediately preceding inpatient admission. These national investigations, which are included in the OIG annual work plan, have historically resulted in large recoveries from Medicare eligible hospitals. There can be no assurance that the Borrower will not become the subject of one or more of these investigations, or that the government will not determine that the Borrower is required to repay moneys paid by federal health care programs following any such investigation.

**Corporate Compliance.** The sentencing of organizations for federal health care crimes is governed by the U.S. Sentencing Guidelines (the "Guidelines"), which permit the imposition of extremely large fines in many instances. The Guidelines permit the fine to be reduced significantly if the provider had in place at the time of the crime an effective corporate compliance program and/or accepts responsibility for its actions. Under new guidance issued by the DOJ in September of 2015, the DOJ is focusing on individual accountability in civil and criminal enforcement actions and corporations, including healthcare entities, will no longer be given credit for cooperating in a government investigation unless it investigates and identifies the corporate employees responsible for the conduct giving rise to the investigation and provides the government with all non-privileged evidence implicating those employees. As a result of the current environment of increased enforcement against health care fraud and abuse, health care organizations have established compliance programs to prevent or detect violations of federal law. The OIG issued a Compliance Program Guideline for Hospitals in 1998 and Supplemental Compliance Program Guidance for Hospitals in 2005 to assist hospitals in the development and implementation of effective controls and to promote adherence to applicable federal and state laws and program requirements of federal, state and private health plans.

### State Legislation and Regulation

**Florida Certificate of Need.** Florida's Health Facility and Services Development Act, Fla. Stat. §408.031 *et. seq.*, establishes a certificate of need ("CON") program that requires state approval before developing, constructing, or expanding certain new health care facilities, or offering certain health care services. The CON program in Florida currently regulates new hospitals and certain hospital services, and, among services not currently provided by any Member of the Obligated Group, hospices, skilled nursing facilities and intermediate care facilities for the developmentally disabled. The CON program is administered by AHCA. AHCA must review establishment of, additions to, conversions of, or substantial changes in certain health care facilities or health care services that may be proposed by Members of the Obligated Group under certain conditions.

Projects that are subject to full CON review include the addition of beds in hospitals, the new construction or establishment of certain additional facilities (including the replacement of existing facilities when not located on the same site or within a certain distance from the existing facility); conversion of health care facilities from one type to another;; and establishment of tertiary health care services (*i.e.*, services that are deemed by AHCA to be best limited within the State due to higher level of intensity, complexity, or specialized or limited applicability or cost). Full CON review involves submission by a health care provider of a CON application to AHCA in batched cycles. There are two CON batching cycles during a calendar year, with hospital beds and facilities considered separately from other beds and facilities.

Some health care projects are subject to an expedited CON review process, which is more streamlined than full CON review. It does not involve batching cycles or require submission of a letter of intent to AHCA in advance of submission of a CON application, as with full CON review. Health care providers must still submit an application to AHCA for projects subject to expedited CON review, however, for AHCA's consideration and approval. Health care projects subject to expedited CON include the transfer of a CON (except in certain cases where an existing hospital is being acquired by a purchaser).

Other health care projects are exempt from the CON review process. Exemption is a process by which a proposed health care project that would ordinarily require a CON may proceed without a CON, if a proper request

is made to AHCA. Health care providers undertaking exempt projects still must submit a request for an exemption to AHCA, which can be made at any time and is not subject to the same batching cycles as with full CON review. Although requests for exemption must still be supported by such documentation as may be required by AHCA pursuant to rule, these are not considered CON applications. Health care projects subject to CON exemptions include establishment of a neonatal intensive care unit (subject to certain conditions); and certain adult open heart surgery services (subject to certain conditions) All of the 2020 Projects are exempt from CON requirements.

When an applicant receives a CON, AHCA may impose conditions on the certificate holder. Once the AHCA issues a CON, or a CON exemption, the certificate holder will be subject to certain limitations on the CON or CON exemption relating to timely completion of the project and other conditions. Providers who are not in compliance with CON or CON exemption conditions may be fined.

No assurance can be given as to the ability of the Obligated Group to retain or obtain CON approvals in the future for projects necessary for the maintenance of quality and scope of care. No assurance can be given that the Florida CON laws and rules will not be amended or repealed, in whole or in part, following the date of this Official Statement.

**Hospital Annual Financial Reports to AHCA.** AHCA has been designated as the sole agency in the State to consolidate and manage health care financing, data collection and regulatory functions. The data collection and analysis activities of AHCA are financed in part by an annual assessment on hospitals in an amount not to exceed four basis points (.04%) of the gross operating expenses of the hospital for its last fiscal year. Each fiscal year, health care facilities must file comprehensive financial information with AHCA. Health care facilities that fail to comply with AHCA's reporting requirements are subject to fines not exceeding \$1,000 per day for each day the facility is in violation. Also pursuant to this Act, hospitals are required to enter into a rate agreement with each health insurer which represents 10 percent or more of the hospital's private pay patients to establish a prospective payment arrangement. The Borrower has filed all annual reports thus far required. The Borrower has entered into a rate agreement with Florida Blue, the only health insurer which represent 10 percent or more of its private pay patients.

**Florida Indigent Assistance; Public Medical Assistance Trust Fund.** The State provides a mechanism for funding the provision of health care services to indigent persons. Currently in Florida Statutes 395.701 et seq., there is established a Public Medical Assistance Trust Fund that imposes assessments upon most hospitals operating in Florida, including the Borrower. Each hospital is assessed 1.5% of its annual net operating revenue for inpatient services and 1.0% of its annual net operating revenue for outpatient services, with the exception of outpatient radiation therapy services, based on the hospital's actual experience as reported to AHCA. Each hospital must certify the amount of the assessment within six months after the end of each hospital fiscal year. The assessment is payable to and collected by AHCA, in equal quarterly amounts, on or before the first day of each calendar quarter beginning with the first full calendar quarter that occurs after AHCA certifies the amount of assessment for each hospital. Moneys collected by AHCA pursuant to the Access Act are deposited into Florida's Public Medical Assistance Trust Fund. AHCA may impose administrative fines for the failure of any hospital to timely pay its quarterly assessment. Purchasers, successors or assignees of a facility subject to AHCA's jurisdiction are liable for any assessments, fines or penalties incurred by such facility or its employees. The Borrower is up-to-date on the payment of all required assessments.

**Florida Medicaid Reform.** Florida's Medicaid program has been undergoing significant reform. In 2011, the Florida Legislature created new legislation directing AHCA to create the Statewide Medicaid Managed Care (the "SMMC") Managed Medical Assistance Program ("MMA"). The SMMC is a new Medicaid program through which Medicaid beneficiaries will receive medical services. Medicaid beneficiaries will enroll in one of several types of managed care plans, which include health maintenance organizations, provider service networks, the Children's Medical Services network and MMA specialty plans that are designed to serve populations with distinct diagnoses or chronic conditions (e.g., HIV/AIDS, serious mental and behavioral health issues, pediatric patients with chronic conditions). Most Medicaid recipients must enroll in the SMMC program.

The SMMC consists of 11 regions throughout Florida. MMA Program plans are required to offer certain minimum covered services, including emergency medical services, hospital inpatient services, hospital outpatient services, and physician services (including physician assistant services). However, each MMA Program plan may offer



varying additional benefits that may change periodically. Providers will also enroll as Medicaid providers in various MMA Program plans. However, MMA Program plans are not required to accept any willing provider. MMA Program plans may limit the number or types of providers in their networks based upon credentials, quality indicators, and charges, although they must include a sufficient number of providers to meet the needs of plan enrollees. There are currently multiple MMA Program specialty plans, each of which is designed to cover different populations, diagnoses or chronic conditions, which serve residents of the Borrower's Market Area, most of which contract with the Borrower.

Decisions made by the various MMA Program plans relating to provider enrollment, benefits covered in addition to minimum covered services, geographic regions served within the State, reimbursement paid for health care items and services furnished, and other matters may have a financial impact or other effects upon the Members of the Obligated Group.

**Florida Patient Self-Referral Act.** The Florida Patient Self-Referral Act of 1992 (the "Florida Stark Law"), Fla. Stat. §456.053, contains provisions that are similar to those of the federal Stark Law. The Florida Stark Law provides that, absent certain statutory exceptions, (i) a health care provider may not refer a patient for the provision of designated health services to an entity in which the health care provider is an investor or has an investment interest; (ii) a health care provider may not refer a patient for the provision of any other health care item or service to an entity in which the health care provider is an investor; and (iii) no claim for payment may be presented by an entity to any individual, third-party payor, or other entity for a service furnished pursuant to a referral prohibited. Penalties for violation of this law include a requirement to timely refund amounts billed in violation of the law, civil penalties of not more than \$15,000 (for simple violations of the statute), civil penalties of not more than \$100,000 (for each circumvention arrangements or scheme), and disciplinary actions to be taken by an appropriate professional licensing board of the Florida Department of Health. Any hospital licensed under Florida Statutes, Chapter 395 (as is the Borrower), found to violate the law shall be subject to Fla. Stat. §395.0185(2), and can be subject to fines of up to \$1,000.00 and/or administrative sanctions. Unlike the federal laws, the Florida laws apply to all patients regardless of payer class.

**The Florida Anti-Kickback Law.** The State of Florida also has a kickback prohibition that is similar to the federal anti-kickback law, at Fla. Stat. §456.054, which makes it unlawful for any health care provider or provider of health care services to offer, pay, solicit, or receive a kickback, directly or indirectly, overtly or covertly, in cash or in kind, for referring or soliciting patients. Under this Florida law, the term 'kickback' means a remuneration or payment, by or on behalf of a provider of health care services or items, to any person as an incentive or inducement to refer patients for past or future services or items, when the payment is not tax deductible as an ordinary and necessary expense. As with the Florida Stark Law, the state kickback prohibition applies to all patients, regardless of payer class. Violations of Florida's kickback prohibition are punishable as described in the State's Patient Brokering Act, Fla. Stat §817.505, which likens violations to third degree felonies, punishable as provided in Fla Stat. §§775.082, 775.083, or 775.084. Although Management believes it is in compliance with Florida's kickback prohibition, there can be no assurance that state regulatory authorities will not challenge past, present or future activities that may implicate this law, and there can be no assurance that the Obligated Group will not be found to have violated this law and, if so, whether any enforcement activity would have a material adverse effect on the operations and financial condition of the Obligated Group.

### **Environmental Laws and Regulations**

Health care systems are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. Among the types of regulatory requirements faced by health care systems and hospitals are air and water quality control requirements applicable to asbestos, polychlorinated biphenyls, and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at a health care facility; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

In their role as owners and/or operators of properties or facilities, hospitals may be subject to liability for investigating and remedying any hazardous substances located on the property, including any such substances that migrate off the property. Typical health care system operations include, without limitation, the handling, use, storage, transportation, disposal and/or discharge of medical and/or other hazardous materials, wastes, pollutants or

contaminants. As a result, health care system operations are particularly susceptible to the risks associated with compliance with such laws and regulations. Failure to comply may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, penalties or other government agency actions. At the present time, the Members of the Obligated Group are not aware of any pending or threatened environmental claim, investigation or enforcement action which, if determined adversely, would have material adverse consequences on any Member of the Obligated Group.

### **Insurance Coverage Limits**

The Master Indenture requires the Borrower to maintain prescribed levels of professional liability and property hazard insurance and the Borrower is currently complying with such requirements. The Borrower believes that its present insurance coverage limits, including self-insurance reserves, are sufficient to cover any reasonably anticipated malpractice or property hazard exposures. No assurance can be given, however, that the Borrower will always be able to procure or maintain such levels of insurance in the future.

The Borrower is occasionally named as defendant in malpractice actions and there remains a risk that individual or aggregate judgments or settlements will exceed the Borrower's coverage limits, or that some allegations or damages will not be covered by the Borrower's existing insurance coverages. To the extent that the professional liability insurance coverage maintained by the Borrower is inadequate to cover settlements or judgments against it, claims may have to be discharged by payments from current funds and such payments could have a material adverse impact on the Borrower.

### **Medical Professional Liability Insurance Market**

Health care providers have experienced substantial premium increases, reductions in coverage and coverage availability, more stringently enforced policy terms, and increases in required deductibles or self-insured retentions. Several regional medical professional liability insurance carriers have taken substantial charges to their surplus capital, have had their financial ratings reduced, and/or have been subject to state insurance department takeover for rehabilitation or liquidation. The effect of these developments has been to significantly increase the operating costs of hospitals. In addition, the dramatic increase in the cost of professional liability insurance in the State may have the effect of causing established physicians to leave the market and of preventing new physicians from establishing their practices in the area. There can be no assurance that the reduction in coverage availability and the rising cost of professional liability coverage will not adversely affect the operations or financial condition of the Borrower.

### **Physician and Registered Nurse Recruitment**

Hospitals and health systems are experiencing significant challenges to the recruitment and retention of qualified health care providers, particularly primary care providers.

The health care industry is facing a nationwide shortage of nursing professionals, including registered nurses. At the same time, enrollment in nursing programs has declined, and the skill level of those who are enrolling in nursing programs is declining as more individuals opt to enroll in non-baccalaureate programs. Additionally, the average age of the existing workforce has risen substantially over the last two decades. As a result of these factors, the health care industry is facing a severe nursing shortage. A shortage of nursing staff could result in escalating labor costs, delays in providing care, and patient care management issues, among other adverse effects.

Likewise, the ability of the Borrower to generate revenues could be adversely affected should it be unable to attract and retain a sufficient number of qualified physicians or other health care professionals for specialties or sub-specialties needed to deliver services for which demand exists. Moreover, on April 18, 2017, President Trump issued the "Buy American, Hire American" Executive Order, which will implement a review of the H1-B visa program, with potential future modifications to the visa program. Hospitals rely on the H1-B visa program to recruit physicians, nurses and other skilled staff members, and any modification to the visa program could adversely impact

the Borrower's ability to recruit qualified staff. Historically, the Borrower has not used the H1-B visa program to recruit physicians, nurses and other staff.

### **Licensing, Surveys, Accreditations and Audits**

On a regular basis, health care facilities, including those of the Borrower, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. Those requirements include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment, state licensing agencies, private payors, The Joint Commission (a private nonprofit corporation that accredits health care programs and providers in the United States), the National Labor Relations Board and other federal, state and local government agencies. Renewal and continuance of certain of these licenses, certifications and accreditations is based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative action or response by the Borrower. These activities are generally conducted in the normal course of business of health care facilities. Nevertheless, an adverse result could be the cause of loss or reduction in a facility's scope of licensure, certification or accreditation, third party payor contracts or reduction in payments received. The Borrower currently expects no difficulty in renewing or maintaining currently held licenses, certifications or accreditations that are material to its operations. There can be no assurance that the requirements of present or future laws, regulations, certifications, licenses or third party payor contracts will not materially and adversely affect the future operations of the Borrower.

The Internal Revenue Service (the "IRS") and State, county and local taxing authorities audit and investigate hospital operations to confirm that such organizations are in compliance with applicable tax rules and regulations. These audits may result in disputes about issues ranging from sales tax collections to qualifications of a hospital's exemption from property or income taxation. The IRS undertakes audits and reviews of the operations of tax-exempt hospitals with respect to such matters as their generation of unrelated business taxable income or relating to inurement of or under private benefit to non 501(c)(3) entities, proper classification of workers as employees, and joint ventures. In some cases, the tax-exempt status of hospitals has been questioned as a result of activities deemed to violate the tax laws or other statutes. In addition, the OIG also undertakes audits and reviews of Medicare billing practices and other regulatory matters. In some cases, hospitals have incurred substantial liabilities including interest and penalties as a result of the findings or settlement of such audits.

### **Maintenance of 501(c)(3) Status**

As tax-exempt organizations, the Members of the Obligated Group are limited in their use of practice income, guarantees, reduced rent on medical office space, below-market rate interest loans, joint venture programs and other means of recruiting and maintaining physicians. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and affiliated entities and has issued detailed hospital audit guidelines suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on, or revocation of, their tax-exempt status or assessment of additional tax. The Members of the Obligated Group conduct diverse operations involving private parties and has entered into arrangements, directly or through affiliates, that are of the kind that the IRS has indicated that it will examine in connection with audits of tax-exempt hospitals. Therefore, there can be no assurances that certain of their transactions would not be challenged by the IRS.

The IRS has issued limited guidance that addresses joint ventures and other common arrangements between exempt health care organizations and non-exempt individuals or entities. The Members of the Obligated Group believe that their arrangements with private persons and entities are generally consistent with guidance by the IRS, but there can be no assurance concerning the outcome of an audit or other investigation given the limited authority interpreting the range of activities under taken by the Members of the Obligated Group.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of exempt organizations. Since such actions and proposals have been made, they have been vigorously challenged and contested. There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Obligated Group by requiring it to pay income or real estate taxes.

## **IRS Form 990 for Not-for-Profit Corporations**

The IRS Form 990 is used by 501(c)(3) not-for-profit organizations to submit information required by the federal government for tax exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to and others, joint ventures, compliance with community benefit and billing requirements, compliance with rules relating to tax-exempt bonds, political campaign activities, and other areas the IRS deems to be compliance risk areas. Form 990 makes available substantial information on compliance risk areas to the IRS and other enforcement agencies.

## **IRS Examination of Compensation Practices and Community Benefit**

The IRS has developed a new schedule, Schedule R, that will build upon further information concerning a hospital's community benefit and billing practices that became required as part of the ACA.

The United States Treasury Department is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, costs of non-payment from government programs, and costs incurred by tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits provided by 501(c)(3) hospitals may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular 501(c)(3) hospital organizations.

## **Intermediate Sanctions**

The Code Section 4958 ("Intermediate Sanctions") imposes penalty excise taxes in cases where an exempt organization is found to have engaged in an "excess benefit transaction" with a "disqualified person." Such penalty excise taxes may be imposed in lieu of revocation of exemption or in addition to such revocation in cases where the magnitude or nature of the excess benefit calls into question whether the organization has continued to function as a charity. The tax is imposed on the disqualified person receiving the excess benefit. An additional tax may be imposed on any officer, director, trustee or other person having similar powers or responsibilities who knowingly participated in the transaction willfully or without reasonable cause.

"Excess benefit transactions" include transactions in which a disqualified person receives unreasonable compensation for services or receives other economic benefit from the organization that exceeds fair market value. "Disqualified persons" include "insiders" such as board members and officers, senior management, and members of the medical staff, who in each case are in a position to substantially influence the affairs of the organization; their family members; and entities which are more than 35% controlled by a disqualified person. The legislative history sets forth Congress' intent that compensation of disqualified persons shall be presumed to be reasonable if it is: (1) approved by disinterested members of the organization's board or compensation committee; (2) based upon data regarding comparable compensation arrangements paid by similarly situated organizations; and (3) adequately documented by the board or committee as to the basis for its determination. A presumption of reasonableness will also arise with respect to transfers of property between the exempt organization and disqualified persons if a similar procedure with approval by an independent board is followed.

## **Secondary Market**

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2020A Bonds. From time to time there may be no market for them depending upon prevailing market conditions, including the financial condition or market position of firms who may make the secondary market, the evaluation of the Obligated Group's capabilities and the financial condition and results of operations of the Members of the Obligated Group.

## **Affiliation, Merger, Acquisition and Divestiture**

The Obligated Group evaluates and pursues potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property

management functions, the Obligated Group reviews the use, compatibility and business viability of many of the operations of the Obligated Group, and from time to time may pursue changes in the use of, or disposition of, the facilities. Likewise, the Obligated Group occasionally receives offers from, or conducts discussions with, third parties about the potential acquisition of operations or properties which may become subsidiaries or affiliates of the Obligated Group in the future, or about the potential sale of some of the operations and properties which are currently conducted or owned by the Obligated Group. Discussions with respect to affiliation, merger, acquisition, disposition, or change of use of facilities, including those which may affect the Obligated Group, are held from time to time with other parties. These may be conducted with acute care hospital facilities and may relate to potential affiliation with the Obligated Group. As a result, it is possible that the current organizations and assets of the Members of the Obligated Group may change from time to time, although the Borrower has covenanted to always remain a Member of the Obligated Group.

### **Potential Effects of Bankruptcy**

If a Member of the Obligated Group were to file a petition for relief under the federal Bankruptcy Code, the filing would act as an automatic stay against the commencement or continuation of judicial or other proceedings against the petitioner and its property.

Any petitioner for relief may file a plan for the adjustment of its debts in a proceeding under the federal Bankruptcy Code which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and discharge all claims against the petitioner provided for in the plan. No plan may be confirmed unless certain conditions are met, including that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims will be deemed to have accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

### **Enforceability of Obligations Under the United States Bankruptcy Code and Under Fraudulent Conveyance Laws**

The rights and remedies of Bondholders are subject to various provisions of the Federal Bankruptcy Code. A filing under the United States Bankruptcy Code would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Members of the Obligated Group, and their property, and as an automatic stay of any act or proceeding to enforce a lien upon their property.

The Members of the Obligated Group may file a plan for the adjustment of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

The Members of the Obligated Group are liable for all obligations issued pursuant to the Master Indenture. The enforcement of such liability may be limited to the extent that any payment or transfer by the Members of the Obligated Group would render them insolvent or would conflict with, not be permitted by, or be subject to recovery for the benefit of other creditors, under applicable state or federal laws.

## **Certain Matters Relating to the Enforceability of the Master Indenture**

The accounts of the Members of the Obligated Group will continue to be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of additional Indebtedness) are met. This is the case notwithstanding uncertainties as to the enforceability of the joint and several obligations of the Members of the Obligated Group to make payments on the obligations issued under the Master Indenture which uncertainties bear on the availability of the assets of the Members of the Obligated Group for such payments.

Counsel to the Obligated Group will give an opinion or opinions concurrently with the delivery of the Series 2020A Bonds that the Loan Agreement and the obligations of the Borrower thereunder are enforceable against the Borrower in accordance with its terms, and that the Master Indenture and the Series 2020A Note are enforceable against the Obligated Group in accordance with their terms. Such opinion will be qualified as to the enforceability of the provisions of the Loan Agreement, the Master Indenture and the Series 2020A Note by limitations imposed by state and federal laws, rulings and decisions relating to equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity, fraudulent conveyances, the ability of one charitable corporation to pledge its assets to secure the debt of another, and bankruptcy, reorganization, insolvency, receivership or other similar laws affecting the rights of creditors generally.

A future Member of the Obligated Group may not be required to make a payment or use its assets to make a payment in order to provide for the payment under the Loan Agreement or the Series 2020A Note, or a portion thereof, the proceeds of which were not lent or otherwise disbursed to such Member, to the extent that such payment or use would render the Member insolvent or which would conflict with, not be permitted by or which is subject to recovery for the benefit of other creditors of such Member under applicable law. There is no clear precedent in the law as to whether such payments or use of assets by such a Member of the Obligated Group may be voided by a trustee in bankruptcy in the event of a bankruptcy of such Member or by third party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the United States Bankruptcy Code a trustee in bankruptcy and, under state fraudulent conveyances statutes, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (i) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (ii) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyances statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency", "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a future Member of the Obligated Group to make a payment under the Loan Agreement or on the Series 2020A Note for which it was not a direct beneficiary, a court might not enforce such a payment in the event it is determined that the Member of the Obligated Group against which payment is sought is analogous to a guarantor of the debt of the Member of the Obligated Group who benefited from the borrowing and that sufficient consideration for the Member's obligation was not received or that the incurrence of such obligation has rendered or will render the Member insolvent.

In addition, there exists common law authority and authority under state statutes for the ability of the state courts to terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

## **Enforceability of Lien on Gross Revenues**

The Series 2020A Master Note provides that the Members of the Obligated Group shall make payments to the Authority sufficient to pay the Series 2020A Bonds and the interest thereon as the same become due. The obligation of the Obligated Group to make such payments will be secured in part by a lien granted to the Master Trustee by the Obligated Group on its Gross Revenues. Such lien will be on a parity with the lien on Gross

Revenues securing all other Obligations. The account or accounts into which Gross Revenues will be deposited will not be subject to a deposit account control agreement with the depository bank for the benefit of the Master Trustee.

To the extent that Gross Revenues are derived from payments by the federal government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care of the Borrower providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940 which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and revenues not subject to the lien, or where such lien was unenforceable, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the lien on Gross Revenues of the Obligated Group, where such Gross Revenues are derived from the Medicare and Medicaid programs.

In the event of the bankruptcy of any Member of the Obligated Group, transfers of property made by such Member at a time that it was insolvent in payment of or to secure an antecedent debt, including the payment of debt or the transfer of any collateral, including receivables and Gross Revenues on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case under the Bankruptcy Code may be subject to avoidance as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Revenues to meet expenses of such Member before paying debt service on the Series 2020A Bonds.

The value of the security interest in the Gross Revenues could be diluted by the incurrence of Indebtedness secured equally and ratably with (or in certain cases senior or subordinate to) the Series 2020A Bonds as to the security interest in the Gross Revenues. See "Permitted Indebtedness" defined and described in APPENDIX D – "FORM OF THE SECOND AMENDED AND RESTATED MASTER TRUST INDENTURE" hereto.

#### **Investments**

The Members of the Obligated Group have significant holdings in a broad range of investments. Market fluctuations may affect the value of those investments and those fluctuations historically have been at times material.

#### **Derivative Products**

The Members of the Obligated Group may use interest rate hedging arrangements. Such arrangements may be used to manage exposure to interest rate volatility, but may expose the Members of the Obligated Group to additional risks, including the risk that a counterparty may fail to honor its obligation.

Swap agreements are subject to periodic "mark-to-market" valuations. A swap agreement may, at any time, have a positive or negative value to the Members of the Obligated Group, such value, if negative could result in the Obligated Group posting collateral related to such mark-to-market valuations. If the Members of the Obligated Group were to choose to terminate a swap agreement or if a swap agreement were terminated pursuant to an event of default or a termination event as described in the swap agreement, the Members of the Obligated Group could be required to pay a termination payment to the swap provider, and such payment could adversely affect the Obligated Group's financial condition.

#### **Realization of Value on Mortgaged Property**

The Mortgaged Property is not comprised of general purpose buildings and would not generally be suitable for industrial or commercial use. Consequently, it would be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon any default, it may not be possible to realize the outstanding interest on and principal on all outstanding indebtedness including the Series 2020A Bonds from a sale or lease of the Mortgaged Property. In addition, in order to operate the Mortgaged Property as health care facilities, a purchaser of the Mortgaged Property at a foreclosure sale would under present law have to obtain a certificate of need and licenses for the facilities.

In addition, under applicable environmental law, in the event of any past or future releases of pollutants or contaminants on or near the Mortgaged Property, a lien superior to the lien of the Mortgage could attach to the Mortgaged Property to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien could adversely affect the ability to realize sufficient amounts to pay all outstanding indebtedness including the Series 2020A Bonds in full.

#### **Risks Related to Credit-Enhanced Variable Rate Indebtedness**

The Borrower, like many tax-exempt health care entities, has historically incurred variable rate indebtedness. Generally, the interest cost of variable rate indebtedness, when incurred, is lower than for fixed rate debt of a comparable maturity. The interest cost of variable rate indebtedness could, over time, increase beyond the fixed rate that would have been available when the variable rate indebtedness was incurred. In order for variable rate indebtedness to have the desired result of lower borrowing costs, the variable rate indebtedness often requires credit enhancement such as bond insurance or a bank letter of credit. Any such indebtedness therefore will bear interest at rates that are directly related to the ratings accorded to, and to investor perceptions of, the financial strength of the applicable provider of credit enhancement.

Providers of credit enhancement are often the beneficiaries of covenants or default remedies in addition to those set forth in the Master Indenture. If a Member of the Obligated Group were to enter into an agreement with a credit enhancement provider containing covenants in addition to those set forth in the Master Indenture, those additional covenants could restrict the ability of the Members of the Obligated Group to enter into certain transactions, and a violation of such covenants could result in an event of default under the Master Indenture if such agreement were secured by a Master Note. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Loan Agreement" herein.

#### **Risks Related to Directly Purchased Bonds and Direct Loans**

In addition, the Borrower, like many tax-exempt health care entities, has historically incurred indebtedness in the form of bonds purchased by direct purchasers and loans extended by lenders in non-public transactions. Though not applicable to the Series 2020B Direct Purchase Bonds or the Existing Debt Instruments, this type of debt instrument sometimes bears interest at a fixed initial rate, but is subject to mandatory tender or maturity at the end of its initial interest rate period whereupon, if the term of such debt instrument were to be extended, the initial interest rate will change to a new fixed rate or will be converted to a variable rate. Refusal by a direct purchaser or lender to extend the term together with the inability of the Borrower to refinance the debt instrument could result in a significant "balloon" payment.

Sometimes, such debt instruments will bear interest at variable rates and represent Variable Rate Indebtedness under the Master Indenture. Generally, the interest cost of a variable rate debt instrument, when incurred, is lower than that for fixed rate debt instruments of a comparable maturity. The interest cost of variable rate debt instrument could, over time, increase beyond the fixed rate that would have been available when the variable rate debt instrument was incurred.

Although the covenants in the 2020B Financing Agreement and the documents relating to the Existing Debt Instruments are substantially consistent with those set forth in the Loan Agreement (except as described under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS – Covenants Made for Benefit of Series 2020B Direct Purchaser"), applicable direct purchasers of bonds and lenders are often the beneficiaries of covenants or default remedies in addition to those set forth in the Master Indenture. If a Member of the Obligated Group were to enter into an agreement with a direct purchaser or lender containing covenants in addition to those set forth in the Master Indenture, those additional covenants could restrict the ability of the Members of the Obligated Group to enter into certain transactions, and a violation of such covenants could result in an event of default under the Master Indenture if such agreement were secured by a Master Note.

The 2020B Purchaser can pursue default remedies under their agreement. The Bond Trustee can pursue substantially similar default remedies under the Loan Agreement and the Trust Indenture with respect to the Series 2020A Bonds.



## General Factors Affecting the Obligated Group's Revenues

The following factors, among others, may unfavorably affect the operations of health care facilities, including those of the Obligated Group, to an extent and in a manner that cannot be determined at this time:

1. Employee strikes and other adverse actions that could result in a substantial reduction in revenues with corresponding decreases in costs. Hospitals and their employees fall within the scope of, and are subject to, the National Labor Relations Act. Accordingly, labor relationships with hospital employees are regulated by the federal government. Employees may bargain collectively and strike.
2. Reduced need for hospitalization or other services arising from future medical and scientific advances.
3. Reduced demand for the services that might result from advances in technology and future regulatory reforms which could lead to the increased use of telemedicine.
4. Technological advances in recent years have accelerated the trend toward the use of sophisticated diagnostic and treatment equipment in hospitals. The availability of certain equipment may be a significant factor in hospital utilization, but purchase of such equipment may be subject to health planning agency approval and to the ability of the Obligated Group to finance such purchases.
5. Reduced demand for the services that might result from decreases in population of the market area of the Borrower,
6. Increased unemployment or other adverse economic conditions in the market area of the Borrower which could increase the proportion of patients who are unable to pay fully for the cost of their care. In addition, increased unemployment caused by a general downturn in the economy of the Borrower's market area or the State or by the closing of one or more major employers in such market area may result in a loss of health insurance benefits for a portion of the Borrower's patients.
7. Cost, availability and sufficiency of any insurance such as medical professional liability, directors' and officers' liability, property, automobile liability, and commercial general liability coverages that health care facilities of a similar size and type generally carry.
8. Adoption of legislation which would establish a national health care program.
9. Cost and availability of energy.
10. Potential depletion of the Medicare trust fund.
11. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased need of the community in order to maintain the charitable status of the Borrower.
12. The occurrence of terrorist activities or natural disasters, including hurricanes, floods and earthquakes, may damage the facilities of the Borrower, interrupt utility service to the facilities, or otherwise impair the operation of the Borrower and the generation of revenues from the facilities. The facilities of the Borrower are covered by general property insurance in an amount which management considers to be sufficient to provide for the replacement of such facilities in the event of a natural disaster. The Borrower maintains business interruption insurance which management considers to be sufficient to cover expenses in the event that

revenues cannot be generated due to closure of the Borrower's facilities or curtailment of services provided therein.

13. Factors such as: (i) the cost and availability of insurance, such as workers' compensation, fire and general comprehensive liability; (ii) uninsured acts of God; and (iii) increased costs and possible liability exposure arising out of potential environmental hazards.

14. Imposition of wage and price controls for the health care industry or an increase in the minimum wage.

15. Developments adversely affecting the federal or state tax-exemption of municipal bonds.

16. Changes in accounting rules which could result in the reclassification of assets and transactions which are subject to the terms of the Master Indenture.

17. Changes in the governmental requirements concerning how patients are treated. These regulations are embodied in patients' bills of rights and similar programs being promulgated with greater frequency, and changes in licensure requirements. All of these programs can increase the cost of doing business and consequently adversely affect the financial condition of the Borrower.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations of the adequacy of the funds deposited for the payment, when due, of all principal and interest with respect to the Series 2017A Bonds to and including their maturity or redemption date will be verified by \_\_\_\_\_, independent accountants. See "THE PLAN OF FINANCING" above.

#### **CONTINUING DISCLOSURE**

##### **The Authority**

Inasmuch as the Series 2020A Bonds are special and limited obligations of the Authority, the Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2020A Bonds, and the Authority will not provide any such information.

##### **The Obligated Group**

The Borrower, as Obligated Group Agent, will enter into the Disclosure Undertaking for the benefit of the holders of the Series 2020A Bonds pursuant to which the Borrower will file certain information on a quarterly and annual basis and notice of certain events as they occur on Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board in accordance with Section (b)(5) of the Rule. See the form of Continuing Disclosure Undertaking attached as APPENDIX E for a description of the information to be provided on a quarterly and an annual basis, the events which will be noticed on an occurrence basis and the other provisions of the Continuing Disclosure Undertaking. [Prior cdu compliance under review]

#### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the Authority except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Authority, and certain

additional financial information, unless the Authority believes in good faith that such information would not be considered material by a reasonable investor.

As described herein, the Authority has the power to issue bonds for the purpose of financing other projects for other borrowers which are payable from the revenues of the particular project or borrower. Revenue bonds issued by the Authority for other projects may be in default as to principal and interest. The source of payment, however, for any such defaulted bond is separate and distinct from the source of payment for the Series 2020A Bonds and, therefore, any default on such bonds would not, in the judgment of the Authority, be considered material by a potential purchaser of the Series 2020A Bonds.

The Obligated Group has not defaulted in any payment of principal or interest on its obligations after December 31, 1975.

## **TAX MATTERS**

### **Interest on Series 2020A Bonds Includable in Gross Income**

Interest on the Series 2020A Bonds is includable in gross income for federal income tax purposes. On the date of issuance of the Series 2020A Bonds, Foley & Lardner LLP, Bond Counsel, will deliver an opinion to that effect and to the effect that the Series 2020A Bonds and the interest thereon are exempt from taxation under existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, as defined therein. Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences arising with respect to the Series 2020A Bonds. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local or other tax laws, to such investor's particular situation.

### **Additional Federal Income Tax Considerations for Holders of Series 2020A Bonds**

The Series 2020A Bonds are not obligations described in Section 103(a) of the Code. Accordingly, assuming that the Series 2020A Bonds are properly treated as debt for federal income tax purposes, the stated interest paid on the Series 2020A Bonds or the original issue discount accruing on the Series 2020A Bonds will be includable, for federal income tax purposes, in the gross income of each Bondholder and will be subject to federal income taxation when recognized under the Code according to the tax accounting method applicable to such Bondholder. It is possible that Bondholders may be required to pay taxes on interest or original issue discount, if any, accruing on the Series 2020A Bonds even though there will not be a corresponding cash payment until a later year.

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Series 2020A Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates), which changes may be retroactive, or possible differing interpretations. It deals only with the Series 2020A Bonds held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding the Series 2020A Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes or persons whose functional currency is not the U.S. dollar. It also does not deal with holders other than investors who purchase Series 2020A Bonds in the initial offering at the first price at which a substantial amount of substantially identical Series 2020A Bonds are sold to the general public (except where otherwise specifically noted). Persons considering a purchase of the Series 2020A Bonds should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Series 2020A Bonds arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2020A Bond that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United

States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. Moreover, as used herein, the term "U.S. Holder" includes any holder of a Series 2020A Bond whose income or gain in respect of its investment in a Series 2020A Bond is effectively connected with a U.S. trade or business.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Series 2020A Bond (other than an entity that is classified as a partnership) that is not a U.S. Holder.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is the beneficial owner of any Series 2020A Bonds, the treatment of a partner in that partnership will generally depend upon the status of such partner and the activities of such partnership. A partnership and any partner in a partnership considering a purchase of the Series 2020A Bonds should consult their own tax advisors.

### **Original Issue Discount on the Series 2020A Bonds**

The following summary is a general discussion of certain of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of Series 2020A Bonds, if any, issued with original issue discount ("Discount Series 2020A Bonds"). The following summary is based upon final Treasury regulations (the "OID Regulations") released by the IRS under the original issue discount provisions of the Code.

For U.S. federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a bond over its issue price, if such excess equals or exceeds a de minimis amount (generally 1/4 of 1% of a bond's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date or, in the case of a bond providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such bond). The issue price of each maturity of substantially identical Series 2020A Bonds equals the first price at which a substantial amount of such maturity of Series 2020A Bonds has been sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The stated redemption price at maturity of a taxable bond is the sum of all payments provided by the taxable bond other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Payments of qualified stated interest on a taxable bond are generally taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting).

A U.S. Holder of a Discount Series 2020A Bond must include original issue discount in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of a Discount Series 2020A Bond is the sum of the daily portions of original issue discount with respect to such Discount Series 2020A Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Discount Series 2020A Bond. The "daily portion" of original issue discount on any Discount Series 2020A Bond is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Discount Series 2020A Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the Discount Series 2020A Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Series 2020A Bond at the beginning of any accrual period is the sum of the issue price of the

Discount Series 2020A Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Series 2020A Bond that were not qualified stated interest payments. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases a Discount Series 2020A Bond for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the Discount Series 2020A Bond after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Discount Series 2020A Bond at an "acquisition premium." Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Discount Series 2020A Bond for any taxable year (or portion thereof in which the U.S. Holder holds the Discount Series 2020A Bond) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

#### **Market Discount on the Series 2020A Bonds**

If a U.S. Holder purchases a Series 2020A Bond, other than a Discount Series 2020A Bond, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of a Discount Series 2020A Bond, for an amount that is less than its adjusted issue price as of the purchase date, such U.S. Holder will be treated as having purchased such Series 2020A Bond at a "market discount," unless the amount of such market discount is less than a specified de minimis amount.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of a Discount Series 2020A Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a Series 2020A Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in gross income and is treated as having accrued on such Series 2020A Bond at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of a Series 2020A Bond, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Series 2020A Bond with market discount until the maturity of such Series 2020A Bond or certain earlier dispositions because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income or gain upon the disposition of a Series 2020A Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

#### **Premium on the Series 2020A Bonds**

If a U.S. Holder purchases a Series 2020A Bond for an amount that is greater than the sum of all amounts payable on the Series 2020A Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the Series 2020A Bond with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Series 2020A Bond and may offset interest otherwise required to be included in respect of

the Series 2020A Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Series 2020A Bond held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of the Series 2020A Bond. However, if the Series 2020A Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in a deferral of the amortization of some bond premium until later in the term of the Series 2020A Bond (as discussed in more detail below). Any election to amortize bond premium applies to all taxable debt instruments held by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

The following rules apply to any Series 2020A Bond that may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable bond premium attributable to such Series 2020A Bond is equal to the lesser of (i) the difference between (a) such U.S. Holder's tax basis in the Series 2020A Bond and (b) the sum of all amounts payable on the Series 2020A Bond after the purchase date, other than payments of qualified stated interest, or (ii) the difference between (x) such U.S. Holder's tax basis in the Series 2020A Bond and (y) the sum of all amounts payable on the Series 2020A Bond after the purchase date due on or before the early call date, other than payments of qualified stated interest. If a Series 2020A Bond may be redeemed on more than one date prior to maturity, the early call date and amount payable on the early call date that produces the lowest amount of amortizable bond premium is the early call date and amount payable that is initially used for purposes of calculating the amount pursuant to clause (ii) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder's tax basis in the Series 2020A Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the Series 2020A Bond will be treated as "reissued" on such early call date for the call price. Following the deemed reissuance, the amount of amortizable bond premium is recalculated pursuant to the rules described under this subcaption. The rules relating to Series 2020A Bonds that may be optionally redeemed are complex; accordingly, prospective purchasers should consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

#### **Disposition of a Series 2020A Bond**

Except as discussed above, upon the sale, exchange or retirement of a Series 2020A Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in the Series 2020A Bond. A U.S. Holder's adjusted tax basis in a Series 2020A Bond generally will equal such U.S. Holder's initial investment in the Series 2020A Bond increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Series 2020A Bond. Such gain or loss generally will be long-term capital gain or loss if the Series 2020A Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. Holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

#### **Medicare Tax**

For taxable years beginning after December 31, 2012, an additional 3.8% tax will be imposed on the net investment income (which includes interest, original issue discount and gains from a disposition of a Series 2020A Bond) of certain individuals, trusts and estates. Prospective investors in the Series 2020A Bonds should consult their tax advisors regarding the applicability of this tax to an investment in the Series 2020A Bonds.

#### **Backup Withholding on the Series 2020A Bonds**

Backup withholding of United States federal income tax may apply to payments made in respect of the Series 2020A Bonds to registered owners that are not "exempt recipients" and that fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt

recipients. Payments made in respect of the Series 2020A Bonds to a U.S. Holder must be reported to the IRS unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the first sentence of this paragraph would establish an exemption from backup withholding for those non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Series 2020A Bond to (or through) a broker, the broker must report the sale and withhold on the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's non-U.S. status would normally be made on IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax; provided that the required information is furnished to the IRS.

The above discussion is only a brief summary of certain of the provisions of the Code applicable to holders of the Series 2020A Bonds, and prospective purchasers should consult with their own tax advisors regarding the federal, state and local tax consequences of owning the Series 2020A Bonds.

### ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions and some of the general fiduciary standards on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans referred to below ("Qualified Retirement Plans"), and on individual retirement accounts ("IRAs") described in Section 408 of the Code (collectively, "Tax-Favored Plans"). Governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements and are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2020A Bonds without regard to ERISA and the Code considerations described below, but may be subject to similar provisions of applicable federal and state law (the "Similar Law"). Moreover, fiduciaries of non-U.S. benefit plans should determine the effect of foreign laws on the acquisition of the Series 2020A Bonds.

Fiduciaries of plans covered by ERISA and Tax-Favored Plans should determine if the acquisition and retention of the Series 2020A Bonds satisfy ERISA's general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan. In addition, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties in Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA or Section 4975 of the Code and parties may be liable for losses suffered by plan investors if prohibited transactions occur unless a statutory or administrative exemption is available.

The acquisition or holding of Series 2020A Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the University or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest (or a Disqualified Person) with respect to such Benefit Plan. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision on behalf of a plan to acquire a Series 2020A Bond. Included among these exemptions are Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding

investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by independent “qualified professional asset managers.” In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibited transaction rules for certain transactions between Benefit Plans and persons who are Parties in Interest (or Disqualified Persons) solely by reason of providing services to such Benefit Plans or that are affiliated with such service providers, *provided* generally that such persons are not fiduciaries (or affiliates of fiduciaries) with respect to the “Plan Assets” of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

Any ERISA Plan fiduciary considering whether to purchase Series 2020A Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of plans that are not ERISA Plans should seek similar counsel with respect to the effect of any applicable law.

By acquiring the Series 2020A Bonds (or interest therein), each purchaser thereof (and if the purchaser is a Benefit Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring such Series 2020A Bonds (or interests therein) with the assets of a Benefit Plan, governmental plan or church plan or (ii) the acquisition of such Bonds (or interests therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

#### **FINANCIAL ADVISOR**

Ponder & Co. (“Ponder”) is acting as financial advisor to the Borrower in connection with the issuance of the Series 2020A Bonds. Ponder is not obligated to undertake, and has not undertaken, an independent verification, nor is it obligated to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Ponder is an independent advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

#### **LEGAL COUNSEL**

Foley & Lardner LLP, Jacksonville, Florida, has served as Bond Counsel to the Obligated Group with respect to the issuance of the Series 2020A Bonds. Bond Counsel will render an opinion with respect to the Series 2020A Bonds in substantially the form attached as APPENDIX F. The opinion of Bond Counsel should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed therein. Delivery of the Series 2020A Bonds is contingent upon the delivery of the opinion of Bond Counsel.

Bond Counsel has not been engaged nor undertaken to review the accuracy, completeness or sufficiency of this Official Statement or any other offering material related to the Series 2020A Bonds, except as provided in a letter from Bond Counsel to the Underwriter, upon which only they may rely, relating only to certain information contained in the front part of this Official Statement regarding (i) the terms of the Series 2020A Bonds and the Financing Documents, to the extent such information purports to summarize the terms of the Series 2020A Bonds and the Financing Documents, and (ii) the security and source of payment for the Series 2020A Bonds.

In connection with the issuance of the Series 2020A Bonds, Geoffrey B. Dobson, Esq., St. Augustine, Florida has served as counsel to the Authority; Upchurch Bailey & Upchurch, P.A., St. Augustine, Florida, has served as counsel to the Obligated Group; and Hawkins, Delafield & Wood LLP, New York, New York, has served as counsel to the Underwriter.

#### **INDEPENDENT AUDITORS**

The consolidated financial statements of Flagler Hospital, Inc. and Subsidiaries as of and for the fiscal year ended September 30, 2019, included in APPENDIX B to this Official Statement, have been audited by Plante & Moran, PLLC, independent auditors, as stated in their report appearing therein.



## LITIGATION

### The Authority

There is not now pending or, to the Authority's knowledge, threatened any litigation or other proceeding restraining or enjoining the issuance or delivery of the Series 2020A Bonds or the Series 2020B Direct Purchase Bonds or questioning or affecting the validity of the Series 2020A Bonds or the Series 2020B Direct Purchase Bonds or the proceedings of Authority under which they are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present officials of the Authority to their respective offices is being contested. There is no litigation or other proceeding pending or, to the Authority's knowledge, threatened which in any manner questions the right of the Authority to enter into the Financing Documents to which it is a party or to secure the Series 2020A Bonds in accordance with the Bond Indenture or the Series 2020B Direct Purchase Bonds in accordance with the Financing Agreement.

### The Obligated Group

For a description of litigation pending against the Obligated Group, see APPENDIX A – "INFORMATION CONCERNING FLAGLER HEALTH+ – \_\_\_\_\_."

## RATINGS

Moody's Investors Service and S&P Global Ratings have assigned ratings of "\_\_\_\_", with a \_\_\_\_ outlook and "\_\_\_\_", with a \_\_\_\_ outlook, respectively, to the Series 2020A Bonds. A rating reflects only the view of the rating agency assigning such rating. The Obligated Group has furnished to the rating agencies certain information and material, some of which has not been included in this Official Statement. Generally, a rating agency bases its rating on such information and material and on investigations, studies and assumptions furnished to and obtained and made by such rating agency. There is no assurance that either rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency assigning such rating if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price or the marketability of the Series 2020A Bonds.

## UNDERWRITING

Barclays Capital Inc., as the underwriter named on the front cover page of this Official Statement (the "Underwriter"), has entered into a bond purchase agreement (the "Bond Purchase Agreement") with the Authority and the Borrower, as Obligated Group Agent, in which the Underwriter has agreed to purchase the Series 2020A Bonds, subject to certain conditions precedent, at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Series 2020A Bonds less an underwriting discount of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2020A Bonds, if any are purchased, and contains the Obligated Group's agreement to indemnify the Underwriter and the Authority against certain liabilities, to the extent permitted by law.

The initial public offering prices set forth on the maturity schedule on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2020A Bonds to certain dealers (including dealers depositing the Series 2020A Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriter) and others at prices lower than the initial public offering prices set forth on the maturity schedule immediately following the inside front cover page of this Official Statement.

## MISCELLANEOUS

The descriptions and summary of provisions of the Series 2020A Bonds and the Financing Documents contained herein do not purport to be complete, and reference is made to the Financing Documents and the form of the Series 2020A Bonds set forth in the Bond Indenture for a complete statement of their provisions. Copies of the

Financing Documents may be obtained upon request to the Bond Trustee at the corporate trust offices of the Bond Trustee located at 225 Water Street, Suite 700, Jacksonville, Florida 32202.

The agreement of the Authority and the Obligated Group with the holders of the Series 2020A Bonds is fully set forth in the Series 2020A Bonds and the Financing Documents, and neither any advertisement of the Series 2020A Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers or the Beneficial Owners of the Series 2020A Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

APPENDIX A contains certain information regarding the Borrower, the Obligated Group and Flagler Health+.

The execution and delivery of this Official Statement have been duly authorized by the Obligated Group.

**APPROVED BY THE OBLIGATED GROUP:**

**Flagler Hospital, Inc., as Obligated Group Agent**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX A**  
**INFORMATION CONCERNING FLAGLER HEALTH+**

**APPENDIX B**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
FLAGLER HOSPITAL, INC. AND SUBSIDIARIES AS OF AND FOR THE FISCAL YEAR  
ENDED SEPTEMBER 30, 2019**

**APPENDIX C  
FORMS OF THE BOND INDENTURE  
AND THE LOAN AGREEMENT**

**APPENDIX D**

**FORM OF THE SECOND AMENDED AND  
RESTATED MASTER TRUST INDENTURE**

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE UNDERTAKING**



**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX G

### THE DTC BOOK-ENTRY ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2020A Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

10. The Authority may decide to discontinue use of Flagler Health+ of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Borrower believe to be reliable, but neither the Authority nor the Borrower takes responsibility for the accuracy thereof.

In the event that the book-entry only system for the Series 2020A Bonds is discontinued, the provisions set forth in Article 4 of the Bond Indenture relating to transfers and exchanges of the Series 2020A Bonds would apply.

**EXHIBIT E**

**BOND PURCHASE AGREEMENT**

**\$(PAR AMOUNT)**  
**St. Johns County Industrial Development Authority**  
**Revenue Bonds (Flagler Health),**  
**Taxable Series 2020A**

September \_\_, 2020

Bond Purchase Agreement

Flagler Hospital, Inc.  
400 Health Park Boulevard  
St. Augustine, FL 32086  
Attention: Executive Vice President and Chief Financial Officer

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, FL 32084  
Attention: Chairman

Ladies and Gentlemen:

The undersigned, Barclays Capital Inc., as underwriter (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement with Flagler Hospital, Inc. (the "Corporation") and St. Johns County Industrial Development Authority (the "Authority") for the purchase by the Underwriter and sale by the Authority of its \$(PAR AMOUNT) St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A (the "Bonds"), specified below. This offer is made subject to acceptance by the Authority and the Corporation prior to 11:59 P.M., New York time, on the date hereof, and upon such acceptance, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Authority, the Corporation and the Underwriter. If this offer is not so accepted, it is subject to withdrawal by the Underwriter upon written notice delivered to the Authority and the Corporation at any time prior to such acceptance, but no acceptance shall be valid after 5:00 P.M., New York time, on the date hereof.

*Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Preliminary Official Statement (as defined below).*

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds at an aggregate purchase price of \$ \_\_\_\_\_ (par, less an Underwriter's discount of \$ \_\_\_\_\_). Interest on the Bonds will be payable from the date of issuance of the Bonds on February 15 and August 15 in each year, commencing February 15, 2021, and the Bonds will mature in the years and in the respective aggregate principal amounts, and bear interest from the date of issuance at the respective annual interest rates set forth in the hereinafter defined Official Statement. The Bonds shall be subject to optional, extraordinary and mandatory redemption as described in the Official Statement.

The Bonds shall be as described in the Official Statement, and shall be issued and secured under and pursuant to a Trust Indenture, dated as of September 1, 2020 (the "Trust Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The Authority will lend the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement, dated as of September 1, 2020, between the Corporation and the Authority (the "Loan Agreement"). The Bonds are being issued for the purpose of (i) financing, reimbursing or refinancing all or a portion of the costs of the 2020A Project, (ii) refunding all or a portion of the Refunded Obligations and (iii) paying costs associated with the issuance of the Bonds. The Corporation will issue its Master Note, Taxable Series 2020A, No. 1 (the "Series 2020A Note") to secure its obligations under the Loan Agreement to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds. The Series 2020A Note will be issued pursuant to the Supplemental Indenture for Master Note, Series 2020A, No. 1, dated as of September 1, 2020 (the "Supplemental Indenture"), which supplements and amends the Amended and Restated Master Trust Indenture dated as of September 1, 2017, as such will be subsequently amended and restated by the Second Amended and Restated Master Trust Indenture dated as of September 1, 2020 (the "Master Indenture") each between the Obligated Group and U.S. Bank National Association.

The obligations of the Members of the Obligated Group under the Master Indenture are secured by the following: (i) a security interest granted by the Members of the Obligated Group in their Gross Revenues; (ii) a mortgage granted by the Corporation on the Mortgaged Property pursuant to (and as defined in) the Mortgage and Security Agreement dated as of December 1, 2003, as supplemented and amended from time to time, particularly as supplemented and amended by the Notice Future Advance and Mortgage Spreader Agreement Relating to Mortgage and Security Agreement, dated September 28, 2017, and as supplemented by the Notice of Future Advance Relating to Mortgage and Security Agreement, dated the Date of Closing (as so supplemented and amended, being further referred to herein as the "Mortgage"), from the Corporation to the Master Trustee and (iii) such other security as described in the Preliminary Official Statement and the Official Statement. The Mortgaged Property consists of a portion of the Hospital Campus, including the main hospital facility.

The Corporation will, for itself and as Obligated Group Agent on behalf of the Obligated Group, enter into a Continuing Disclosure Undertaking, dated the Date of Closing (as defined below) (the "Disclosure Undertaking"), to provide annual and quarterly reports and notices of certain events described therein. A form of the Disclosure Undertaking is set forth in the Preliminary Official Statement and the Official Statement.

The Underwriter intends to make an initial bona fide public offering of the Bonds at a price or prices not in excess of the public offering price or prices set forth in the Official Statement and may subsequently change such offering price or prices. The Underwriter agrees to notify the Authority and the Corporation of such changes, if such changes occur prior to the Closing, but failure so to notify shall not invalidate such changes. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering price or prices set forth in the Official Statement.

2. Promptly after acceptance hereof, the Authority and the Corporation shall deliver, or cause to be delivered, to the Underwriter two executed copies of the Official Statement, dated

the date hereof, relating to the Bonds, substantially in the form of the Preliminary Official Statement, dated August \_\_, 2020 (the "Preliminary Official Statement"), with only such changes therein as shall have been accepted by the Underwriter, signed on behalf of the Authority by the Chair or Vice Chair of the Authority and on behalf of the Corporation by the Vice President and Chief Financial Officer or such other representative of the Authority and the Corporation, respectively, as shall be acceptable to the Underwriter. The Official Statement, including the cover page and all appendices thereto and any information incorporated therein by reference, is hereinafter referred to as the "Official Statement," except that if the Official Statement has been amended between the date thereof and the date upon which the Bonds are delivered to us, the term, "Official Statement" shall refer to the Official Statement as so amended. By acceptance of this Bond Purchase Agreement, the Authority and the Corporation hereby approve the Official Statement and agree to deliver, or cause to be delivered to the Underwriter, by no later than the earlier of one day prior to the Date of Closing (as defined below) or seven business days from the date hereof, copies of the final Official Statement in "designated electronic format" (as defined in MSRB Rule G-32) in sufficient quantity to permit the Underwriter to comply with the requirements of Rule 15c2-12 ("Rule 15c2-12") of the U.S. Securities and Exchange Commission (the "SEC") promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable rules of the SEC and the Municipal Securities Rulemaking Board (the "MSRB"), including the requirements of Rule G-32 of the MSRB. The Authority and the Corporation further authorize the use by the Underwriter of copies of the Official Statement, the Trust Indenture, the Loan Agreement and the Master Indenture in connection with the public offering and sale of the Bonds. The Authority and the Corporation acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Bonds. The Authority (only insofar as such information pertains to the Authority) and the Corporation each represent and warrant that the Preliminary Official Statement was "deemed final" as of its date, except for the omission of information permitted to be excluded by Rule 15c2-12. The Authority hereby authorizes the Underwriter to file the Official Statement with the MSRB's Electronic Municipal Market Access ("EMMA") system. The Underwriter represents to the Authority and the Corporation that they have complied in all material respects with the applicable rules of the MSRB in connection with the offering and sale of the Bonds.

3. The Underwriter's obligations under this Bond Purchase Agreement to purchase the Bonds are also subject to the receipt from Planté & Moran, PLLC (the "Auditor"), prior to or simultaneously with the execution of this Bond Purchase Agreement of (1) a letter, dated the date hereof, addressed to the Corporation and the Underwriter with respect to certain accounting procedures undertaken by such accounting firm in form and substance satisfactory to the Underwriter, (2) a letter, dated the date of the Preliminary Official Statement, addressed to the Corporation and the Underwriter consenting to the use of its report on the consolidated financial statements of the Corporation, included in Appendix B to the Preliminary Official Statement and to the references in the Preliminary Official Statement to such firm under the heading "INDEPENDENT AUDITORS" and (3) a letter, dated the date hereof, addressed to the Corporation and the Underwriter consenting to the use of its report on the consolidated financial statements of the Corporation, included in Appendix B to the Official Statement and to the references in the Official Statement to such firm under the heading "INDEPENDENT AUDITORS."

4. At 10:00 A.M., New York time, on September \_\_, 2020, or at such other time or on such earlier or later date upon which the Underwriter and the Authority mutually agree in writing, the Authority will deliver or cause to be delivered to The Depository Trust Company (“DTC”), or to DTC’s agent, the Bonds, duly executed and authenticated, and shall deliver, at the office of Foley & Lardner LLP in Jacksonville, Florida or at such other place upon which the Underwriter, the Corporation, and the Authority may mutually agree, the other documents hereinafter described. Upon acceptance of such delivery and release of the Bonds by the Bond Trustee, the Underwriter will pay the purchase price of the Bonds specified in Paragraph 1 hereof in immediately available funds payable to the order of the Authority or the Bond Trustee. This delivery and payment is herein called the “Closing,” and the date of such delivery and payment is herein called the “Date of Closing.”

5. The Authority represents that:

(a) The Authority is a public body corporate and politic, created and existing as a local governmental body and constituted as a public instrumentality of the State of Florida (the “State”), having full power and authority to issue the Bonds and loan the proceeds to the Corporation for the purposes of (i) financing, reimbursing or refinancing the Corporation for all or a portion of the costs of the 2020A Project, (ii) refunding all or a portion of the Refunded Obligations and (iii) paying costs associated with the issuance of the Bonds and as further described in the Preliminary Official Statement and the Official Statement; and to secure the Bonds as provided in this Bond Purchase Agreement and in the Trust Indenture;

(b) by all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Authority of the obligations on its part, contained in the Resolution, the Trust Indenture, the Loan Agreement, the Escrow Deposit Agreement dated as of September \_\_, 2020, among the Corporation, the Authority and U.S. Bank National Association (the “Escrow Agreement”), the Interlocal Agreement, dated \_\_\_\_, 2020, between the Authority and Flagler County (the “Interlocal Agreement”) and this Bond Purchase Agreement (collectively, the “Authority Documents”) and the Bonds, (iii) the approval, distribution and use of the Preliminary Official Statement and the Official Statement for use by the Underwriter in connection with the public offering of the Bonds and (iv) the consummation by it of all other transactions described in the Preliminary Official Statement, the Official Statement, the Authority Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Authority in order to carry out, give effect to, and consummate the transactions described herein and in the Preliminary Official Statement and the Official Statement;

(c) this Bond Purchase Agreement has been duly authorized, executed and delivered, and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights;



(d) the other Authority Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(e) the Bonds, when issued, delivered and paid for, in accordance with the Resolution and this Bond Purchase Agreement, will (i) have been duly authorized, executed, issued and delivered by the Authority and will constitute the valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and (ii) the Trust Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Trust Indenture;

(f) the Authority is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the Authority has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Authority under any of the foregoing;

(g) the execution and delivery of the Bonds and the Authority Documents and the adoption of the Resolution and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party; nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the Trust Estate to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Trust Indenture;

(h) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Authority Documents, the issuance of the Bonds or the due performance by the Authority of its obligations under the Authority Documents, and the Bonds, have been duly obtained;

(i) the Authority's resolution approving and authorizing the Preliminary Official Statement and the Official Statement and approving and authorizing the

execution and delivery of the Authority Documents and the Bonds (the "Resolution") was adopted at a duly convened meeting of the Authority, with respect to which all legally required notices were duly given to all members of the Authority, and at which meeting a quorum was at all times present and acting throughout;

(j) there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Authority, threatened against the Authority: (i) affecting the existence of the Authority or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Authority Documents, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (v) contesting the powers of the Authority or any authority for the issuance of the Bonds, the adoption of the Resolution or the execution and delivery of the Authority Documents, nor, to the best knowledge of the Authority, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Authority Documents;

(k) the Preliminary Official Statement, as of its date and as of the date of this Bond Purchase Agreement, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this representation shall apply only to the information set forth in the Preliminary Official Statement that relates specifically to the Authority under the captions "THE AUTHORITY," "CONTINUING DISCLOSURE – The Authority," and "LITIGATION – The Authority" (the "Authority Information");

(l) at the time of the Authority's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to Section 9 of this Bond Purchase Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this representation shall apply only to the information set forth in the Official Statement that relates specifically to the Authority Information;

(m) if the Official Statement is supplemented or amended pursuant to Section 9 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto up to and including that date that is 25 days from the "end of the underwriting period" (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were

made, not misleading; provided that this representation shall apply only to the information set forth in the Official Statement that relates specifically to the Authority Information;

(n) the Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution, including for payment or reimbursement of Authority expenses incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 10;

(o) the Authority covenants that between the date hereof and the Date of Closing it will take no actions which will cause the representations and warranties made in this Section 5 to be untrue as of the Date of Closing;

(p) the Authority will not, prior to the Closing, offer or issue any bonds (other than as described in the Preliminary Official Statement and the Official Statement), notes or other obligations for borrowed money for the benefit of the Corporation, without the prior approval of the Underwriter;

(q) the Authority will furnish such information and execute such instruments and take such action in cooperation with the Underwriter, at no expense to the Authority, as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Authority will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Authority of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(r) any certificate, signed by any official of the Authority authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Authority to the Underwriter and the Corporation as to the statements made therein.

6. The Corporation represents that:

(a) the Members of the Obligated Group are nonprofit corporations duly incorporated and validly existing under the laws of the State and organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and have all necessary licenses and permits required to carry on and operate all of their properties to the date of this Bond Purchase Agreement and will hereafter seek to obtain in a timely fashion any and all additional such licenses and permits, and, to the knowledge of the Corporation, are not in violation of and have not received any notice of an alleged

violation of any zoning, land use or other similar laws applicable to their properties. The Corporation has the full right, power and authority to approve the Preliminary Official Statement, the Official Statement and the Trust Indenture, to execute and deliver the Official Statement and to approve, execute and deliver, and perform its obligations under the Loan Agreement, the Master Indenture, the Supplemental Indenture, the Series 2020A Note, the Disclosure Undertaking, the Escrow Agreement and the Mortgage (collectively, the "Corporation Documents"), and to perform other acts and things as provided for in each of the foregoing. The Foundation has the full right, power and authority to approve, execute and deliver, and perform its obligations under the Master Indenture and the Supplemental Indenture (collectively with the Corporation Documents, the "Obligated Group Documents") and to perform other acts and things as provided for in each of the foregoing;

(b) the execution and delivery by the Members of the Obligated Group Documents to which they are a party and the other documents contemplated herein and therein to which they are a party, the compliance with the provisions of any and all of the foregoing documents, and the application by the Corporation of the proceeds of the Bonds, together with certain other moneys, for the purposes described in the Preliminary Official Statement and the Official Statement, do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, the articles of incorporation, as amended, or the bylaws, as amended, of the Members or any agreement, indenture, mortgage, lease or instrument by which a Member or any of its Property is or may be bound or any existing law or court or administrative regulation, decree or order which is applicable a to Member or any of its Property;

(c) no default, event of default or event which, with notice or lapse of time or both, would constitute a default or an event of default under the Master Indenture, the Mortgage or any other material agreement or material instrument to which a Member is a party or by which a Member is or may be bound or to which any Property of a Member is or may be subject, has occurred and is continuing;

(d) the Corporation has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds by the Authority upon the terms and conditions set forth herein, in the Preliminary Official Statement and the Official Statement and in the Trust Indenture, (ii) the approval of the Bonds and the Indenture, (iii) the approval of the Preliminary Official Statement, the approval and execution of the Official Statement, and (iv) any and all such other agreements and documents as may be required to be executed, delivered or received by the Corporation in order to carry out, effectuate and consummate the transactions contemplated herein and therein. The Members have duly authorized all necessary action to be taken by them for the execution, delivery and performance of the Obligated Group Documents to which they are a party;

(e) this Bond Purchase Agreement has been duly authorized, executed and delivered, and constitutes a legal, valid and binding obligation of the Corporation, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(f) the other Obligated Group Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Members of the Obligated Group, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(g) the Corporation has complied with all applicable and material requirements of the United States and the State, and of their respective agencies and instrumentalities, to operate its facilities substantially as they are being operated and is fully qualified by all necessary and material permits, licenses, certifications, accreditations and qualifications;

(h) at the Closing, no liens, encumbrances, covenants, conditions and restrictions, if any, will be then-existing except Permitted Liens (as defined in the Master Indenture) which Permitted Liens will not interfere with or impair in any material respect with the operation or materially adversely affect the value, of the Property (as defined in the Master Indenture), given the purposes for which such Property is being used;

(i) since the respective dates as of which information is given in the Preliminary Official Statement and the Official Statement, except as otherwise stated therein, there has been no material adverse change in the financial position or results of operations of the Obligated Group, nor has the Obligated Group incurred any material liabilities except as set forth in or contemplated by the Preliminary Official Statement and the Official Statement;

(j) the Preliminary Official Statement did not, as of its date and as of the date hereof, and the Official Statement does not, as of its date, and will not as of the date of the Closing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading; provided, however, that the Corporation makes no representation or warranty as to Authority Information contained in the Preliminary Official Statement or the Official Statement, except to the extent that information was based upon information supplied by, or solely within the knowledge of, the Corporation;

(k) except as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, agency, public board or body pending or, to the knowledge of the Corporation, threatened against or affecting the Obligated Group or the Property of the Obligated Group (and, to the knowledge of the Corporation, there is no meritorious basis therefor), (A) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (i) the financial condition of a Member or the operation by a Member of its Property and the transactions contemplated by the Obligated Group Documents, (ii) the tax-exempt status of the Members, (iii) the corporate existence of a Member or the titles of its officers to their respective offices, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (v) the validity or enforceability

of the Obligated Group Documents or any other material agreement or instrument by which a Member is or may be bound, or would in any way contest the corporate existence or powers of a Member or would in any way adversely affect the federal tax-exempt status of the amounts to be received by the Authority pursuant to the Loan Agreement, the Mortgage or the Series 2020A Note, or (B) for which the estimated probable ultimate recoveries and costs and expenses of defense would not be entirely within applicable commercial policy limits (subject to applicable deductibles) or would be in excess of the total available reserves held under applicable self-insurance programs, and the amount of such estimates or excess over the limits or reserves would have a material adverse effect on the financial condition of the Obligated Group;

(l) if the Official Statement is supplemented or amended pursuant to Section 9 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such Section) at all times subsequent thereto up to and including that date that is 25 days from the "end of the underwriting period" (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading; provided, however, that the Corporation makes no representation or warranty as to Authority Information contained in the Official Statement, except to the extent that information was based upon information supplied by, or solely within the knowledge of, the Corporation;

(m) the proceeds received from the sale of the Bonds shall be used in accordance with the Preliminary Official Statement, the Official Statement and the Trust Indenture;

(n) the Corporation will furnish such information and execute such instruments and take such action in cooperation with the Underwriter, at no expense to the Corporation, as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Corporation shall not be required to qualify as a foreign corporation, shall not be required to qualify to do business in any jurisdiction where it is not now so qualified and shall not be required to file any general or special consents to service of process under the laws of any jurisdiction where it is not now so subject) and will advise the Underwriter immediately of receipt by the Authority of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose. The Corporation ratifies and consents to the use of the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement by the Underwriter in obtaining such qualification. The Corporation shall pay all reasonable expenses and costs (including reasonable legal fees) incurred in connection with such qualification. The Corporation will advise the Underwriter immediately of

receipt by the Corporation of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) the financial statements of, and other financial information regarding, the Corporation and its subsidiaries in the Preliminary Official Statement and in the Official Statement fairly present the financial position and results of the Corporation and its subsidiaries as of the dates and for the periods therein set forth. Such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and in the Official Statement, the other historical financial information set forth in the Preliminary Official Statement and in the Official Statement has been presented on a basis consistent with that of the Corporation's audited consolidated financial statements included in the Preliminary Official Statement and in the Official Statement;

(p) prior to the Closing, the Obligated Group will not take any action within or under its control that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Obligated Group;

(q) the Corporation will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent (other than as described in the Preliminary Official Statement and the Official Statement), except in the ordinary course of business, without the prior approval of the Underwriter;

(r) any certificate, signed by any officer of a Member authorized to do so in connection with the transactions described in this Bond Purchase Agreement, shall be deemed a representation and warranty by the Member to the Authority and the Underwriter as to the statements made therein;

(s) [CONFIRM] during the previous five years the Corporation has complied, in all material respects, with any prior undertakings subject to Rule 15c2-12;

(t) the Obligated Group is not and never has been in default as to the payment of principal or interest with respect to any indebtedness, including obligations of the Authority;

(u) no event has occurred that would constitute a material default (including, but not limited to, any event that would permit acceleration), on the part of a Member under any agreement relating to long-term debt of a Member, if any, or that would cause the Member to believe it will default in any material way with respect to its obligations under any such agreement, if any; and

(v) the Obligated Group is in compliance with the insurance coverage required by the Master Indenture.

7. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations and agreements of the Authority and the Corporation herein and the performance by the Authority and the Corporation of their obligations hereunder, both as of the date hereof and as of the Date of Closing. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of Closing,

(i) the Resolution, the Trust Indenture, the Loan Agreement, the Master Indenture, the Series 2020A Note, the Bonds, the Mortgage, the Disclosure Undertaking, and this Bond Purchase Agreement shall be in full force and effect and shall not be amended, modified or supplemented in any material respect after the date hereof except as may have been agreed to in writing by the Underwriter,

(ii) the proceeds of the sale of the Bonds shall be paid to the Bond Trustee for deposit and used as described in the Official Statement and as required by the Trust Indenture,

(iii) the Authority shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion Foley & Lardner LLP ("Bond Counsel"), shall be necessary in connection with the transactions contemplated by the Authority Documents,

(iv) each of the representations and warranties of the Authority and the Corporation contained herein shall be true, correct and complete as if made on the Date of Closing, and

(v) each of the Authority and the Corporation shall perform or shall have performed or caused to be performed all obligations required under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) the Underwriter shall have the right to terminate this Bond Purchase Agreement and cancel the Underwriter's obligation to purchase the Bonds by notifying the Authority of its election to do so (and stating the reason for such termination) if at any time after the date hereof and prior to the Closing:

(i) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Trust Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or that the



issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(ii) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter);

(iii) a general banking moratorium declared by federal, State of New York, or State officials;

(iv) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any material statement or information contained in the Preliminary Official Statement or the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) there shall have occurred since the date of this Bond Purchase Agreement any materially adverse change in the affairs or financial condition of the Corporation, except for changes which the Preliminary Official Statement and the Official Statement discloses are expected to occur;

(vi) there shall have occurred (i) any new material outbreak of hostilities (including, without limitation, an act of terrorism), (ii) the escalation of hostilities existing prior to the date hereof or (iii) any other extraordinary event, material national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, the Authority or the Corporation;

(vii) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Bond Purchase Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Corporation's debt obligations, which action reflects a change or possible change, in the ratings accorded any such obligations of the Corporation (including any rating to be accorded the Bonds);

(viii) a material disruption in commercial banking or securities settlement, payment or clearance services shall have occurred;

(ix) any state blue sky or securities commissions shall have withheld registration, exemption, or clearance of the offering of the Bonds because of the failure of the Corporation or the Authority to provide information or other documentation requested by such commission (other than consent to jurisdiction in the courts of such state) within a reasonable period of time following such request, and in the judgment of the Underwriter, the market for the Bonds is materially affected thereby;

(x) any litigation not disclosed in the Preliminary Official Statement or the Official Statement shall be instituted or be pending at the Closing to restrain or enjoin the execution, sale or delivery of the Bonds, or in any way contesting or adversely affecting any authority for or the validity of the Authority Documents, the Obligated Group Documents or the existence or powers of the Authority or the Members; or

(xi) the Authority shall fail to issue the Series 2020B Direct Purchase Bonds for the benefit of the Obligated Group on the Date of Closing.

(c) at or prior to the Closing, in addition to the requirements of other parties, the Underwriter shall receive the following in form and substance satisfactory to the Underwriter:

(i) the approving opinion of Bond Counsel addressed to the Authority and to the Underwriter (which may be in the form of a reliance letter acceptable to the Underwriter), dated the Date of Closing, with respect to the validity of and security for, the Bonds, in substantially the form set forth as Appendix F to the Preliminary Official Statement and the Official Statement with only such changes therein as shall be acceptable to the Underwriter;

(ii) the supplemental letter from Bond Counsel, addressed to the Underwriter and the Bond Trustee and dated the Date of Closing, in substantially the form attached hereto as Exhibit I;

(iii) the opinion of Geoffrey B. Dobson, counsel to the Authority, addressed to the Underwriter, the Authority and Bond Counsel and dated the Date of Closing, in substantially the form attached hereto as Exhibit E;

(iv) the opinion of Hawkins Delafield & Wood LLP for the Underwriter ("Underwriter's Counsel"), dated the Date of Closing and addressed to the Underwriter, in substantially the form attached hereto as Exhibit F;

(v) the opinion of counsel to the Corporation and the Obligated Group, dated the Date of Closing, and addressed to Bond Counsel, the Authority and the Underwriter, in substantially the form attached hereto as Exhibit G;

(vi) the certificate of the Authority, dated the Date of Closing, signed by an authorized representative of the Authority, in substantially the form of Exhibit A;

(vii) the certificate of the Corporation, dated the Date of Closing, signed by an authorized representative of the Corporation, in substantially the form of Exhibit B;

(viii) the certificate of the Foundation, dated the Date of Closing, signed by an authorized representative of the Foundation, in substantially the form of Exhibit C;

(ix) the certificate of the Obligated Group, dated the Date of Closing, signed by the Obligated Group Agent, in substantially the form of Exhibit D;

(x) copies of the Loan Agreement, the Supplemental Indenture, the Master Indenture, the Trust Indenture, the Escrow Agreement, the Interlocal Agreement and the Disclosure Undertaking, duly executed by the parties thereto;

(xi) copy of the Mortgage;

(xii) copies of the Resolution, certified by the Secretary of the Authority authorizing the execution and delivery of the Authority Documents and authorizing all transactions contemplated by the Preliminary Official Statement, the Official Statement and this Bond Purchase Agreement;

(xiii) evidence to the effect that the insurance required by the Master Indenture is in effect;

(xiv) evidence that the Bonds have been rated “\_\_\_” by S&P Global Ratings Inc. (“S&P”), and “\_\_\_” by Moody’s Investors Service, Inc. (“Moody’s”);

(xv) specimen copies of the executed and authenticated Bonds and the Series 2020A Note;

(xvi) certified copies of the bylaws for the Corporation and the Foundation;

(xvii) certificates of good standing from the State for the Corporation and the Foundation;

(xviii) Section 501(c)(3) determination letters for the Corporation and the Foundation;

(xix) a supplemental agreed upon procedures letter of the Auditor, dated the Date of Closing, to the effect that such accountants reaffirm, as of the Date of Closing and as though made at the Date of Closing, the statements made in the letters furnished by such accountants pursuant to Section 3 hereof, except that the specified procedures referenced to in such letter will be to a date not more than five days prior to the Date of Closing;

(xx) a Disclosure and Truth-in-Bonding Statement from the Underwriter in substantially the form attached here to as Exhibit H; and

(xxi) copy of the verification report of \_\_\_\_\_ relating to the refunding of the Series 2017A Bonds;

(xxii) the defeasance opinion of Bond Counsel relating to the refunding of the Series 2017A Bonds;

(xxiii) such additional legal opinions, certificates, proceedings, instruments and other documents as Underwriter's Counsel or Bond Counsel may reasonably request.

If the Authority and the Corporation shall be unable to satisfy the conditions to the Underwriter's obligations under this Bond Purchase Agreement, including, without limitation, the inability or failure of the Authority to issue and sell the Bonds to the Underwriter, or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Authority shall have any further obligation hereunder except that Section 8 shall survive and the Authority and the Underwriter shall pay their respective expenses as set forth in Section 10.

8. The parties hereto agree to the following indemnification provisions:

(a) To the extent permitted by law, the Corporation agrees to indemnify and hold harmless the Authority and its officials, directors, members, officers, employees and agents and the Underwriter, the directors, officers, employees and agents of the Underwriter and each person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Corporation will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Official Statement, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the Corporation by or on behalf of the Underwriter specifically for inclusion therein. This indemnity agreement will be in addition to any liability that the Corporation may otherwise have.

(b) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (w) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (x) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it or other indemnified parties that are different from or additional to those available to the indemnifying party; (y) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (z) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(c) In the event that the indemnity provided in paragraph (a) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Corporation and the Underwriter agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which the Corporation and the Underwriter may be subject in such proportions that the Underwriter is responsible for that portion represented by the percentage that the Underwriter's discount on the sale of the Bonds bears to the initial public offering price appearing on the inside cover page of the Official Statement and the Corporation is responsible for the balance; provided, however, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any

person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of the Underwriter shall have the same rights to contribution as the Underwriter, and each person who controls the Authority within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the Authority shall have the same rights to contribution as the Corporation, subject in each case to the applicable terms and conditions of this paragraph (c). For avoidance of doubt, the liability of the Underwriter is capped at the amount of the Underwriter's discount or commission applicable to the Bonds purchased by the Underwriter hereunder.

9. After the date of this Bond Purchase Agreement (a) the Authority and the Corporation will not adopt any amendment of or supplement to the Official Statement that, after having been furnished with a copy, shall be reasonably disapproved by Underwriter's Counsel, and (b) if any event relating to or affecting the Authority, the Corporation or its affiliates or the Bonds shall occur prior to the end of the underwriting period (as defined in Rule 15c2-12) as a result of which it is necessary, in the opinion of Underwriter's Counsel, to amend or supplement the Official Statement to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Corporation and the Authority will forthwith authorize the distribution of and furnish to the Underwriter, at the expense of the Corporation, a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to Underwriter's Counsel) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or is necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The Corporation and the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request prior to the end of the underwriting period.

10. All expenses and costs of the Authority and the Corporation incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, shall be paid by the Corporation, including: (a) the cost of printing of the Bonds, and related documents, this Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement in reasonable quantities, (b) the fees of consultants and rating agencies, (c) the initial fee of the Master Trustee and the Bond Trustee in connection with the issuance of the Bonds, (d) any accountants' fees and the fees and expenses of Bond Counsel, Authority's counsel, the financial advisor, counsel for the Master Trustee and Bond Trustee, and Underwriter's Counsel, (e) the expenses, including printing costs associated with preparation of the Blue Sky Memorandum and qualifying the Bonds for sale in any jurisdiction approved by the Authority where such qualifying fees are required, and (f) transportation, lodging and meals incurred by or on behalf of the Authority and the Corporation and its representatives in connection with the negotiation, marketing, issuance and delivery of the Bonds. In the event that the Authority or the Underwriter incur or advance the cost of any expense for which the Corporation is responsible hereunder, the Corporation shall reimburse the Authority or the Underwriter, as applicable, at or prior to the Closing; if at the Closing, reimbursement of the Underwriter may be included in the expense component of the Underwriter's discount.

11. Any notice or other communication to be given to the Authority and the Corporation under this Bond Purchase Agreement may be given by delivering the same in writing to the Authority and the Corporation at the addresses set forth above to the attention of the Chairman of the Authority and President of the Corporation and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019, Attention: Jay Sterns.

12. The Authority and the Corporation agree and acknowledge that: (i) with respect to the engagement of the Underwriter by the Authority and the Corporation, including in connection with the purchase, sale and offering of the Bonds, and the discussions, conferences, negotiations and undertakings in connection therewith, the Underwriter (a) is and has been acting as a principal and not an agent, municipal advisor, financial advisor or fiduciary of the Authority or the Corporation and (b) has not assumed any advisory or fiduciary responsibility in favor of the Authority or the Corporation (irrespective of whether the Underwriter has provided other services or are currently providing other services to the Authority or the Corporation on other matters); (ii) the Authority and the Corporation have each consulted their own legal, accounting, tax, financial and other advisors to the extent they have deemed appropriate; and (iii) this Bond Purchase Agreement expresses the entire relationship between the parties hereto with respect to the Bonds.

13. This Bond Purchase Agreement is made solely for the benefit of the Authority, the Corporation and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the Authority and the Corporation in this Bond Purchase Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

14. This Bond Purchase Agreement will be governed by and construed in accordance with the laws of the State of Florida.

15. This Bond Purchase Agreement may be executed in counterparts, each of which shall constitute an original but all of which shall constitute but one and the same instrument.

The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by Barclays Capital Inc. and delivered to the Authority and the Corporation. This Bond Purchase Agreement shall become legally effective upon its acceptance by the Authority and the Corporation, as evidenced by the signatures of the Authority and the Corporation in the spaces provided therefor below.

BARCLAYS CAPITAL INC.

By: \_\_\_\_\_  
Name: Jay Sterns  
Title: Director

ACCEPTED this \_\_\_\_ day of September, 2020

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Name: Vivian Helwig  
Title: Chair

FLAGLER HOSPITAL, INC.

By: \_\_\_\_\_  
Name: Murray S. Marsh, Jr.  
Title: Executive Vice President and Chief Financial Officer

[Bond Purchase Agreement Signature Page]



**CLOSING CERTIFICATE OF THE AUTHORITY**

The undersigned hereby certifies, on this \_\_\_th day of September, 2020, on behalf of the St. Johns County Industrial Development Authority (the "Authority"), as follows:

1. The representations of the Authority in the Bond Purchase Agreement, dated September \_\_, 2020 (the "Bond Purchase Agreement"), among the Authority, Flagler Hospital, Inc. (the "Corporation") and Barclays Capital Inc., are true and correct in all material respects as if made on and as of the date hereof. Capitalized terms used herein, but not defined herein, have the meanings set forth in the Bond Purchase Agreement.

2. The Authority has duly authorized, by all necessary action, the execution, delivery and due performance of the Bonds, the Authority Documents, the Official Statement and all other documents to be executed by it in connection therewith.

3. The Authority Documents and the Bonds have been duly executed and delivered on behalf of the Authority by the Chairman and by the Secretary, and assuming the due execution and delivery of the Authority Documents by the other parties thereto, constitute valid, binding and enforceable obligations of the Authority in accordance with their respective terms, except to the extent that enforceability may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, or by the application of general principles of equity.

4. The execution and delivery of the Authority Documents and the Bonds, and the assumption of the obligations represented thereby, will not conflict with or constitute a breach of or default under the Act (as defined in the Trust Indenture), the Authority's bylaws, rules or other governing documents, or any commitment, indenture, agreement or instrument to which the Authority is a party or by which it is bound.

5. To the knowledge of the Authority, there is no litigation, administrative proceeding or investigation pending (nor, to the knowledge of the undersigned, is any action threatened) which in any way affects, contests, questions or seeks (i) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection and application of revenues pledged under the Authority Documents or the Bonds, (ii) to contest or affect any authority for the issuance of the Bonds or the validity of any of the Authority Documents or the assignment by the Authority of all its right, title and interest (except the unassigned rights) in and to the Authority Documents to the Bond Trustee, or (iii) to contest the existence or powers of the Authority with regard to the Bonds or to any agreement, document, duty or covenant of the Authority pertaining thereto, wherein an unfavorable decision, ruling or finding would otherwise materially and adversely affect the transactions contemplated by any of the Authority Documents or the assignment by the Authority of all of its right, title and interest (except for the unassigned rights) in and to the Authority Documents to the Bond Trustee.

6. The proceedings of the Authority with respect to the authorization of the issuance and sale of the Bonds were held, and notice thereof was given, in accordance with the laws of the State of Florida.

7. None of the proceedings or authority for the issuance and sale by the Authority of the Bonds and the execution, delivery and performance by the Authority of the Authority Documents or the Bonds have been modified, amended or repealed.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

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

**CLOSING CERTIFICATE OF THE CORPORATION**

The undersigned hereby certifies, on this \_\_\_th day of September, 2020, on behalf of Flagler Hospital, Inc. (the "Corporation") as follows:

1. The representations of the Corporation in the Bond Purchase Agreement, dated September \_\_, 2020 (the "Bond Purchase Agreement"), among the St. Johns County Industrial Development Authority (the "Authority"), the Corporation and Barclays Capital Inc., are true and correct in all material respects as if made on and as of the date hereof. Capitalized terms used herein, but not defined herein, have the meanings set forth in the Bond Purchase Agreement.

2. The Corporation has not incurred or become subject to any liabilities since June 30, 2020, other than disclosed in the Official Statement or in the ordinary course of business, that are presently existing and that could materially adversely affect the financial position or results of operations of the Obligated Group on a combined basis.

3. No event has occurred that would constitute a material default (including but not limited to, an event that would permit acceleration) on the part of the Corporation in any agreement relating to any material debt of the Corporation or that would cause the Corporation to believe that the Corporation will default in any material way with respect to its obligations under any such agreement.

4. No action, suit, proceeding, inquiry or investigation, at law or in equity or by or before any court or public board or body, is pending against the Corporation or, to the knowledge of the signers of this certificate, pending against any other party or is threatened against the Corporation or any other party (i) in any way contesting or affecting the authority for the issuance or execution and delivery of the Obligated Group Documents or the Bonds, (ii) in any way contesting the corporate existence or status of the Members of the Obligated Group as organizations described in Section 501(c)(3) of the Code or the powers of the Corporation, (iii) which is likely to result in a material and adverse change in the financial position or results of operations of the Obligated Group on a combined basis or (iv) wherein an unfavorable decision, ruling or finding would adversely affect (A) the exemption of the Members of the Obligated Group from taxation under Section 501(a) of the Code or (B) the exemption in all material respects of the facilities of the Members of the Obligated Group from taxation imposed by the State of Florida or any political subdivision thereof with respect to such facilities located in such state or political subdivision.

5. To the knowledge of the signers of this certificate, the Corporation has all necessary permits, licenses, accreditations and certifications, including without limitation, licenses and certifications of the health facilities owned or operated by the Corporation, to conduct its business as it is presently being conducted, subject to such minor exceptions and deficiencies as are not material and do not materially affect the conduct of its business.

6. The representations and warranties of the Obligated Group in the Obligated Group Documents are true and correct in all material respects as of the date hereof.

6. No event of default or event which with notice or lapse of time would constitute an event of default under the Obligated Group Documents has occurred and is continuing.

7. Since June 30, 2020, there have been no changes in the long term debt of the Obligated Group, other than as a result of regularly scheduled principal repayments on outstanding indebtedness or as may otherwise be permitted pursuant to optional or mandatory redemption provisions, and there have been no decreases in the net assets of the Obligated Group, or in the net patient service revenues of the Corporation, or in the excess of operating revenues over operating expenses, or in the excess of revenues over expenses.

8. The Members of the Obligated Group have duly authorized, by all necessary action, the execution, delivery and due performance of the Obligated Group Documents and all other documents to be executed by them in connection therewith.

9. The resolutions of the Members of the Obligated Group approving the execution of the Obligated Group Documents have not been modified, amended or rescinded as of the date hereof.

10. The resolution of the corporate parent of the Corporation approving the incurrence of the indebtedness represented by the Bonds and the St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020B has not been modified, amended or rescinded as of the date hereof.

11. The Obligated Group Documents and any and all other agreements and documents required to be executed and delivered by the Obligated Group in order to carry out, give effect to and consummate the transactions contemplated by the Obligated Group Documents have each been duly authorized, executed and delivered by the Members of the Obligated Group party thereto, and as of the date hereof, each is in full force and effect and each constitutes a valid, binding and enforceable obligation of the Members party thereto.

12. The Obligated Group is in compliance with all terms, covenants and conditions of the Obligated Group Documents on the date hereof.

**FLAGLER HOSPITAL, INC.**

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

**CLOSING CERTIFICATE OF THE FOUNDATION**

1. The Foundation has not incurred or become subject to any liabilities since June 30, 2020, that are presently existing other than in the ordinary course of business that would materially adversely affect the financial position or results of operations of the Obligated Group on a combined basis.

2. No event has occurred that would constitute a material default (including but not limited to, an event that would permit acceleration) on the part of the Foundation in any agreement relating to any material debt of the Foundation or that would cause the Foundation to believe that the Foundation will default in any material way with respect to its obligations under any such agreement.

3. No action, suit, proceeding, inquiry or investigation, at law or in equity by or before any court or public board or body is pending against the Foundation, or, to the knowledge of the signers of this certificate, pending against any other party or threatened against the Foundation or any other party (i) in any way contesting or affecting the authority for the issuance or execution and delivery of the Obligated Group Documents or the Bonds, (ii) in any way contesting the corporate existence or status as an organization described in Section 501(c)(3) of the Code or the powers of the Foundation, (iii) which is likely to result in a material and adverse change in the financial position or results of operations of the Obligated Group on a combined basis, or (iv) wherein an unfavorable decision, ruling or finding would adversely affect (1) the exemption of the Foundation from taxation under the Code, or (2) the exemption in all material respects of the facilities of the Foundation from taxation imposed by the State of Florida or any political subdivision thereof with respect to health facilities located in such state or political subdivision.

4. To the knowledge of the signers of this certificate, the Foundation has all necessary permits, licenses, accreditations and certifications, including without limitation, licensing and certification of its health facilities to the extent the Foundation owns or operates health facilities, to conduct its business as it is presently being conducted, subject to such minor exceptions and deficiencies which are not material and that do not materially affect the conduct of its business.

5. The representations and warranties of the Foundation in the Obligated Group Documents are true and correct in all material respects as of the date hereof.

6. No event of default or event which with notice or lapse of time would constitute an event of default under the Obligated Group Documents has occurred and is continuing.

7. Since June 30, 2020, there have been no changes in the long term debt of the Foundation other than as a result of regularly scheduled principal repayments on outstanding indebtedness or as may otherwise be permitted pursuant to optional or mandatory redemption provisions, and there have been no decreases in net assets of the Foundation or decreases in net

patient service revenues, or in the excess of operating revenues over operating expenses or in the excess of revenues over expenses.

8. The Foundation has duly authorized, by all necessary action, the execution, delivery and due performance of the Obligated Group Documents and all other documents to be executed by it in connection therewith.

9. The executed copies of each of the Obligated Group Documents and the corporate resolutions approving the execution of the Obligated Group Documents are true, correct and complete copies of such documents and such documents have not been modified, amended or rescinded as of the date hereof.

10. The Obligated Group Documents and any and all other agreements and documents required to be executed and delivered by the Foundation in order to carry out, give effect to and consummate the transactions contemplated by the Obligated Group Documents have each been duly authorized, executed and delivered by the Foundation and as of the date hereof, each is in full force and effect and each constitutes a valid, binding and enforceable obligation of the Foundation.

September \_\_, 2020

**FLAGLER HEALTH CARE FOUNDATION, INC.**

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

**CLOSING CERTIFICATE OF THE OBLIGATED GROUP**

(1) All requirements and conditions to the issuance of the Series 2020A Note set forth in the Amended and Restated Master Trust Indenture, dated as of September 1, 2017, as supplemented and amended (the "Master Indenture"), between the Obligated Group and the Master Trustee, have been complied with and satisfied as of the date hereof, and the issuance of the Series 2020A Note and the creation of the Indebtedness secured thereby will not result in any default under the Master Indenture or under the terms of any Indebtedness secured thereby.

(2) To the knowledge of the undersigned, the Bond Trustee is not acquiring the Series 2020A Note directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (a) any employee of any Member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant and (b) any Member of the Obligated or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

(3) The Debt Service Coverage Ratio for the previous two Fiscal Years, taking into account the currently outstanding Long-Term Indebtedness (other than the Long-Term Indebtedness evidenced by the \_\_\_\_\_) and the Indebtedness evidenced by the Series 2020 Notes, as calculated in Exhibit A attached hereto, was at least 1.20.

Capitalized terms used herein, but not defined herein, shall have the meanings assigned to such terms in the Master Indenture.

September \_\_, 2020

**FLAGLER HOSPITAL, INC., for itself and as  
Obligated Group Agent on behalf of the  
Obligated Group**

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

**Exhibit E**

Foley & Lardner LLP  
Jacksonville, FL

Barclays Capital Inc.  
New York, NY

Flagler Hospital, Inc.  
St. Augustine, FL

St. Johns County Industrial Development  
Authority  
St. Augustine, FL

Re: St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health)  
Taxable Series 2020A (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel for the St. Johns County Industrial Development Authority (the "Authority") and have advised the Authority in connection with: the Trust Indenture dated as of September 1, 2020 (the "Trust Indenture") by and between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee"); the Loan Agreement dated as of September 1, 2020 (the "Loan Agreement") between the Authority and Flagler Hospital, Inc. (the "Corporation"); the Bond Purchase Agreement dated September \_\_, 2020 (the "Bond Purchase Agreement") among the Authority, the Corporation and Barclays Capital Inc.; the Preliminary Official Statement relating to the Bonds dated August \_\_, 2020 (the "Preliminary Official Statement"); the Official Statement relating to the Bonds dated September \_\_, 2020 (the "Official Statement"); the Escrow Deposit Agreement dated [as of] September \_\_, 2020, among the Authority, the Corporation and U.S. Bank National Association, as escrow trustee (the "Escrow Agreement"), the Interlocal Agreement dated \_\_, 2020, between the Authority and Flagler County (the "Interlocal Agreement") and the Resolution authorizing the Bonds adopted by the Authority on July \_\_, 2020 (the "Resolution") and such other documents and instruments as are deemed relevant and necessary. The Resolution, the Trust Indenture, the Loan Agreement, the Escrow Agreement, Interlocal Agreement and the Bond Purchase Agreement are collectively referred to as the "Authority Documents".

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Bond Purchase Agreement.

Based upon our familiarity with the affairs of the Authority, its proceedings and related matters of law with respect to the foregoing, we are of the opinion that:

1. The Authority is a public body politic and corporate and a public instrumentality duly created and existing under and by virtue of the laws of the State of Florida with the powers and authority, among others, set forth in the Act, including the full power and authority to conduct its business as described in the Preliminary Official Statement and the Official Statement.

2. The Authority is authorized under the Constitution and the laws of the State of Florida, including particularly the Act, to (i) issue the Bonds for the purposes for which they are to be issued; (ii) lend the proceeds of the Bonds to the Corporation; (iii) enter into and perform



each of the provisions of the Authority Documents; and (iv) assign all of its right, title and interest (except for the unassigned rights) in and to the Loan Agreement and the Series 2020A Note to the Bond Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds.

3. The Authority has the full right, power and authority to (i) adopt the Resolution authorizing the Bonds and the execution and delivery of the Bonds, the Loan Agreement, the Trust Indenture and the Official Statement; (ii) approve the form of the Authority Documents, and the use and distribution of the Preliminary Official Statement and the Official Statement by the Underwriter, all to the extent set forth in the Resolution; (iii) execute, deliver and perform its obligations under the Authority Documents; (iv) execute and distribute the Official Statement and (v) consummate the transactions contemplated by such documents.

4. The Authority has duly authorized by all necessary action to be taken by it for (i) the issuance and sale of the Bonds upon the terms set forth in the Authority Documents, (ii) the loan of the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement; and (iii) the execution and delivery of the Bonds, the Trust Indenture, the Loan Agreement and the Official Statement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Authority in order to carry out, give effect to, and consummate the transactions contemplated by the Authority Documents.

5. The Resolution has been duly adopted, is in full force and effect and has not been modified, amended or repealed, and no further action of the Authority is required for its continued validity.

6. The Authority has duly approved and executed the Official Statement, has acknowledged and ratified the distribution of the Preliminary Official Statement and authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Bonds.

7. To the best of our knowledge after diligent investigation, the information in the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, and in the Official Statement, as of its date and as of the date hereof, concerning the Authority, and the information and statements in the Official Statement under the headings "THE AUTHORITY," "CONTINUING DISCLOSURE – The Authority," and "LITIGATION – The Authority" (collectively, the "Authority Information") are true and correct and do not omit any statements that, in our opinion, should be included or referred to therein.

6. The Authority Documents (assuming due authorization, execution and delivery thereof by the parties thereto) have been duly authorized, executed and delivered by the Authority and constitute binding and enforceable obligations of the Authority, except to the extent that enforceability of such obligations may be limited by bankruptcy, insolvency, fraudulent conveyances or other laws affecting the enforcement of creditors' rights in effect from time to time or by equitable principles and except, with respect to the Bond Purchase Agreement, to the extent of any limitations by reason of public policy considerations on the enforceability under certain circumstances of the indemnity provisions thereof.

7. No approval or other action is required by any governmental authority or agency in connection with the adoption of the Resolution, the issuance of Bonds or the execution by the Authority of the Authority Documents that has not already been obtained or taken, except that the offer and sale of the Bonds in certain jurisdictions may be subject to the provisions of the securities or blue sky laws of such jurisdictions, as to which no provisions no opinion is expressed.

8. The adoption of the Resolution and the execution and delivery of the Official Statement and the other Authority Documents and the issuance of the Bonds, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with the by-laws of the Authority and do not and will not in any material respect constitute on the part of the Authority a breach of or default under any indenture, deed of trust, mortgage, agreement, or other instrument to which the Authority is a party and do not materially conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Authority is subject.

9. There is no action, suit, proceeding, or governmental investigation at law or in equity before or by any court, public board or body, pending or, to counsel's knowledge, threatened against any member of the Authority (1) challenging the issuance of the Bonds or the validity of the Authority Documents or the transactions described thereby, (2) challenging the collection or application of revenues pledged or other security under the Trust Indenture, or (3) challenging the accuracy or completeness of the Authority Information in the Preliminary Official Statement and the Official Statement, wherein an unfavorable decision, rule or finding would have a materially adverse effect on the results of operations of the Authority.

10. Without having undertaken to determine independently the accuracy or completeness or to verify the information furnished with respect to matters described in the Preliminary Official Statement and the Official Statement, except as provided in paragraph 5 above, but on the basis of our assistance in the preparation of the Preliminary Official Statement and the Official Statement and our representation of the Authority, nothing has come to our attention that would lead us to believe that the Preliminary Official Statement, as of its date and as of the date of pricing, or the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this paragraph only applies to the Authority Information.

Very truly yours,

**Exhibit F**

September \_\_, 2020

Barclays Capital Inc.  
745 Seventh Avenue  
New York, New York 10019

Re: St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health) Taxable Series 2020A

Ladies and Gentlemen:

We have acted as counsel to you, Barclays Capital Inc. (the "Underwriter"), in connection with the sale by the St. Johns County Industrial Development Authority (the "Authority") of its \$[PAR AMOUNT] Revenue Bonds (Flagler Health) Taxable Series 2020A (the "Bonds") pursuant to the Bond Purchase Agreement, dated September \_\_, 2020 (the "Bond Purchase Agreement"), by and among the Authority, Barclays Capital Inc. and Flagler Hospital, Inc. (the "Corporation"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Purchase Agreement.

We have examined and relied upon originals, or certified copies or copies otherwise identified to our satisfaction, of the following:

(a) the Trust Indenture, dated as of September 1, 2020 (the "Trust Indenture"), by and between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee");

(b) the Loan Agreement, dated as of September 1, 2020 (the "Loan Agreement"), by and between the Authority and the Corporation;

(c) the Second Amended and Restated Master Trust Indenture, dated as of September 1, 2020, the Corporation, Flagler Health Care Foundation, Inc., and U.S. Bank National Association, as successor master trustee, as amended and supplemented from time to time and as further supplemented by a Series 2020A Supplemental Master Indenture, dated as of September 1, 2020 (collectively, the "Master Indenture");]

(d) the Preliminary Official Statement, dated August \_\_, 2020 (the "Preliminary Official Statement") and the Official Statement, dated September \_\_, 2020 each with respect to the Bonds (the "Official Statement");

(e) the Bond Purchase Agreement; and

(f) the opinions of counsel, certificates, letters and others documents required by the Bond Purchase Agreement.

In addition, we have examined and relied upon originals or certified copies or copies otherwise identified to our satisfaction, of all such other agreements, certificates, records of proceedings, instruments and documents of the Authority and of the Corporation and its affiliates, public officials and other persons as we have deemed appropriate as a basis for the opinions hereinafter expressed. In rendering the opinions hereinafter expressed, we have assumed, but have not independently verified, that the signatures on all opinions, certificates, agreements, instruments and other documents that we have examined are genuine.

In connection with the sale of the Bonds, at your request we participated and assisted as your counsel in the preparation of the Preliminary Official Statement and the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various subjects, and reviews of certain documents and proceedings. We also participated in conferences with representatives of the Underwriter, with officers, agents, and employees of the Authority and the Corporation, with Foley & Lardner LLP, Bond Counsel and Geoffrey Dobson, Esq. counsel to the Authority, with Upchurch, Bailey & Upchurch, P.A., counsel to the Corporation, Ponder & Co., financial advisor to the Corporation, and with Plante & Moran, PLLC, independent accountants to the Corporation; at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed.

Based upon the foregoing, we are of the opinion that:

1. the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended;
2. the Trust Indenture is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended; and
3. assuming the Continuing Disclosure Undertaking, dated September \_\_, 2020 (the "Undertaking"), of the Corporation constitutes a legal, valid and binding obligation of the Corporation, the Undertaking provides a suitable basis for the Underwriter to make a reasonable determination as required by paragraph (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule") with respect to the provision of information thereunder, and the Undertaking complies as to form in all material respects with the applicable requirements of the Rule.

Based on our role as counsel to the Underwriter and our participation in certain meetings held in connection with the preparation of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement as of its date and as of the date of the Bond Purchase Agreement or in the Official Statement as of its date and as of the date hereof, no facts have come to our attention which would lead us to believe that the Preliminary Official Statement, as of its date and as of the date of the Bond Purchase Agreement, or that the Official Statement, as of its date and as of the date hereof (except for the financial and statistical data included therein, Appendices B, C, D, F and G thereto) and any financial, statistical, demographic or economic data or forecasts, numbers, tables, estimates, projections or expressions of opinion, as to all of which no view is expressed, in either case

contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

As counsel to the Underwriter, we are furnishing this letter to you as the Underwriter, solely for your benefit.

Very truly yours,

September \_\_, 2020

Flagler Hospital, Inc.  
St. Augustine, Florida

Foley & Lardner LLP,  
as Bond Counsel  
Jacksonville, Florida

U.S. Bank National Association,  
as Master Trustee and Bond Trustee  
Jacksonville, Florida

Barclays Capital Inc.  
New York, New York

St. Johns County Industrial Development  
Authority, as Issuer  
St. Augustine, Florida

Re: [\$[PAR AMOUNT] St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health)  
Taxable Series 2020A (the "Bonds")

Ladies and Gentlemen:

We have acted as counsel to Flagler Hospital, Inc., a Florida not for profit corporation (the "Corporation") in connection with the issuance of the Bonds.

All capitalized terms not otherwise defined herein shall have the meanings given to them in the Purchase Agreement defined below and, if not defined therein, shall have the meanings given to them in the Master Indenture defined below. The Uniform Commercial Code as currently in effect in the State of Florida is referred to herein as the "Florida UCC".

The Bonds are authorized to be issued pursuant to a Trust Indenture dated as of September 1, 2020 (the "Trust Indenture"), between the St. Johns County Industrial Development Authority (the "Authority") and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Corporation pursuant to a Loan Agreement dated as of September 1, 2020 (the "Loan Agreement").

The Corporation, on its behalf and as agent on behalf of the Obligated Group (the "Obligated Group Agent") created and defined under the Amended and Restated Master Trust Indenture dated as of September 1, 2017, as amended and restated by the Second Amended and Restated Master Trust Indenture dated as of September 1, 2020 (as supplemented and amended from time to time, the "Master Indenture"), between the Obligated Group and U.S. Bank National Association, as successor master trustee (the "Master Trustee"), and Series 2020A Supplemental Master Indenture, dated as of September 1, 2020 (the "Series 2020A Supplement"), between the Corporation, on behalf of itself and as Obligated Group Agent, and the Master Trustee, under which the Corporation has issued its Master Note, Taxable Series 2020A, No. 1 (the "Series 2020A Note").

The obligations of the Members of the Obligated Group under the Master Indenture will be, secured by the following: (i) a security interest granted by the Members of the Obligated Group in their Gross Revenues; (ii) a mortgage granted by the Corporation on the Mortgaged Property pursuant to (and as defined in) the Mortgage and Security Agreement dated as of December 1, 2003, as supplemented and amended from time to time, particularly as supplemented and amended by the Notice of Future Advance and Mortgage Spreader Agreement Relating to Mortgage and Security Agreement and as supplemented by the Notice of Future Advance Relating to Mortgage and Security Agreement dated September \_\_, 2020 (the "2020 Future Advance"; said Mortgage and Security Agreement, as so supplemented and amended, being referred to herein as the "Mortgage"), from the Corporation to the Master Trustee; and (iii) such other security as shall be described in the Official Statement (as defined below). The Mortgaged Property consists of a portion of the Corporation's Campus.

The Bonds were sold pursuant to a Bond Purchase Agreement, dated September \_\_, 2020 (the "Purchase Agreement") among the Authority, Barclays Capital Inc. and the Corporation.

A Preliminary Official Statement dated August \_\_, 2020 (the "Preliminary Official Statement") and an Official Statement dated September \_\_, 2020 (the "Official Statement") have been prepared to furnish information with respect to the sale and delivery of the Bonds. The Corporation will undertake pursuant to the Loan Agreement and a Continuing Disclosure Undertaking dated September \_\_, 2020 (the "Disclosure Undertaking") to provide certain information regarding the Corporation. The Corporation, the Authority and U.S. Bank National Association will enter into an Escrow Deposit Agreement dated [as of] September \_\_, 2020 (the "Escrow Agreement") to refund the Refunded Obligations.

In rendering the opinions given below, we have examined executed originals or copies of the following documents:

1. the Trust Indenture;
2. the Disclosure Undertaking;
3. the Loan Agreement;
4. the Master Indenture;
5. the Purchase Agreement;
6. the Series 2020A Supplement;
7. the Series 2020A Note;
8. the Escrow Agreement;
9. the Mortgage (collectively, items (2) through (9) hereof are referred to as the "Obligated Group Documents");

10. Good Standing Certificates of the Florida Secretary of State for the Corporation and Flagler Health Care Foundation, Inc. (the "Foundation"), copies of which will be included in the closing transcript for the Bonds;

11. Acknowledgment copies of financing statement amendments naming each of the Corporation and the Foundation, as debtor, and the Master Trustee as secured party, which have been filed in the Office of the Florida Secretary of State;

12. Certificates of an authorized officer of the Corporation and the Foundation dated as of the date hereof and the exhibits or addenda thereto (including copies of the authorizing resolutions of the Boards of Trustees of the Corporation and the Foundation authorizing the execution of the Obligated Group Documents and the Official Statement and the consummation of the transactions contemplated therein and in the Official Statement (the "Transactions")), certifying such resolutions to be true and correct and to be in full force and effect as of the date hereof;

13. the Preliminary Official Statement; and

14. the Official Statement.

As to questions of fact relevant to this opinion, we have been furnished with and relied solely upon the Good Standing Certificates referred to above, other certificates of public officials, and certificates of and questionnaires completed by certain of the officers of the Corporation and the Foundation and documents submitted to us in response to our information requests to the Corporation and the Foundation, in each case, as we have deemed necessary or appropriate as a basis for the opinions expressed below. We have relied upon, but have not verified the accuracy of the facts stated in any certificate, questionnaire or the documents provided to us in response to our requests as described above. Whenever our opinion herein with respect to the existence or absence of facts is stated to be to our knowledge or described as known to us, such statement is intended to signify that, without any independent investigation of any kind whatsoever and solely during the course of the representation of the Corporation and the Foundation by the attorneys currently with our firm in connection with the issuance of the Bonds, we have not obtained knowledge of facts contrary to the existence or absence of the facts indicated. Except as otherwise set forth herein, we have not, for purposes of the opinions in this letter, undertaken any further inquiry other than as stated in this letter.

Based on the foregoing and the qualifications and limitations hereinafter set forth, it is our opinion that:

1. The Corporation and the Foundation are not for profit corporations, duly organized, validly existing and in good standing under the laws of the State of Florida. Each of the Corporation and the Foundation (a) has been recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); (b) to the best of our knowledge, information and belief, after due inquiry, has not received notification from the Internal Revenue Service to the effect that it is not an organization described under said Section 501(c)(3) and not exempt from federal income taxes under Section 501(a) of the Code; (c) is exempt from federal income taxes under



Section 501(a) of the Code and, to the best of our information, knowledge and belief, after due inquiry, is in compliance with the provisions of the Code and any applicable regulations thereunder necessary to maintain such status; (d) is not a private foundation described in Section 509(a) of the Code; (e) is organized and, to the best of our knowledge, information and belief, operated for health care charitable purposes; (f) is not organized nor, to the best of our knowledge, information and belief, operated for pecuniary profit; and (g) is organized and, to the best of our knowledge, information and belief, after due inquiry, is operated such that no part of the net earnings will inure to the benefit of any person, private stockholder or individual, and we are not aware of any actions taken by the Obligated Group in the course of our representation which would jeopardize such exemption or status. To the best of our knowledge, after due inquiry, the facilities owned by each Member of the Obligated Group have not been and are not now being used in or for any trade or business the conduct of which is not substantially related to the exercise or performance of the purposes or functions constituting the basis for each Member's exemption under Section 501(c)(3) of the Code.

2. Each of the Corporation and the Foundation has all necessary corporate power and authority to enter into the Obligated Group Documents to which it is a party and to perform the duties and covenants contained in the Obligated Group Documents to which it is a party or by which it is bound. The execution, delivery and performance of the Obligated Group Documents by the Corporation and the Foundation, as applicable, have been duly authorized by all necessary action on the part of the Corporation and the Foundation.

3. The Corporation, for itself and as Obligated Group Agent, has duly authorized, executed and delivered the Official Statement.

4. The Obligated Group Documents have been duly executed and delivered by the Corporation and the Foundation, as applicable, and the Obligated Group Documents constitute the legal, valid and binding agreements of the Corporation and the Foundation, as applicable, enforceable against the Corporation and the Foundation, as applicable, in accordance with their respective terms, except as such enforceability may be limited by (i) the exercise of judicial discretion in accordance with general principles of equity, including judicial limitations on rights to specific performance, or (ii) bankruptcy, reorganization, insolvency, moratorium, laws relating to fraudulent obligations, transfers, or conveyances or other laws from time to time in effect relating to or affecting creditors' rights generally and remedies. Enforceability of the indemnification provisions contained in the Purchase Agreement may also be limited by applicable securities laws and public policy.

5. The execution, delivery and performance by the Corporation and the Foundation, as applicable, of the Obligated Group Documents do not (a) constitute a breach or violation of the Articles of Incorporation, as amended, or the bylaws, as amended, of the Corporation or the Foundation or any resolutions in effect on the date hereof adopted by their respective governing bodies; (b) result in a violation of any applicable law, statute or regulation of the United States or State of Florida known to us to be applicable to the Corporation and the Foundation, (c) result in any violation of any court or administrative order or consent decree of which we have knowledge to which the Corporation or the Foundation is subject or by which its property is bound; (d) constitute an event of default under or result in a breach or violation of any material agreement or other instrument to which the Corporation or the Foundation is a party and of which we have

knowledge (i) which affects or purports to affect the right of the Corporation or the Foundation to borrow money or grant a security interest in its assets, or (ii) a violation of which could have a material adverse effect on the property of the Obligated Group, taken as a whole; or (e) result in the creation of any lien, charge or encumbrance upon any property or assets of the Corporation or the Foundation, except as contemplated by the Obligated Group Documents.

6. No approval or consent of, permission, authorization, order or license from, or filing or registration with, the State of Florida or any U.S. federal governmental authority or regulatory body (except as may be required under any state or federal blue sky or securities laws as to which we express no opinion), is necessary in connection with the execution and delivery by the Corporation or the Foundation, as applicable, of the Obligated Group Documents or the approval by the Corporation or the Foundation of the Official Statement or the performance by it of its obligations under the Obligated Group Documents, or the consummation by the Corporation or the Foundation of the Transactions, except (a) as have been obtained or made and (b) such filings or other actions as may be required to perfect any lien or security interest which any such agreement purports to create.

7. To our knowledge, after due inquiry, each of the Corporation and the Foundation (i) has all material licenses and is authorized in all material respects to own, operate and maintain its properties and to conduct its business as currently being conducted and (ii) has received no notice of an alleged violation of, and are not in violation of, any zoning, land use, environmental or other similar law or regulation applicable to any of its property which would materially adversely affect the property, operations or financial condition of the Corporation or the Foundation.

8. Except as may be described in the Preliminary Official Statement and/or the Official Statement, to our knowledge after due inquiry, neither the Corporation nor the Foundation is a party to any litigation or administrative proceeding affecting it, and to our knowledge there is no basis therefor, wherein (a) an unfavorable decision, ruling or finding (i) would adversely affect the issuance, delivery, validity or enforcement of the Obligated Group Documents, or in any way contest the corporate existence or the powers of the Corporation or the Foundation, (ii) might reasonably be expected to result in any material adverse change in the business or condition (financial or otherwise) of the Obligated Group, taken as a whole, or (iii) would otherwise adversely and materially affect the ability of the Corporation or the Foundation to comply with its obligations under the Obligated Group Documents to which it is a party or by which it is bound, or adversely and materially affect the transactions contemplated thereby, or (b) in the case of malpractice claims, the ultimate liability of the Corporation under the current claims for damages in said proceedings would exceed the Corporation's professional liability insurance.

9. The Corporation and the Foundation have each granted to U.S. Bank National Association as Master Trustee, a valid and enforceable security interest in their respective Gross Revenues (as defined in the Master Indenture). To the extent that the Corporation and the Foundation have rights in the personal property constituting their respective Gross Revenues and to the extent that a security interest therein may be perfected upon the filing of the financing statements in the office of the Florida Secured Transaction Registry, such security interest shall be perfected in that portion of the Gross Revenues in which a security interest may be perfected

by filing under Article 9 of the Uniform Commercial Code as in effect in the State of Florida, Chapter 679, Florida Statutes (the "UCC"), subject to the following exceptions:

- (a) Section 552 of the United States Bankruptcy Code (11 U.S.C. §§ 101 to 1333) limits the extent to which property acquired by a debtor after the commencement of a proceeding may be subject to a security interest arising from a security agreement entered into by such debtor before the commencement of such proceeding;
- (a) in the case of proceeds, as such term is defined in the UCC, continuation of the perfection of the security interest therein is limited to the degree set forth in § 679.306 of the UCC;
- (b) continuation statements relating to the financing statements must be filed within six (6) months prior to the expiration of five (5) years from the date of initial filing and each succeeding fifth anniversary thereof;
- (c) additional filings may be necessary if the Corporation or the Foundation changes its name, identity or corporate structure or the jurisdiction in which its places of business are located, or in the event the Corporation or the Foundation changes the location of its chief executive office; and
- (d) it may not be possible to create or perfect any security interest in any of the Gross Revenues, or the proceeds thereof, that are subject to an agreement that is or purports to be nonassignable or that may not be assigned under applicable law or that arise under Medicare, 42 U.S.C. § 1395 (1988), Medicaid, 42 U.S.C. §1396 (1988), or similar government payment program, or, failing compliance with certain specified procedures (such as the Assignment of Claims Act of 1940, as amended, 31 U.S.C. §3727, 41 U.S.C. §15 (1988)), on which the account debtor is a governmental body, agency or instrumentality, or as to which the UCC has been preempted by any applicable federal law.

10. The Mortgage creates a valid and effective mortgage lien and security interest in the Mortgaged Property (as defined in the Mortgage), subject only to the liens listed on the mortgage title insurance policy search dated \_\_\_\_\_, 2020 ("Title Search"), which liens constitute Permitted Liens, and the Mortgage secures all advances made by the Master Trustee to the Corporation thereunder, including the additional advances made to the Corporation on the date hereof.

11. There are no liens on the Property, other than Permitted Liens. [Note to counsel: This opinion can rely on Title Search, UCC Search and Officer's Certificate]

Because the primary purpose of our professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations involved in the preparation of the Preliminary Official Statement and the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness or

fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement and make no representation that we have independently certified the accuracy, completeness or fairness of any such statements. However, in our capacity as counsel to the Obligated Group during the course of preparation of the Preliminary Official Statement and the Official Statement, we met in conferences or had discussions with your representatives, your counsel, representatives of the Obligated Group, auditors for the Obligated Group, bond counsel, the Bond Trustee, the financial advisor and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based upon the information made available to us in the course of our participation in the preparation of the Preliminary Official Statement and the Official Statement and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to our attention that would lead us to believe that the statements and information contained in the Preliminary Official Statement or the Official Statement, (other than (i) any financial information (including pro forma information) or statistical, economic, engineering or demographic data or forecasts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement; (ii) any statements and information relating to the Authority, The Depository Trust Company and its nominee and book-entry system; and (iii) Appendices B, C, D, F and G as to which we express no opinion), as of the date of the Preliminary Official Statement through and including the sale date of the Bonds and as of the date of the Official Statement through and including the date hereof, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

The opinions set forth herein are based solely upon our examination of and our reliance upon the documents referred to above and upon the assumptions set forth herein. We express no opinion as to the law of any jurisdiction other than the State of Florida and the United States of America.

Further, our opinion is subject to and limited by: (a) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditor's rights generally; (b) applicable laws or equitable principles that may affect remedies or injunctive or other equitable relief; and (c) judicial discretion which may be exercised in applicable cases to adversely affect the enforcement of certain rights and remedies.

The opinions expressed herein are based on the law and the facts and circumstances known to us on the date hereof, and we assume no obligation to supplement this opinion, regardless of whether the law should change or additional facts come to light.

This opinion is furnished to you by us as counsel to the Corporation and the Obligated Group to meet the requirements of the Purchase Agreement, is solely for the benefit of the Underwriter, the Bond Trustee, the Master Trustee, the Authority, Bond Counsel and the Members of the Obligated Group, and is rendered solely in connection with the transactions to which this opinion relates. This opinion may be relied upon only in connection with this transaction and may not be relied upon by any other persons (other than the owners of the Bonds), quoted in whole or in part or otherwise referred to in any document or furnished to any

September \_\_, 2020  
Page 8

other person without our prior written consent, except that a copy of this opinion may be included in the closing transcript for the Bonds.

Very truly yours,

Upchurch, Bailey and Upchurch, P.A.

By: \_\_\_  
John D. Bailey, Jr.  
A Shareholder

DISCLOSURE STATEMENT AND TRUTH IN BONDING STATEMENT

September \_\_, 2020

Flagler Hospital, Inc.  
400 Health Park Boulevard  
St. Augustine, FL 32086  
Attention: President

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, FL 32084  
Attention: Chairman

Re: \$[PAR AMOUNT] St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health), Taxable Series 2020A (the "Bonds")

Ladies and Gentlemen:

In connection with the proposed issuance by the St. Johns County Industrial Development Authority (the "Authority"), of the above-referenced bonds (the "Bonds"), Barclays Capital Inc. (the "Underwriter") has agreed to purchase the Bonds upon the terms and conditions set forth in that certain Bond Purchase Agreement dated September \_\_, 2020 (the "Agreement"), among the Authority, the Underwriter, and Flagler Hospital, Inc. (the "Borrower").

The purpose of this letter is to furnish to the Authority and the Borrower certain information in connection with the offer and sale of the Bonds, pursuant to the provisions of Section 218.385, Florida Statutes, as amended. Pursuant to Section 218.385, Florida Statutes, as amended, the Underwriter provide the following information:

1. The nature and estimated amount of expenses to be incurred by the Underwriter in connection with the purchase and offering of the Bonds are set forth in Schedule 1 attached hereto.

2. No person has entered into an understanding with the Underwriter or, to the knowledge of the Underwriter, with the Authority or the Borrower, for any paid or promised compensation or valuable consideration, directly or indirectly, express or implied, to act solely as an intermediary between the Authority, the Borrower and the Underwriter or to exercise or to attempt to exercise any influence to effect any transaction in connection with the purchase of the Bonds.

3. The underwriting spread (the difference between the price at which the bonds will be initially offered to the public by the Underwriter and the purchase price

to be paid to the Authority for the Bonds, exclusive of accrued interest) will be \$\_\_\_ per \$1,000.

4. As part of the underwriting spread, [the Underwriter has charged a management fee of \$-0- per \$1,000.]

5. No fee, bonus or other compensation will be paid by the Underwriter in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriter (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as disclosed as expenses to be incurred by the Underwriter, as set forth in paragraph 1 above.

6. The name and address of the Underwriter are:

Barclays Capital Inc.  
745 Seventh Avenue  
New York, NY 10019

7. The Authority is proposing to issue the Bonds for the purpose of providing funds, sufficient together with other available moneys, to (i) finance, refinance or reimburse the Borrower for all or a portion of the 2020A Project, as defined in the Trust Indenture by and between the Authority and U.S. Bank National Association, as bond trustee, dated as of September 1, 2020 (the "Indenture") and (ii) refund the Refunded Obligations (as defined in the Indenture) and (iii) pay costs associated with the issuance of the Bonds.

8. The Bonds are expected to be repaid over a period of approximately 30 years. The Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) at \_\_\_% per annum, and will mature on August 15, 20\_\_\_. Interest on the Bonds will be payable on February 15 and August 15 of each year, commencing February 15, 2021.

9. The source of repayment or security for the Bonds consists of loan payments to be made by the Borrower and certain other security derived by the Authority pursuant to the terms of the Indenture. Authorization of the Bonds will not result in any moneys being unavailable to the Authority to finance other services of the Authority.

The foregoing statements are provided for information purposes only and shall not affect or control the actual terms and conditions of the Bonds.

We understand that you do not require any further disclosure from the Underwriter pursuant to Section 218.385, Florida Statutes, as amended.

Very truly yours,

**BARCLAYS CAPITAL INC.**

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



Schedule 1

Underwriter's Expenses

<u>Expense Item</u>	<u>Total Amount</u>	<u>Per Bond (\$1,000)</u>
Dalcomp Fees		
Interest on Day Loan		
DTC Eligibility Fees		
CUSIP Fees		
IPREO Issuer Order Monitor		
Net Roadshow		
Closing Costs		
Travel and Out of Pocket Expenses		
TOTAL	\$	\$
[placeholder text only]		

## Exhibit I

Barclays Capital Inc.  
New York, New York

Re: St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Taxable Series 2020A

Ladies and Gentlemen:

We have acted as bond counsel, and have delivered our approving legal opinion of even date herewith, in connection with the issuance on the date hereof by the St. Johns County Industrial Development Authority (the "Authority") of the above-referenced bonds (the "Series 2020A Bonds").

This letter is being delivered to you in accordance with Section 7(c)(ii) of the Bond Purchase Agreement dated September \_\_, 2020 (the "Bond Purchase Agreement"), among the Authority, Barclays Capital Inc. and Flagler Hospital, Inc., a Florida not-for-profit corporation. Capitalized terms used herein, but not defined herein, shall have the meanings given to them in the Bond Purchase Agreement and the Official Statement dated September \_\_, 2020, relating to the Series 2020A Bonds (the "Official Statement"). In connection with the offering of the Series 2020A Bonds, a Preliminary Official Statement dated August \_\_, 2020 relating to the Series 2020A Bonds (the "Preliminary Official Statement"), was also prepared.

We have not been engaged, nor have we undertaken, to review or verify the accuracy, completeness or sufficiency of the Preliminary Official Statement, the Official Statement or other offering material relating to the Series 2020A Bonds, except that, in our capacity as bond counsel in connection with the issuance of the Series 2020A Bonds, we have reviewed the information (a) contained in the Preliminary Official Statement and the Official Statement under the captions (i) "INTRODUCTION," (ii) "THE SERIES 2020A BONDS" (excluding any information relating to The Depository Trust Company ("DTC") and its book-entry only system) and (iii) "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020A BONDS," insofar as such information relates to the Series 2020A Bonds, the Bond Indenture, the Loan Agreement, the Master Indenture and the Series 2020A Note, and (b) contained in Appendices C and D to the Preliminary Official Statement and the Official Statement (excluding any information contained therein relating to DTC and its book-entry only system) solely to determine whether such information conforms to the Series 2020A Bonds, the Bond Indenture, the Loan Agreement, the Master Indenture and the Series 2020A Note. The purpose of our professional engagement was not to establish or confirm factual matters in the Preliminary Official Statement and the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth under such captions or in such appendices. Subject to the foregoing, the information in the Preliminary Official Statement under such captions and in such appendices, as of the date of the Preliminary Official Statement, and in the Official Statement under such captions and in such appendices, as of the date of the

Official Statement and as of the date hereof, insofar as such information relates to the Series 2020A Bonds, the Bond Indenture, the Loan Agreement, the Master Indenture and the Series 2020A Note (apart from any information relating to DTC and its book-entry only system), is accurate in all material respects (other than with respect to the omission of certain information in the Preliminary Official Statement permitted to be excluded therefrom pursuant to Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended). In addition, the information in the Preliminary Official Statement and in the Official Statement under the caption "TAX MATTERS," describing or summarizing our opinions with respect to certain federal and state tax matters relating to the Series 2020A Bonds, is accurate in all material respects.

Except as specifically described above, we make no statement with respect to, and have not undertaken to determine independently, the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Series 2020A Bonds or by virtue of our delivering this letter. This letter is not intended to be relied upon by the owners of the Series 2020A Bonds or any other party to whom it is not specifically addressed.

Respectfully submitted,

**EXHIBIT F**

FINANCING AGREEMENT

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**FINANCING AGREEMENT**

Among

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
as Issuer

and

**FLAGLER HOSPITAL, INC.,**  
as Borrower

and

**TD BANK, NATIONAL ASSOCIATION,**  
as Bondholder Representative and initial Bondholder

Dated September \_\_, 2020

*Relating to*

\$ \_\_\_\_\_  
**St. Johns County Industrial Development Authority**  
**Revenue Bonds (Flagler Health)**  
**Taxable Series 2020B**

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## **FINANCING AGREEMENT**

**THIS FINANCING AGREEMENT**, dated September \_\_, 2020 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "Financing Agreement"), by and among the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY** (the "Issuer"), a public body corporate and politic organized and existing under the provisions of laws of the State of Florida, **FLAGLER HOSPITAL, INC.** (the "Borrower"), a Florida not-for-profit corporation, and **TD BANK, N.A.**, as initial Bondholder Representative (as hereinafter defined), a national banking association organized and existing under the laws of the United States;

### **WITNESSETH:**

**WHEREAS**, the Issuer is a public body corporate and politic of the State of Florida (the "State"), and is authorized and empowered by the provisions of Chapter 159, Parts II and III, Florida Statutes, as amended (the "Act"), to issue revenue bonds under the provisions of the Act, to finance and refinance the costs of health care facilities to be operated by private, not-for-profit corporations, and to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing or refinancing of certain projects required or useful for health care facilities, including financing and refinancing the acquisition of furnishings, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to improve the health and living conditions of the people of the State and St. Johns County, Florida (the "County"), increase opportunities for gainful employment, improve health care and otherwise aid in improving the health and welfare of the State, the County, and their inhabitants, and to provide such financing through the issuance of revenue obligations such as bonds and notes;

**WHEREAS**, the Borrower has requested that the Issuer issue its St. Johns County Industrial Development Authority Revenue Bonds (Flagler Health), Series 2020B (the "Series 2020B Bonds") in the original principal amount of \$\_\_\_\_\_ for the purposes of (i) refunding the outstanding Refunded Obligations (as defined herein) and (ii) paying certain costs of issuance of the Series 2020B Bonds, all as more particularly described in this Financing Agreement;

**WHEREAS**, in connection with the execution and delivery of this Financing Agreement, the Borrower and the Bondholder Representative have entered into the Continuing Covenant Agreement dated September 1, 2020, between the Borrower, as Obligated Group Agent, on behalf of itself and the other Members of the Obligated Group, and the Bondholder Representative (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Continuing Covenant Agreement");

**WHEREAS**, the Issuer has determined to issue and deliver to TD Bank, N.A., as initial the Bondholder Representative and Bondholder, the Series 2020B Bonds on such terms as provided herein;

**WHEREAS**, to secure the performance of the Borrower's obligations under this Financing Agreement and the Continuing Covenant Agreement, the Borrower will issue and deliver to the



Bondholder Representative, as assignee of the Issuer, its Master Note, Series 2020B, No. 1 (the "Series 2020B Note"), pursuant to the Amended and Restated Master Trust Indenture, dated as of September 1, 2017, as supplemented and amended and as amended and restated upon the issuance of the Series 2020B Note pursuant to the Amended and Restated Master Trust Indenture, dated as of September 1, 2020 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Master Indenture"), between the Obligated Group (as hereinafter defined) and U.S. Bank National Association, as successor master trustee;

**WHEREAS**, the Borrower has represented to the Issuer and the Bondholder Representative that it is an "Obligated Group Member" under (and as defined in) the Master Indenture and that, upon issuance, the Series 2020B Bonds will constitute a "Related Bond" under the Master Indenture;

**WHEREAS**, the Series 2020B Bonds will be payable from and secured by (i) the Borrower's undertakings under this Financing Agreement and the Issuer's rights, title and interests herein (except for certain indemnification and reimbursement rights of the Issuer) and (ii) the Series 2020B Note and the Issuer's rights, title and interests therein (collectively, the "Bond Security"); and

**WHEREAS**, the Issuer, at a meeting duly convened and held, has authorized the issuance, execution and delivery of the Series 2020B Bonds and this Financing Agreement.

**NOW, THEREFORE**, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that, in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money and any obligation or liability it may incur for damages resulting from the breach of any covenant, undertaking, agreement or warranty herein made shall not be a general debt on its part or a mortgage or pledge of its full faith and credit or taxing power or any of its real estate, property or franchises but shall be payable solely out of the proceeds from the sale of the Series 2020B Bonds and the revenues derived from this Financing Agreement and the Series 2020B Bonds):

## ARTICLE I

### DEFINITIONS

**Section 1.01. Definitions.** In addition to the words and terms elsewhere defined in this Financing Agreement, the words and terms as used herein shall have the meanings given to them in the Master Indenture, or if not defined therein, such words and terms shall have the following meanings unless the context or use indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms defined herein.

**“2014 Promissory Note”** means the Promissory Note dated October 29, 2014, payable by Flagler Hospital, Inc. to PNC Bank, National Association, in the original principal amount of \$14,000,000.

**“Act”** means Chapter 159, Parts II, III and VII, Florida Statutes, as amended, and other applicable provisions of law.

**“Applicable Law”** means all applicable provisions of all constitutions, statutes, rules, regulations and all binding orders, judgments and decrees of any Governmental Authority.

**“Bond Security”** has the meaning set forth in Section 3.01(a)(v) hereof.

**“Bondholder”** means the entity or entities in whose name any of the Series 2020B Bonds are registered on the Books kept and maintained by the Registrar as bond registrar pursuant to Section 8.05 hereof. The initial Bondholder is the TD Bank, N.A..

**“Bondholder Affiliate”** means, with respect to any Bondholder, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Bondholder. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

**“Bondholder Representative”** means the Bondholder, *provided* that there is a single Bondholder of all of the Series 2020B Bonds. If there is more than one Bondholder of the Series 2020B Bonds, “Bondholder Representative” means the entity serving as Bondholder Representative pursuant to Section 8.06(d) hereof. The initial Bondholder Representative is TD Bank, N.A., a national banking association and its successors and assigns.

**“Bondholder Tender Date”** means August 15, 2030, and any subsequent date or dates that shall be designated by the Borrower the Bondholder Representative by written notice provided to the Registrar.

**“Borrower”** means Flagler Hospital, Inc., a not-for-profit corporation duly incorporated and existing under and by virtue of the laws of the State, and any successor or assignee thereto.

**“Business Day”** means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal corporate office of the Obligated Group Agent or the principal corporate trust office of the Registrar is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Bondholder Representative is closed.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**“Continuing Covenant Agreement”** means that certain Continuing Covenant Agreement dated as of September 1, 2020, between the Bondholder Representative and the Borrower, as Obligated Group Agent, on behalf of itself and the other Members of the Obligated Group, as the same may be amended, supplemented, restated or otherwise modified from time to time, and any other agreement between the Borrower and the Bondholder Representative which may be designated as a Continuing Covenant Agreement, as the same may be amended and supplemented from time to time.

**“Corporate Lending Office”** means the Bondholder Representative’s notice address set forth in Section 8.08 hereof.

**“County”** means St. Johns County, Florida.

**“Date of Issuance”** means September \_\_, 2020.

**“Default Rate”** shall have the meaning assigned to such term in the Series 2020B Bonds.

**“Event of Default”** has the meaning set forth in Section 7.01 hereof.

**“Expenses”** means those fees, costs and expenses described in Section 3.02(c) hereof.

**“Escrow Agent”** means U.S. Bank National Association, and its successor and assigns.

**“Escrow Deposit Agreement”** means the Escrow Deposit Agreement, dated September \_\_, 2020, among the Escrow Agent, the Issuer and the Borrower.

**“Facilities”** means, collectively, the Borrower’s health care facilities and the capital projects financed by the Refunded Obligations and refinanced by the Series 2020B Bonds.

**“Financing Agreement”** or **“2020B Financing Agreement”** means this Financing Agreement, dated September \_\_, 2020, by and among the Issuer, the Borrower and the Bondholder Representative, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

**“Foundation”** has the meaning set forth in the Master Indenture.

**“Governmental Authority”** means any government or political subdivision, or any agency, board, commission, department or instrumentality of either, or any court, tribunal, central bank or arbitrator.

**“Investor Letter”** means an investment letter in substantially the form attached as Exhibit C hereto.

**“Issuer”** or **“Issuer”** means the St. Johns County Industrial Development Authority.

**“Loan”** means the loan of the proceeds of the Series 2020B Bonds from the Issuer to the Borrower pursuant to this Financing Agreement.

**“Loan Documents”** means collectively this Financing Agreement, the Series 2020B Bonds, the Master Indenture Documents, the Continuing Covenant Agreement, the Escrow Deposit Agreement and all agreements, documents and instruments executed at any time in connection therewith, as any of the same are amended, restated, or supplemented.

**“Master Indenture”** means that Master Trust Indenture, dated as of September 1, 2017, as supplemented and amended and as amended and restated upon the issuance of the Series 2020B Note pursuant to the Amended and Restated Master Trust Indenture, dated as of September 1, 2020, between the Obligated Group and the Master Trustee, as the same may be supplemented and amended from time to time.

**“Master Indenture Documents”** means the Master Indenture, the Supplemental Master Indenture and the Series 2020B Note.

**“Master Note”** has the meaning set forth in the Master Indenture.

**“Master Trustee”** means U.S. Bank National Association, as successor master trustee under the Master Indenture, and its successors and assigns.

**“Member”** has the meaning set forth in the Master Indenture.

**“Obligated Group”** means the Obligated Group established under (and as defined in) the Master Indenture, as membership in such Obligated Group may be modified from time to time.

**“Opinion of Counsel”** means an opinion from an attorney or firm of attorneys, selected by the Borrower and acceptable to the Bondholder Representative, with experience in the matters to be covered in the opinion. The attorney or attorneys rendering such opinion may be counsel to the Issuer or the Borrower.

**“Refunded Obligations”** means, collectively, the Series 2012B Bond, the 2014 Promissory Note and the Series 2017A Bonds, as more particularly described in Exhibit A hereto.

**“Registrar”** means, initially, the Borrower, and in the event that TD Bank, N.A., as the initial Bondholder transfers a portion of the Series 2020 Bonds, the entity acting as registrar and acting as paying agent for the Series 2020B Bonds in accordance with the provisions of Section 3.01(a)(vii) hereof.

**“Registrar and Paying Agency Agreement”** means any Registrar and Paying Agency Agreement entered into pursuant to Section 3.01(a)(vii) hereof, by and among the Issuer, the Borrower and the Registrar, as amended and supplemented from time to time, and substantially in the form attached as Exhibit E hereto.

**“Resolution”** means the resolution adopted by the Issuer on \_\_\_\_\_, 2020 authorizing the issuance, execution and delivery of the Series 2020B Bonds, the execution and delivery of this Financing Agreement and the execution and delivery of other documents related thereto.

**“Responsible Officer”** means, as to any Person, either (i) its president or chief executive officer, or (ii) with respect to financial matters, its president, chief executive officer, chief financial officer or any vice president designated in writing by the chief executive officer to the Bondholder Representative.

**“Series 2012B Bond”** means the St. Johns County Industrial Development Authority Hospital Revenue Refunding Bond (Flagler Hospital, Inc. Project), Series 2012B, dated April 4, 2012, in the original principal amount of \$12,000,000.

**“Series 2017A Bonds”** means the St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Taxable Series 2017A, dated September 28, 2017, in the original principal amount of \$32,575,000.

**“Series 2020B Bonds”** means the \$\_\_\_\_\_ St. Johns County Industrial Development Authority original principal amount Revenue Bonds (Flagler Health), Taxable Series 2020B, issued pursuant to this Financing Agreement in substantially the form attached as Exhibit B hereto.

**“Series 2020B Note”** means Master Note, Series 2020B, No. 1, executed and delivered by the Borrower to the Bondholder Representative, all under the terms of the Master Indenture, securing and/or evidencing the obligations of the Borrower under this Financing Agreement and the Continuing Covenant Agreement, substantially in the form set forth in the Supplemental Master Indenture, together with any amendments thereto or obligations given in renewal or extension thereof.

**“State”** means the State of Florida.

**“Supplemental Master Indenture”** means Supplemental Indenture for Master Note, Series 2020B, No. 1, dated as of September 1, 2020, between the Obligated Group and the Master Trustee.

**“Tax-Exempt Organization”** means a not-for-profit corporation and an organization described in Section 501(c)(3) of the Code.

**“Term”** shall have the meaning ascribed to such term in Section 6.01 hereof.

## ARTICLE II

### REPRESENTATIONS

**Section 2.01. Representations by the Issuer.** The Issuer makes the following representations as the basis for the undertakings of the Borrower and the Bondholder Representative herein contained:

(a) The Issuer is a duly created and existing public body corporate and politic under and pursuant to Chapter 159, Parts II, III and VII, Florida Statutes, as amended. The Issuer has the power under the Act to enter into the transactions contemplated by this Financing Agreement and to carry out its obligations hereunder. The Issuer has been duly authorized pursuant to the Resolution to execute and deliver this Financing Agreement and to issue, execute and deliver the Series 2020B Bonds.

(b) The Issuer is issuing the Series 2020B Bonds, in the principal amount of \$\_\_\_\_\_ for the purpose of providing funds to loan to the Borrower to (i) refund the outstanding Refunded Obligations (as described herein) and (iii) pay certain costs of issuance of the Series 2020B Bonds.

(c) Neither the issuance, execution and delivery of the Series 2020B Bonds, the execution and delivery of this Financing Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions hereof and thereof will conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Issuer is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement, except as provided herein.

**Section 2.02. Representations by the Borrower.** The Borrower makes the following representations as the basis for the undertakings of the Issuer and the Bondholder Representative herein contained:

(1) It is duly organized as a not for profit corporation under the laws of the State of Florida and is not in default under any of the provisions contained in its articles of incorporation or bylaws or in the laws of the State of Florida.

(2) It is an organization described under Section 501(c)(3) of the Internal Revenue Code and has done nothing to impair its status as such.

(3) It has the power to consummate the transactions contemplated by the Financing Documents to which it is a party.

(4) By proper corporate action it has duly authorized the execution and delivery of the Financing Documents to which it is a party and the consummation of the transactions contemplated therein.

(5) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Financing Documents to which it is a party.

(6) The execution and delivery by it of the Financing Documents to which it is a party and the consummation by it of the transactions contemplated therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its charter or bylaws, or any agreement, instrument, order or judgment to which it is a party or is subject, or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Financing Documents.

(7) The Financing Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

(8) The capital projects financed by the Refunded Obligations comprise "health care facilities" within the meaning of the Act, and the costs which were paid from the proceeds of the Refunded Obligations were "costs" of a "project" within the meaning of the Act. The Borrower intends to operate such projects as "health care facilities" until the Series 2020B Bonds is fully paid or, if the Borrower is no longer operating such capital projects, to assure that any tenant, assignee, vendee or other successor in interest actively using the such capital projects shall so operate the such capital projects until the Series 2020B Bonds is fully paid.

(9) The Borrower shall not use any facility acquired, improved, financed by the Refunded Obligations or in any way provided or assisted by the Issuer to promote any sectarian purpose or to advance or inhibit any religious activity, nor shall any such facility be operated by the Borrower in a manner so pervaded by religious activities that the secular objectives of the Enabling Law cannot be separated from the sectarian interests or purposes of the Borrower to the extent required by the Constitution of Florida and the first amendment to the Constitution of the United States of America.

### ARTICLE III

#### THE REVENUE BONDS; LOAN; APPLICATION OF LOAN PROCEEDS; LOAN PAYMENTS

##### **Section 3.01. (a) The Series 2020B Bonds; Agreement to Issue and Purchase Series 2020B Bonds.**

(i) General. In order to provide funds to make the Loan to the Borrower as provided herein, the Issuer agrees, subject to, and conditioned upon, fulfillment of all terms and conditions of such issuance by the Borrower and the Bondholder Representative (including, but

not limited to the purchase of the Series 2020B Bonds by the Bondholder Representative) that it shall issue and cause to be delivered the Series 2020B Bonds in an aggregate principal amount of \_\_\_\_\_, and the Bondholder Representative agrees, subject to, and conditioned upon, the fulfillment of all terms and conditions of such purchase by the Borrower, that it shall purchase and accept delivery from the Issuer the Series 2020B Bonds at par as directed by the Issuer herein. This Financing Agreement constitutes a continuing agreement with the Bondholders from time to time of the Series 2020B Bonds to secure the full payment of the principal of, premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions herein contained. Each Bond shall be payable from the Bond Security equally, ratably and on a parity with each other Bond.

(ii) Authorized Denominations. The Series 2020B Bonds shall be issued as fully registered Bonds without coupons in denominations of [\$15,000,000] and any larger denomination constituting an integral multiple of \$5,000.

(iii) Registration and Transfer. On the Date of Issuance, the Series 2020B Bonds shall be registered in the name of the Bondholder Representative and shall be evidenced by one bond certificate in the principal amount of the Series 2020B Bonds, and shall be issued in physical, certificated form registered in the name of the Bondholder Representative or as otherwise directed by the Bondholder Representative. Each Bond shall contain a legend indicating that the transferability of such Bond is subject to the restrictions set forth in this Financing Agreement. Registered ownership of the Series 2020B Bonds, or any portion thereof, may not thereafter be transferred except in accordance with this Financing Agreement. The Registrar shall maintain a register of payments made and balances owing on each Bond and the Loan, and shall promptly provide a copy of such register upon request of the Issuer.

(iv) Form of Bonds. The Series 2020B Bonds shall be in the form attached as Exhibit B hereto; the terms therein are hereby incorporated by reference and made a part hereof. The Series 2020B Bonds shall be numbered from R-1 upward.

(v) Limited Obligations and Bond Security. The obligations of the Issuer hereunder and under the Series 2020B Bonds constitute special limited obligations of the Issuer payable solely from and secured by the: (a) payments derived by the Issuer from the Borrower's repayment of the Loan, and (b) payments under Series 2020B Note (collectively, the "Bond Security"). The principal amount of the Series 2020B Bonds and interest thereon shall be paid by the Borrower to the Registrar for payment to the applicable Bondholder pursuant to the terms thereof.

(vi) Authentication. No Bond shall be valid or obligatory for any purpose or entitle any security or benefit under this Financing Agreement until a certificate of authentication on such Bond substantially in the form set forth in Exhibit A shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Financing Agreement. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed if it is signed by an authorized signatory of the Registrar, but it shall not be necessary that the same signatory sign the authentication on all of the Series 2020B Bonds issued pursuant to the Financing Agreement.



(vii) Registrar and Paying Agent. Initially, the Borrower shall act as the registrar and paying agent for the Series 2020B Bonds purchased by the Bondholder Representative on the Date of Issuance. In the event that the Bondholder Representative desires to transfer a portion of the Series 2020B Bonds, the Issuer and the Borrower agree to enter into the Registrar and Paying Agent Agreement with an entity qualified to act as registrar and paying agent thereunder selected by the Borrower and acceptable to the Bondholder Representative. The Borrower shall be responsible for any costs incurred by the Borrower, the Issuer and the Registrar in connection with the execution and delivery of the Registrar and Paying Agent Agreement and any related and ongoing fees and expenses of the Registrar.

(b) **The Loan.**

(i) The Issuer shall issue and sell the Series 2020B Bonds to the Bondholder Representative, and shall make the Loan, in accordance with the terms of this Financing Agreement and the Series 2020B Bonds, subject to the satisfaction of the following conditions:

(1) The delivery to the Issuer of all Issuer Documents and the other documents listed herein by the parties thereto, each substantially in the form approved by the Issuer on \_\_\_\_\_, 2020;

(2) The receipt by the Issuer of customary legal opinions, closing certifications, instruments and documents and receipt by the Issuer of such other legal opinions, closing certificates, instruments and documents as the Issuer, its counsel, or bond counsel may reasonably request to evidence such agreements and compliance by the Issuer and the Borrower with the legal requirements applicable thereto;

(3) The satisfaction of all conditions contained below in Section 3.01(b)(ii) and the purchase and acceptance of delivery of the Series 2020B Bonds by the Bondholder Representative;

(4) The truth and accuracy, as of the closing and delivery of the Series 2020B Bonds of the respective representations and warranties contained in such documents; and

(5) The due performance or satisfaction by all parties of all agreements to be performed by them and all conditions to be satisfied prior to closing and delivery of the Series 2020B Bonds.

(ii) The Bondholder Representative shall purchase the Series 2020B Bonds at a price of par, subject to the following conditions:

At the Date of Issuance, the Issuer shall have duly enacted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby; and the Bondholder Representative shall have received the following:

(1) An opinion of Bond Counsel in form acceptable to the Bondholder Representative and its counsel and addressed to the Bondholder Representative and upon which the Bondholder Representative may rely;

(2) An opinion of counsel to the Borrower, dated the date of the Date of Issuance, and in a form acceptable to the Bondholder Representative and its counsel and addressed to Bondholder Representative and upon which the Bondholder Representative may rely;

(3) An opinion of Bond Counsel, dated the date of the Date of Issuance, and in a form acceptable to the Bondholder Representative and its counsel and addressed to the Bondholder Representative and upon which the Bondholder Representative may rely, which opinion shall include, but not be limited to, an opinion to the effect that the Series 2020B Note is an "Master Note" (as such term is defined under the Master Indenture) and is on parity with all other such "Master Note" issued under the Master Indenture;

(4) A certified copy of the Resolution authorizing the issuance of the Series 2020B Bonds and sale of the Series 2020B Bonds to the Bondholder Representative, and the execution, delivery and performance of the documents to which the Issuer is a party (collectively, the "Issuer Documents");

(5) A duly executed counterpart of this Financing Agreement;

(6) A certified copy of the Master Indenture;

(7) A duly executed counterpart of the Supplemental Master Indenture;

(8) The original executed Series 2020B Bond;

(9) The original Series 2020B Note;

(10) A duly executed counterpart of the Continuing Covenant Agreement;

(11) Duly executed counterparts or copies of any other Loan Documents;

(12) A certificate of the Borrower, relating to (i) its articles of incorporation and bylaws, (ii) resolutions of its Board of Directors or the Finance Committee of its Board of Directors, as applicable, authorizing the execution, delivery and performance of the applicable Loan Documents to which the Borrower is a party, (iii) incumbency and specimen signatures of officers, and (iv) such other matters as the Bondholder Representative may require;

(13) Satisfaction of all of the conditions precedent set forth in Section 4.01 of the Continuing Covenant Agreement (including the delivery of any additional legal opinions, certificates, proceedings, instruments required therein) and as counsel for the Bondholder Representative may otherwise reasonably request to evidence compliance by the Borrower and the Issuer with the legal requirements, the truth and accuracy, as of the time of the

Date of Issuance, of the representations of the Issuer and Borrower herein contained and contained in the Master Indenture, as applicable, and the due performance or satisfaction by the Borrower and the Issuer, at or prior to the Date of Issuance, of all agreements then required to be performed and all conditions then required to be satisfied by the Borrower and the Issuer at the Date of Issuance; and

(iii) The Borrower shall accept the Loan and repay the Loan to the Bondholders, on behalf of the Issuer, in accordance with the terms of this Financing Agreement and the Series 2020B Bonds. The Borrower shall make payments to the Bondholders on behalf of the Issuer in satisfaction of the Series 2020B Bonds as provided therein and as hereafter set forth in Section 3.02. Additionally, the Borrower shall make all other payments required of it under the Series 2020B Bonds, this Financing Agreement and the Continuing Covenant Agreement.

(c) **Application of Loan Proceeds.** Simultaneously with the delivery of the Series 2020B Bonds to the Bondholder Representative, the proceeds of the Series 2020B Bonds shall be paid by the Bondholder Representative in accordance with written instructions of the Borrower as follows:

(i) \$ \_\_\_\_\_ shall be paid to PNC Bank, National Association, as holder of the Series 2012B Bond to pay the outstanding principal of, premium, if any, and interest on the Series 2012B Bond and any related breakage fees, costs and expenses relating to such prepayment and redemption;

(ii) \$ \_\_\_\_\_ shall be paid to PNC Bank, National Association, as holder of the Series 2014 Promissory Note, to pay the outstanding principal of, premium, if any, and interest on the 2014 Promissory Note and any related breakage fees, costs and expenses relating to such prepayment and redemption;

(iii) \$ \_\_\_\_\_ shall be paid to the Escrow Agent for deposit into the Escrow Account to provide for the defeasance of the outstanding Series 2017A Bonds on the date hereof and redemption of the outstanding Series 2017A Bonds on the redemption date as provided therein; and

(iv) \$ \_\_\_\_\_ shall be paid to the Escrow Agent for deposit into the Cost of Issuance Account held by the Escrow Agent under the Escrow Deposit Agreement and applied to pay, or reimburse the Borrower for the payment of, the costs of issuance of the Series 2020B Bonds.

### **Section 3.02. The Loan Payment.**

(a) The Borrower shall pay directly to the Registrar, for payment to the Bondholders, for the account of the Issuer, on or before the dates required under the Series 2020B Bonds and under this Financing Agreement, in immediately available funds, all amounts becoming due and payable pursuant to the Series 2020B Bonds and this Financing Agreement together with all Expenses when due (except Expenses incurred by the Issuer) and all amounts due and payable to the Issuer to satisfy Borrower's indemnification obligations under Section 4.01 herein or otherwise.

(b) All payments payable by the Borrower under this Section 3.02, except for Expenses incurred by the Issuer and payments to satisfy the Issuer's right of indemnification under Article V hereof, are assigned by the Issuer to the Bondholder Representative as initial holder of the Series 2020B Bonds. The Borrower hereby assents to such assignment. The Issuer hereby directs the Borrower and the Borrower hereby agrees to pay to the Registrar for payment to the Bondholder at the Bondholder Representative's Corporate Lending Office (or such other office or account of a Bondholder that such Bondholder may direct in writing the Borrower to make such payments), all payments (except Expenses incurred by the Issuer or the Bondholder Representative or any indemnification payments as provided in Article V hereof) required to be paid by the Borrower pursuant to the Series 2020B Bonds and this Financing Agreement.

(c) The Borrower shall pay reasonable expenses of the Issuer and the Bondholder Representative upon their written request, such expenses to be paid directly to the requesting party upon receipt of such request (the "Expenses").

(d) In the event the Borrower should fail to make any of the payments required under the Series 2020B Bonds and this Financing Agreement, the amount so in default shall continue as an obligation of the Borrower until fully paid and until paid shall bear interest at the Default Rate.

(e) Upon acceleration of the Series 2020B Bonds, the obligation of the Borrower to make payments hereunder shall likewise be deemed to be accelerated.

(f) The payments required to be made by the Borrower hereunder and under Series 2020B Note have been calculated to provide funds sufficient to pay the principal of and interest on the Series 2020B Bonds as the same come due and to provide funds for the payment of Expenses and other amounts that may become payable to the Issuer or the Bondholder Representative with respect to the Series 2020B Bonds and this Financing Agreement. The Borrower recognizes, understands and acknowledges that it is the intention of the parties that the payments hereunder be available exclusively for such purposes. This Financing Agreement shall be construed to effectuate this intent. If for any reason the payments by the Borrower hereunder are not sufficient for all such purposes, the amount of such deficiency shall bear interest from the due date at the Default Rate and shall immediately upon notification by the Bondholder Representative or the Issuer that such a deficiency exists, be paid by the Borrower to the Registrar. The payments to be made by the Borrower hereunder shall be made by the Borrower irrespective of any breach or any failure of compliance by the Issuer or the Bondholder Representative or any Bondholder with any requirement of this Financing Agreement or any counterclaim, right of offset against the Issuer or the Bondholder Representative or any Bondholder that the Borrower might otherwise have. All payments required to be made by the Borrower pursuant to this Financing Agreement shall be promptly made as herein set forth. Further, all payments made by or on behalf of the Issuer with respect to the Series 2020B Bonds shall be credited against sums due under Series 2020B Note.

In the event the Borrower should fail to make any of the payments required under the Series 2020B Bonds and this Financing Agreement, the amount so in default shall continue as an obligation of the Borrower until fully paid and until paid shall bear interest at the Default Rate.

**Section 3.03. Interest on Overdue Payments.** The Borrower shall pay to the Registrar for payment to the Bondholders interest on any and all amounts required to be paid under this Financing Agreement and the Series 2020B Bonds from and after the due date thereof until payment in full at the Default Rate.

**Section 3.04. To Whom Payments are Due.** Payments due hereunder and under the Series 2020B Bonds, other than indemnification payments or payment of Issuer Expenses, shall be made by the Borrower directly to the Registrar at its notice address set forth in Section 8.08 hereof, for payment to the Bondholder Representative or such other Bondholder at its Corporate Lending Office or as set forth in Section 3.02(g) above. Payments of the Expenses or indemnification payments shall be made by the Borrower directly to the persons, firms, governmental agencies and other entities, including the Issuer and the Bondholder Representative, their counsel and bond counsel in accordance with directions of the Issuer and the Bondholder Representative.

**Section 3.05. Prepayment of the Loan.** The Borrower shall have the option, upon not less than thirty (30) day's prior written notice by the Borrower to the Bondholders and the Issuer, to prepay the Loan, and thereby cause the Issuer to prepay the Series 2020B Bonds under Section 8.04 hereof, in whole or in part, at any time or times, with the payment of any applicable premium or penalty to the extent and as provided in the Series 2020B Bonds.

**Section 3.06. Satisfaction of Obligation.** Except as otherwise herein expressly provided, the obligation of the Borrower to make payments hereunder shall be satisfied and terminated upon payment in full of all amounts due hereunder and under the Series 2020B Bonds.

**Section 3.07. Issuer's Performance of the Borrower's Obligations.** In the event the Borrower at any time neglects, refuses or fails to perform any of its obligations under this Financing Agreement, the Issuer or the Bondholder Representative, at their respective option and following at least thirty (30) days' written notice to the Borrower except where a shorter period of notice is necessary to avoid a default in payment on the Series 2020B Bonds or hereunder or to prevent any loss or forfeiture thereof, may, but shall be under no obligation to, perform or cause to be performed such obligations, and all expenditures incurred by the Issuer or the Bondholder Representative in connection therewith shall be promptly paid or reimbursed by the Borrower to the Issuer or the Bondholder Representative, as the case may be, and shall bear interest at the Default Rate until so reimbursed.

**Section 3.08. Security Interest and Assignment; Acceptance by the Bondholder Representative.** To secure the prompt payment and performance as and when due by the Issuer of its obligations hereunder, the Issuer hereby sells, assigns and transfers to the Bondholder Representative, on behalf of the Bondholders, without recourse or warranty, all rights and interests of the Issuer under the Series 2020B Bonds and this Financing Agreement (except the right to be reimbursed for Expenses and to be indemnified under this Financing Agreement). The Borrower acknowledges and agrees to such assignment. The Issuer further agrees that, with respect to the assigned rights of the Issuer under this Financing Agreement, the Bondholders shall have all of the rights and remedies of a Secured Party under the Florida Uniform Commercial Code. By accepting the assignment, the Bondholder Representative shall look solely to the assigned rights for repayment of the Series 2020B Bonds.

## ARTICLE IV

### ADDITIONAL COVENANTS OF THE BORROWER

**Section 4.01. Operation and Maintenance of Bond-Financed Projects.** The Borrower shall operate the capital projects financed by the Refunded Obligations as provided in Section 2.02(8) and (9) hereof. The Borrower, as independent contractor and not as agent of the Issuer, may remodel, modify or otherwise improve such capital projects from time to time as the Borrower in its discretion determines to be in its best interests. The Borrower shall operate each of such capital projects as a “project” and a “health care facility” (as defined in the Act) at its own expense.

**Section 4.02. Bondholder Right to Tender Series 2020B Bonds to Borrower.** Unless waived at the sole and exclusive discretion of the Bondholder Representative by written notice (the “Waiver Notice”) given by the Bondholder Representative to the Borrower and the Registrar not earlier than one hundred eighty (180) days and not later than ninety days (90) days prior to the applicable Bondholder Tender Date, the Series 2020B Bonds shall be purchased by the Borrower from the Bondholders on the applicable Bondholder Tender Date at a purchase price equal to the outstanding principal amount of the Series 2020B Bonds plus interest accrued thereon to, but not including, the applicable Bondholder Tender Date, together with all other fees and expenses owing to the Bondholders and the Registrar hereunder or under the Series 2020B Bonds or under the Continuing Covenant Agreement and in connection with such purchase of the Series 2020B Bonds by the Borrower (the “Purchase Price”). The Series 2020B Bonds shall be tendered on or before the applicable Bondholder Tender Date by the Bondholders to the Registrar for purchase by the Borrower. The Borrower shall pay the Purchase Price to the Registrar on or prior to the applicable Bondholder Tender Date. The failure of the Bondholder Representative to give the Waiver Notice to the Borrower within the period hereinabove specified shall mean that the required purchase of the Series 2020B Bonds has not been waived and that the Borrower is obligated to purchase the Series 2020B Bonds on the applicable Bondholder Tender Date as hereinabove provided.

## ARTICLE V

### THE BORROWER'S INDEMNIFICATION OF ISSUER

**Section 5.01. Indemnification of Issuer; No Issuer Liability; Damage Claims.** The Borrower shall protect, indemnify and save harmless the Issuer and their officers, officials, members, directors, employees, agents and attorneys against and from any and all liabilities, suits, actions, claims, demands, damages, losses, expenses, including reasonable attorneys' fees, and costs of every kind and nature incurred by, or asserted or imposed against, the Issuer, and their officers, officials, members, directors, agents, employees or attorneys, or any of them, by reason of any accident, injury (including death) or damage to any person or property, however caused, resulting from, connected with or growing out of any act of commission or omission of the Borrower, or any officers, members, directors, employees, agents, assignees, contractors or subcontractors of the Borrower, or any use, non-use, possession, occupation, condition, operation, service, design, construction, acquisition, maintenance or management of, or on, or in connection with, the Facilities, or any part thereof, or otherwise related to this Financing Agreement, the Series 2020B Bonds or any related documents, the financing of the capital projects financed by the

Refunded Obligations or the refunding of the Refunded Obligations, during the Term of this Financing Agreement or after the expiration of such Term, and regardless of whether such liabilities, suits, actions, claims, demands, damages, losses, expenses and costs be against or be suffered or sustained by the Issuer or any of their officers, officials, members, directors, agents, employees or attorneys, or be against or be suffered or sustained by other persons, corporations or other legal entities to whom the Issuer or any of their officers, officials, members, directors, agents, employees or attorneys may become liable therefor. Neither the Issuer nor any of their officers, officials, members, directors, employees, agents and attorneys shall be liable for any damage or injury occurring to the persons or property of the Borrower or any of its officers, members, agents, including operating personnel, contractors and employees, or any other person or entity who or which may be upon the Facilities, due to any act or negligence of any person or entity other than the willful misconduct or gross negligence of the Issuer, their officers, officials, members, directors, agents, servants, employees and attorneys. The Borrower may, and if so requested by the Issuer shall, utilizing counsel reasonably acceptable to the Issuer, undertake to defend, at its sole cost and expense, any and all suits, actions or proceedings brought against the Issuer or any of their officers, officials, members, directors, agents, employees or attorneys in connection with any of the matters mentioned in this Section.

A party seeking indemnification under this Article V shall notify the Borrower in writing promptly of any claim or action brought against such party in which indemnity may be sought against the Borrower under this Article; and such notice shall be given in sufficient time to allow the Borrower to defend such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Borrower under this Article V if (i) the party seeking indemnification shall not have had knowledge or notice of such claim or action, or (ii) the Borrower's ability to defend such claim or action shall not thereby be materially impaired. In the event, however, that (x) the party seeking indemnification shall not have notified the Borrower promptly of any such claim or action after such party's receipt of notice thereof, and (y) the Borrower's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the party seeking indemnity, then the Borrower's obligation to so defend and indemnify shall be qualified to the extent (and only to the extent) of such material impairment.

The provisions of this Article V shall expressly survive the termination of this Financing Agreement with respect to any indemnification arising as a result of actions taken prior to such termination.

The Issuer agrees, at the request and expense of the Borrower, to cooperate in the making of any investigation and defense of any such claim and promptly to assert any or all of the rights and privileges and defenses, which may be available to the Issuer.

**Section 5.02. Exemption from Individual Liability.** No recourse under or upon any covenant or agreement of this Financing Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer, employee, agent, director, trustee or member of the governing body of the Borrower or any other Obligated Group Member, or of any successor either directly or indirectly through the Borrower or any other Obligated Group Member, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this

Financing Agreement and all obligations hereunder are solely corporate obligations, and that no personal liability whatsoever shall attach to, or is or shall be incurred by, any incorporator, officer, employee, agent or member of the governing body of the Borrower or any other Obligated Group Member or any successor thereto, because of the issuance of the Series 2020B Bonds, or under or by reason of the covenants or agreement contained in this Financing Agreement or any express or implied obligations hereunder.

## ARTICLE VI

### TERM AND TERMINATION

**Section 6.01. Term.** The term of this Financing Agreement shall commence on the Date of Issuance and shall terminate on the date when the Series 2020B Bonds and all other obligations of the Borrower or the Issuer under the Series 2020B Bonds and this Financing Agreement shall have been paid in full under such circumstances that no claim for repayment may be made under any law or rule of law (the "Term").

**Section 6.02. Termination.** In no event shall this Financing Agreement terminate until the Bondholder Representative certifies to the Issuer that the Series 2020B Bonds, including principal, interest and any redemption premium, and all other obligations incurred by the Borrower and the Issuer, as the case may be, under the Series 2020B Bonds and this Financing Agreement have been paid in full.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 7.01. Events of Default.** The following events shall be "Events of Default" under this Financing Agreement, and the term "Event of Default" shall mean, whenever used in this Financing Agreement, any one or more of the following events:

(i) failure of the Borrower to pay when due any amount required to be paid on the Series 2020B Bonds; or

(ii) the Borrower shall fail to observe or perform any covenant or warranty in this Financing Agreement (other than a covenant or warranty, a default in the performance or breach of which is specifically addressed elsewhere in this Section 7.01) for a period of 60 days (or such longer period as permitted in writing by the Bondholder Representative) after the date on which written notice, specifying such failure and requiring that it be remedied, shall have been given to the Borrower by the Issuer or the Bondholder Representative; provided that if such failure can be remedied but not within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Borrower shall diligently proceed to remedy the failure and shall periodically deliver a written notice to the Bondholder Representative describing the actions being taken to remedy such failure; or

(iii) an Act of Bankruptcy shall occur with respect to the Borrower; or



(iv) the occurrence of an “Event of Default” as described and defined in any of the Loan Documents (including, without limitation, the Continuing Covenant Agreement) and the expiration of any applicable grace period; or

(v) failure of the Borrower to purchase the Series 2020B Bonds when, as and if required by Section 4.02 hereof.

**Section 7.02. Remedies on Default.** Whenever an Event of Default has occurred hereunder, the Bondholder Representative may exercise any of the following remedies:

(i) declare the Series 2020B Bonds and all other amounts due and payable under this Financing Agreement to be immediately due and payable in accordance with the terms hereof and thereof, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Series 2020B Bonds or this Financing Agreement to the contrary notwithstanding; or

(ii) declare the Series 2020B Note to be immediately due and payable in accordance with the terms thereof, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Series 2020B Note or the Master Indenture to the contrary notwithstanding; or

(iii) take whatever other action at law or in equity that, in its judgment, is necessary or desirable to collect the amounts due on the Series 2020B Bonds or under this Financing Agreement, whether by declaration or otherwise, or to enforce the performance, observance or compliance by the Borrower with any covenant or agreement contained in this Financing Agreement.

**Section 7.03. Rights With Respect to Series 2020B Note.** The Borrower acknowledges that, if an Event of Default has occurred hereunder, the Bondholder Representative shall be entitled to exercise all of the rights and remedies afforded by the Master Indenture to the Bondholder Representative as holder of the Series 2020B Note.

**Section 7.04. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Bondholder Representative is intended to be exclusive of any other available remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon the occurrence of an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

**Section 7.05. Proceedings in Bankruptcy.** In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of the Borrower under any federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or in case a receiver or trustee shall have been appointed for its property, the Bondholder Representative, irrespective of whether the Series 2020B Bonds or the Series 2020B Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Bondholder Representative shall have made any demand pursuant to the provisions of Section 7.02 hereof, the Bondholder Representative shall be entitled and empowered, by intervention in such proceedings

or otherwise, to file and prove a claim or claims for the whole amount of whether the Series 2020B Bonds and the Series 2020B Note owing and unpaid and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Bondholder Representative allowed in such judicial proceedings and to collect and receive any money or other property payable or deliverable on any such claims.

**Section 7.06. Waivers by Bondholder Representative.** The Bondholder Representative may waive any default by the Borrower under this Financing Agreement without the consent of the Issuer so long as (i) the waiver will not affect the provisions of this Financing Agreement relating to the indemnification of the Issuer by the Borrower and (ii) the Borrower shall have delivered to the Bondholder Representative an Opinion of Counsel to the effect that such waiver will not adversely affect the qualification of the Series 2020B Bonds or the capital projects financed by the Refunded Obligations under the Act. In the event that the Bondholder Representative waives any default by the Borrower under this Financing Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other default hereunder.

**Section 7.07. Agreement to Pay Attorneys' Fees and Expenses.** If an Event of Default occurs hereunder and the Bondholder Representative (in its own name or in the name and on behalf of the Issuer) employs attorneys or incurs other expenses in connection therewith, the Borrower shall, on demand, pay to the Bondholder Representative the reasonable fees and expenses of such attorneys and such other expenses.

**Section 7.08. Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Financing Agreement invalid or unenforceable.

**Section 7.09. Injunctive Relief.** The Borrower acknowledges that, in the event an Event of Default occurs hereunder, any remedy of law may prove to be inadequate relief to the Bondholder Representative; therefore, the Borrower agrees that the Bondholder Representative shall be entitled to seek such temporary or permanent injunctive relief as a court of competent jurisdiction in its discretion may award in any such case.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01. Issuer and Bondholder Representative Officers Not Liable.** The officers, officials, directors, agents, members, employees and attorneys of the Issuer and the Bondholder Representative shall not be personally liable for any costs, losses, damages or liabilities caused or incurred by the Borrower or any officer, member, trustee, agent or attorney thereof in connection with this Financing Agreement.

**Section 8.02. Enforcement.** The rights, interests, powers, privileges and benefits accruing to or vested in the Issuer and the Bondholder Representative under this Financing Agreement may be protected and enforced in conformity with the terms of this Financing Agreement or the Series 2020B Bonds in the sole discretion of the Issuer or the Bondholder Representative, as the case may be.

**Section 8.03. Amendment of Agreement.** This Financing Agreement may be amended only by a written instrument signed by the Issuer, the Borrower and the Bondholder Representative; provided, however, that nothing herein shall permit or be construed as permitting any abatement, reduction, abrogation, waiver or diminution, in any manner or to any extent whatsoever, of the obligation of the Borrower to repay the Loan as provided in this Financing Agreement.

**Section 8.04. Prepayment of Series 2020B Bonds.** The Issuer, at the request at any time of the Borrower, shall take all steps that may be proper and necessary under the applicable redemption provisions of this Financing Agreement to effect the prepayment of all or part of the then outstanding Bonds as may be specified by the Borrower, on the earliest prepayment date on which such prepayment may be effected. Expenses of such prepayment shall be paid by the Borrower and not from other funds of the Issuer. The Issuer shall, at the expense of the Borrower, cooperate with the Borrower in effecting any prepayment of the Bonds.

**Section 8.05. Registration and Transfer.** The Registrar, on behalf of the Issuer as the issuer of the Bonds, shall keep and maintain books for the registration of the Bonds and for the registration of ownership and for transfer and exchange of the Series 2020B Bonds as provided in this Financing Agreement. The Registrar, for and on behalf of the Issuer, shall keep the Series 2020B Bonds' registration record, in which shall be recorded any and all transfers of ownership of the Bond. The Series 2020B Bonds shall not be registered to bearer. The Series 2020B Bonds may be transferred upon the registration books upon surrender thereof by the registered Bondholder in person or by his attorney-in-fact or legal representative duly authorized in writing together with a written instrument of transfer, and in accordance with the requirements of this Section.

The Registrar, the Issuer and the Borrower may deem and treat the registered Bondholder of any Bond as the absolute Bondholder of such Bond for the purpose of receiving any payment on the Bond and for all other purposes of this Financing Agreement, whether the Series 2020B Bonds shall be overdue or not. Payment of, or on account of, the principal of and interest on the Series 2020B Bonds shall be made to or upon the written order of such registered Bondholder or his attorney-in-fact or legal representative duly authorized in writing. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Series 2020B Bonds to the extent of the sum or sums so paid.

The Bondholder Representative will not transfer the Series 2020B Bonds unless it also transfers the Bond Security to the transferee, subject to the provisions of this Section. Any Bondholder may assign, transfer, distribute or sell the Series 2020B Bonds, or any portion thereof, so long as it complies in all respects with all applicable securities laws and the provisions of Section 7.06 hereof, provided, however, that the Series 2020B Bonds may only be to an "accredited investor" under Rule 144A promulgated under the Securities Act of 1933, as amended, and Section

189.4085, Florida Statutes, or a “qualified institutional buyer” under Regulation D promulgated under the Securities Act of 1933, as amended, or to any direct or indirect wholly owned subsidiary of TD Bank, N.A. or its parent entity.

In the event that any Bondholder transfers the Series 2020B Bonds or any interest therein, such Bondholder shall only transfer the Series 2020B Bonds or any interest therein to an investor who delivers an investment letter, in the form attached hereto as Exhibit C, to the Issuer, the Borrower and Registrar and agrees to resell the Series 2020B Bonds only to a purchaser who delivers a similar letter to the Registrar, as a condition to transfer of ownership on the books of the Registrar.

#### **Section 8.06. Successors and Assigns.**

(a) Successors and Assigns Generally. This Agreement is a continuing obligation and shall be binding upon the Borrower, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bondholder Representative. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Series 2020B Bonds and the Loan Documents in accordance with the provisions of paragraph (b) or (c) of this Section.

(b) Sales and Transfers by Bondholder to a Bondholder Transferee. Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Series 2020B Bonds to a Person that is (i) a Bondholder Affiliate of such Bondholder or (ii) a trust or other custodial arrangement established by such Bondholder or a Bondholder Affiliate, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act, or “accredited investors” as defined in Rule 501 of Regulation D under the 1933 Act (each, a “Bondholder Transferee”). From and after the date of such sale or transfer, the applicable Bondholder Representative (and its successors) shall continue to have all of the rights of the Bondholder Representative hereunder and under the other Loan Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the applicable Bondholder hereunder, (B) the Obligated Group Agent shall be required to deal only with the Bondholder Representative with respect to any matters under the Loan Documents and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Bondholder Representative shall be entitled to enforce the provisions of the Loan Documents against the Obligated Group.

(c) Sales and Transfers by Bondholder to a Non-Bondholder Transferee. Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Bondholder Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act (each a “Non-Bondholder Transferee”) all or a portion of the Series 2020B Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bondholder Transferee, together with addresses and related information with respect to the Non-Bondholder Transferee,

shall have been given to the Registrar, the Obligated Group Agent and the Bondholder Representative (if different than the Bondholder) by such selling Bondholder and Non-Bondholder Transferee, and (B) the Non-Bondholder Transferee shall have delivered to the Registrar, the Obligated Group Agent and the selling Bondholder, an investment letter in substantially the form attached as Exhibit C hereto (the "Investor Letter").

From and after the date the Registrar, the Obligated Group Agent and the selling Bondholder have received written notice and an executed Investor Letter, (A) the Non-Bondholder Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Loan Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Loan Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Loan Documents.

(d) Successor Bondholder Representative. TD Bank, N.A. shall be the Bondholder Representative hereunder until such time as the Bondholder owning more than 50% of the Series 2020B Bonds designates an alternate Person to serve as the Bondholder Representative hereunder by delivery of written notice to the Obligated Group Agent and the Registrar and such Person accepts and agrees to act as the Bondholder Representative hereunder. The Bondholder owning more than 50% of the Series 2020B Bonds may so designate an alternate Person to act as the Bondholder Representative hereunder and under the Loan Documents from time to time.

A successor Bondholder Representative shall serve until a Bondholder owning more than 50% of the Series 2020B Bonds designates an alternate Person to serve as the Bondholder Representative hereunder by delivery of written notice to the Obligated Group Agent and the Registrar and such Person accepts and agrees to act as successor Bondholder Representative hereunder. If for any reason a Person is not then serving as successor Bondholder Representative hereunder, the Obligated Group Agent may designate TD Bank, N.A. to serve as a successor Bondholder Representative hereunder until such time as the Bondholder owning more than 50% of the Series 2020B Bonds designates an alternate Person to serve as the Bondholder Representative hereunder by delivery of written notice to the Obligated Group Agent and the Registrar and such Person accepts and agrees to as successor Bondholder Representative hereunder.

**Section 8.07. Surplus Funds.** When the Series 2020B Bonds shall have been paid and all other obligations incurred or to be incurred by the Issuer and the Borrower under the Series 2020B Bonds and this Financing Agreement shall have been paid, and assuming the existence of no other agreements imposing a continuing lien on the surplus funds, if any, held by the Issuer or the Bondholder Representative, any surplus funds remaining in the possession of the Issuer or the Bondholder Representative shall be paid to the Borrower.

**Section 8.08. Notices; Demands; Requests.** All notices, demands and requests to be given to or made hereunder by the Borrower, the Issuer or the Bondholder Representative shall be

in writing and shall be deemed to be properly given or made if sent by telephonically confirmed facsimile transmission, electronically confirmed email, courier service, messenger or United States registered or certified mail, postage prepaid, addressed as follows:

(a) As to the Borrower:

Flagler Hospital, Inc.  
400 Health Park Boulevard  
St. Augustine, Florida 32086  
Attention: Chief Executive Officer  
Telephone: (904) 825-4400  
Facsimile: (904) 825-4472  
Email: Jason.Barrett@flaglerhospital.org

With a copy to:

Upchurch, Bailey & Upchurch, P.A.  
780 North Ponce de Leon Boulevard  
St. Augustine, Florida 32804  
Attention: John D. Bailey, Esq.  
Telephone: (904) 829-9066  
Facsimile: (904) 825-4862  
Email: jd Bailey@ubulaw.com

(b) As to the Issuer:

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, Florida 32084  
Attention: Chairman  
Telephone: (904) 823-2457  
Facsimile: (904) 823-2515  
Email: jzuberer@sjcfl.us

With a copy to:

Geoffrey B. Dobson, Esq.  
16 Palmetto Avenue  
St. Augustine, Florida 32080  
Telephone: (904) 824-9032  
Facsimile: (904) 824-9236  
Email: cuna66@aol.com

(c) As to the Bondholder Representative:

TD Bank, N.A.  
2130 Centrepark West Drive, 2<sup>nd</sup> Floor  
West Palm Beach, Florida 33409  
Attn: Daniel L. Smith  
Telephone: (478) 737-5944  
Facsimile: (561) 478-6362  
Email: daniel.smith@td.com

Receipt by any party of notices, demands, requests or other communications sent hereunder shall occur upon the actual delivery thereof (whether by facsimile transmission, electronic mail, mail, messenger, courier service or otherwise) to the officer of such party specified above at the address of such party set forth above, subject to change as provided below. An attempted delivery in accordance with the foregoing, acceptance of which is refused or rejected, shall be deemed to be and shall constitute receipt; and an attempted delivery in accordance with the foregoing which is not completed because of a change in mailing address, email address or facsimile number, of which no notice was received by the sender prior to such attempted delivery, shall also be deemed to be and constitute receipt.

Any of such addresses or addressees may be changed at any time upon written notice of such change sent by certified mail, postage prepaid, to the other parties by the party effecting the change. A copy of any notice, demand, request or other communication sent by one of the parties to another party shall also be sent to the third party.

**Section 8.09. Actions by Bondholder Representative; Notices.** Notwithstanding any provision to the contrary contained herein, any notice, request, consent, direction, waiver, approval, agreement, or other action of the Bondholder Representative shall constitute and have the same effect as a notice, request, consent, direction, waiver, approval, agreement, or other action of the registered owners of the Series 2020B Bonds, as represented by the Bondholder Representative, and, so long as there is a Bondholder Representative with respect to a Series 2020B Bonds, notices shall be given to such Bondholder Representative and not to the registered owners represented by such Bondholder Representative, other than any notices of redemption. A copy of any notice given to or sent by the Registrar, Issuer, Borrower or any person hereunder shall also be provided to the Bondholder Representative.

**Section 8.10. Florida Law Controlling.** This Financing Agreement shall be construed and enforced in accordance with the laws of the State, without regard to conflict of law principles.

**Section 8.11. Consents and Approvals.** Whenever the written consent or approval of the Issuer or the Borrower or any officer thereof shall be required under the provisions of this Financing Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

**Section 8.12. Multiple Counterparts.** This Financing Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original constituting but one and the same instrument.

**Section 8.13. Severability.** If any one or more of the covenants, agreements or provisions of this Financing Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Financing Agreement, and this Financing Agreement shall continue in force to the fullest extent permitted by law.

**Section 8.14. Investment Letter.** Concurrently with its purchase of the Bond, the Bondholder Representative will execute and deliver an Investor Letter substantially in the form attached hereto as Exhibit C. Any subsequent transferee shall execute and deliver an Investor Letter as a condition to transfer of ownership of the Series 2020B Bonds.

**Section 8.14. Truth in Bonding; Disclosure Letter.** The Issuer is proposing to issue \$ \_\_\_\_\_ principal amount of the Series 2020B Bonds and loan the proceeds thereof to the Borrower for the purposes described in this Financing Agreement. The Series 2020B Bonds are expected to be repaid over a period of approximately \_\_\_ years. At a forecasted rate of \_\_\_% per annum, the total interest paid over the life of the Series 2020B Bonds is estimated to be \$ \_\_\_\_\_. The sources of repayment or security for this proposal are (i) payments derived by the Issuer from the Borrower's repayment of the Loan, and (ii) payments under Series 2020B Note. Authorizing the Series 2020B Bonds will not result in moneys not being available to finance the other services of the Issuer. This truth-in-bonding statement prepared pursuant to Sections 213.385(2) and (3) of the Florida Statutes, as amended, is for informational purposes only and shall not affect or control the actual terms and conditions of the Series 2020B Bonds. Additionally, pursuant to Section 218.385(6) of the Florida Statutes, the Bondholder Representative will provide the Issuer with a negotiated sale disclosure statement in the form attached hereto as Exhibit D.

**Section 8.15. Borrower's Remedies.** In the event that the Issuer fails to perform any of its obligations under this Financing Agreement, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel performance, subject to the limitations contained in Section 8.17 hereof. The Borrower also may, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary in order to secure or protect its right of possession, occupancy and use of the Facilities, and in such event the Issuer hereby agrees to cooperate with the Borrower and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

**Section 8.16. Extent of Covenant.** All covenants, stipulations, obligations and agreements of the Issuer and the Borrower contained in this Financing Agreement shall be effective to the extent authorized and permitted by Applicable Law.

**Section 8.17. Limitation on Issuer's Liability.** All obligations of the Issuer expressed or implied in this Financing Agreement or otherwise incurred in connection with the refunding of the Refunded Obligations for the payment of money or for damages resulting from the breach of any covenant, undertaking, agreement, or warranty shall not be a general debt on its part but shall be payable solely from revenues of the Issuer derived and to be derived under this Financing Agreement and the Series 2020B Bonds. Neither the directors nor any officer, official, member, agent, employee or attorney of the Issuer shall be personally liable for the payment of any sum or



for the performance of any obligation under this Financing Agreement. The obligations and undertakings of the Issuer in this Financing Agreement shall not be deemed to constitute a debt or general obligation of the Issuer, the County, the State or any political subdivision thereof, and the same shall not be liable under this Financing Agreement.

**Section 8.18. No Usury.** Notwithstanding anything else in the Series 2020B Bonds or in this Financing Agreement, in no contingency or event whatever shall the amount paid or agreed to be paid to the Issuer or the Bondholder Representative for use, forbearance or detention of the money to be advanced hereunder and under the Series 2020B Bonds exceed the highest lawful rate of interest permitted under law applicable thereto by a court of competent jurisdiction. If, from any circumstances whatever, fulfillment of any provision of the Series 2020B Bonds or this Financing Agreement, at the time performance of such provisions shall be due, shall involve payment of interest at a rate that exceeds the highest lawful rate as so determined, then ipso facto the obligation to be fulfilled shall be reduced to such highest lawful rate, provided that the Borrower shall continue to pay interest on the Series 2020B Bonds or under this Financing Agreement at such highest lawful rate until such time as the amount of interest paid on the Series 2020B Bonds or under this Financing Agreement shall equal the amount of interest that would otherwise have been paid hereunder. If, from any circumstances whatever, the Bondholder Representative or the Issuer shall ever receive interest, the amount of which would exceed such highest lawful rate, the portion thereof which would be excessive interest shall be applied to the reduction of the unpaid principal balance due on the Series 2020B Bonds or under this Financing Agreement and not to the payment of interest or, if the Series 2020B Bonds is no longer outstanding and all sums due under this Financing Agreement and the Series 2020B Bonds have been paid in full, shall be repaid to the Borrower.

**Section 8.19. Waiver of Jury Trial.** The Borrower and the Issuer each hereby knowingly, voluntarily and intentionally waives the right it may have to a trial by jury in respect of any litigation based upon this Financing Agreement or the Series 2020B Bonds or arising out of, under or in connection with this Financing Agreement or the Series 2020B Bonds and any agreement contemplated to be executed in conjunction herewith, or out of any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party. This provision is a material inducement for the parties entering into this Financing Agreement and for the purchase by the Bondholder Representative of the Series 2020B Bonds. By purchase of the Series 2020B Bonds, the Bondholder Representative, for itself and its assigns, waives its right to trial by jury to the same extent as the Borrower and the Issuer.

**Section 8.20. Limitation on Liability; Waiver of Punitive Damages.** EACH OF THE PARTIES HERETO AGREES THAT, IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM (A "DISPUTE") THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS FINANCING AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE INDEBTEDNESS AND OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO, IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF, OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THAT IT MAY HAVE OR

WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE, WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION, MEDIATION, JUDICIALLY OR OTHERWISE. THE PROVISIONS OF THIS SECTION 8.20 SHALL EXPRESSLY SURVIVE THE TERMINATION OF THIS FINANCING AGREEMENT WITH RESPECT TO ANY AMOUNTS DUE FROM, OR WITH RESPECT TO ANY ACT OR FAILURE TO ACT BY, THE BORROWER PRIOR TO SUCH TERMINATION.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the St. Johns County Industrial Development Authority has caused this Financing Agreement to be executed in its name and on its behalf by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary; Flagler Hospital, Inc. has caused this Financing Agreement to be executed in its name and on its behalf by its duly authorized officer; and TD Bank, N.A. has caused this Financing Agreement to be executed in its name and on its behalf by its duly authorized officer, as of the day and year first above written.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

(SEAL)  
Attest:

By: \_\_\_\_\_  
Its: Chairman

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

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Its: President

**TD BANK, N.A.**

By: \_\_\_\_\_  
Its: Vice President

[Signature Page to Financing Agreement]

**ASSIGNMENT TO BONDHOLDER REPRESENTATIVE**

The undersigned hereby sells, assigns and transfers unto TD Bank, N.A., as Bondholder Representative and initial Bondholder without recourse or warranty, all rights and interests under the within the Financing Agreement (except the right to be reimbursed for expenses and to be indemnified under the Financing Agreement).

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Its: Chairman

Attest:

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

## EXHIBIT A

### DESCRIPTION OF REFUNDED OBLIGATIONS

The Refunded Obligations consist of the following:

(a) the Series 2012B Bond issued by the Issuer on April 4, 2012, for the purpose of obtaining funds to loan to the Borrower to finance a part of the costs of the acquisition, renovation, construction and installation of certain health care facilities and equipment at the Borrower's existing facilities, including the acquisition and installation of an electronic medical records system and an upgraded nurse call system, renovations to the Borrower's facilities including renovations to patient rooms, the acquisition of certain medical equipment, monitoring systems and replacement patient beds, and the acquisition and installation of related improvements, equipment, fixtures and furnishings, all located or to be located at 101, 120, 130, 201, 300, 301 and/or 400 Health Park Boulevard, St. Augustine, Florida, and to be owned and operated by the Hospital;

(b) the 2014 Promissory Note issued by the Borrower on October 29, 2014, for the purpose of financing the cost of the acquisition of an ambulatory surgery center located at 180 Southpark Boulevard, St. Augustine, Florida 32086, including the site therefor and all related property, both real and personal, to be owned and operated by the Hospital; and

(c) the Series 2017A Bonds issued by the Issuer on September 28, 2017, for the purpose of obtaining funds to loan to the Borrower to finance the costs of the acquisition, construction and installation of (i) certain hospital facilities, improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Borrower's existing facilities and (ii) certain outpatient facilities to be developed near World Golf Village, including land, buildings, furniture, fixtures and equipment, all located within the County and to be owned and operated by the Hospital.

**EXHIBIT B**

**[FORM OF SERIES 2020B BOND]**

**TRANSFERS OF THIS BOND ARE RESTRICTED, AS SET FORTH IN SECTIONS 8.05 AND 8.06 OF THE FINANCING AGREEMENT, TO INVESTORS WHO BY THEIR PURCHASE OF THIS BOND REPRESENT THAT THEY (A) ARE PURCHASING THE BOND SOLELY FOR THEIR OWN ACCOUNT WITH NO PRESENT INTENT TO SELL, (B) CAN BEAR THE ECONOMIC RISK OF THEIR INVESTMENT IN THE BONDS, (C) HAVE SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL BUSINESS MATTERS IN GENERAL AND GOVERNMENTAL CONDUIT OBLIGATIONS IN PARTICULAR, AND THAT THEY ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF PURCHASING THE BONDS, AND (D) HAVE MADE THE DECISION TO PURCHASE THE BONDS BASED ON THEIR OWN INDEPENDENT INVESTIGATION REGARDING THE BONDS AND IF A DISCLOSURE DOCUMENT HAS BEEN PREPARED, THEY HAVE REVIEWED SUCH DISCLOSURE DOCUMENT AND HAVE RECEIVED THE INFORMATION THEY CONSIDER NECESSARY TO MAKE AN INFORMED DECISION TO INVEST IN THE BONDS.**

**THE PURCHASER OF THIS BOND IS DEEMED TO HAVE SO REPRESENTED. THE PURCHASER HEREOF AGREES TO PROVIDE NOTICE OF THE RESTRICTION ON TRANSFERS TO ANY PROPOSED TRANSFEREE OF A BENEFICIAL OWNERSHIP INTEREST IN THE PURCHASED BOND AND TO OBTAIN FROM SUCH PROPOSED TRANSFEREE AN INVESTOR LETTER OF REPRESENTATIONS EVIDENCING COMPLIANCE WITH THE TRANSFER RESTRICTIONS SET FORTH IN SECTIONS 8.05 AND 8.06 OF THE FINANCING AGREEMENT.**

**EACH TRANSFEREE OF THIS BOND, IN CONNECTION WITH ITS PURCHASE HEREOF, SHALL PROVIDE THE INVESTOR LETTER DESCRIBED ABOVE IN WHICH IT SHALL HAVE (I) REPRESENTED THAT SUCH TRANSFEREE IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFEREE WHO IS AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D UNDER THE SECURITIES ACT OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AND (II) ACKNOWLEDGED, REPRESENTED AND AGREED TO THE STATEMENTS SET FORTH IN THE INVESTOR LETTER DESCRIBED IN SECTIONS 8.05 AND 8.06 OF THE FINANCING AGREEMENT.**

[Remainder of page intentionally left blank; text of Form of Bond follows]

UNITED STATES OF AMERICA  
STATE OF FLORIDA

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
REVENUE BOND (FLAGLER HEALTH)  
TAXABLE SERIES 2020B

No. R-1

Date of Issuance  
September \_\_, 2020

Interest Rate per Annum  
as provided herein

Maturity Date  
August 15, 2050

ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Issuer"), for value received, hereby promises to pay to the order of

TD BANK, N.A.

or its successors or registered assigns (the "Bondholder"), the Principal Sum of

\_\_\_\_\_ DOLLARS  
\$ \_\_\_\_\_

pursuant to the terms of that certain Financing Agreement, dated as of September 1, 2020 by and among the Issuer, Flagler Hospital, Inc. (the "Borrower"), and the TD Bank, N.A., as Bondholder Representative and the initial Bondholder (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Financing Agreement"), together with interest on the outstanding principal balance of such Principal Sum from the Date of Issuance specified above until paid in full. The Borrower shall make annual principal payments to the Bondholder on August 15 of each year, commencing on August 15, 2021, in accordance with Schedule 1 hereto, and shall make monthly interest payments to the Bondholder commencing on November 15, 2020, and continuing on the first day of each calendar month thereafter until the Maturity Date specified above. This Bond shall mature and all unpaid principal and accrued but unpaid interest and all other amounts payable hereunder or payable under the Financing Agreement shall be due and payable on the Maturity Date, subject to earlier optional prepayment by the Borrower as hereinafter provided. This Bond is subject to mandatory tender for purchase by the Borrower in accordance with the terms of the Financing Agreement. The amount of each principal payment is set forth on Schedule 1 attached hereto.

The principal of and interest on this Bond are payable in any lawful currency of the United States of America which, at the time of payment, is legal tender for payment of public and private debts. Interest on this Bond shall be paid on each interest payment date (or, if such interest payment date is not a Business Day, the next succeeding Business day), by wire transfer of same day funds upon receipt by the Registrar prior to Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds. This Bond is subject to all of the terms and conditions of the Financing Agreement. This Bond is transferable by the Bondholder hereof, in whole or in part, only in the manner and subject to the restrictions and

limitations set forth in the Financing Agreement. The Issuer may deem and treat the registered owner hereof as the absolute owner hereof for the purposes hereof.

The Interest Rate on this Bond (the “Interest Rate”) shall be a per annum rate of interest equal to Applicable Interest Rate from time to time in effect, subject to adjustment as provided herein. Interest on the outstanding principal balance of this Bond will accrue on the basis of a year of 360 days and the actual number of days elapsed.

For purposes hereof, the following terms have the following meanings:

“Applicable Interest Rate” means, initially, an interest rate per annum equal to \_\_\_%; *provided, however*, that in the event of any change to the Obligated Group’s underlying long-term debt rating, as determined by the Rating Agencies, the Applicable Interest Rate shall be the per annum rate of interest associated with such new rating as set forth in the following schedule:

<u>Moody’s Rating</u>	<u>S&amp;P Rating</u>	<u>Increase or Decrease in Interest Rate</u>	<u>Applicable Interest Rate</u>
A3 and above	A- and above	-5 basis points	___%
Baa1	BBB+	Current	___%
Baa2	BBB	+5 basis points	___%
Baa3	BBB-	+10 basis points	___%
Ba1	BB+	Default Rate	Default Rate

In the case of a split rating or differing ratings as between and among the Rating Agencies, the rating corresponding to the lowest long-term debt rating shall apply for all purposes of determining the Applicable Interest Rate. References in this definition of Applicable Interest Rate are to rating categories as presently determined by the Rating Agencies, and in the event of the adoption of any new or changed rating system or a “global” rating scale by any such Rating Agency, the rating categories shall be adjusted accordingly to a new rating which most closely approximates the requirements as set forth herein. Any change in the Applicable Interest Rate shall apply on the date on which the change to the applicable long-term rating occurs. Notice of any such change in the Applicable Interest Rate will be given to the Registrar by either the Borrower or the Bondholder Representative; however, any delay in providing or failure to provide such notice to the Registrar shall not impact the interest rate borne by this Bond.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal corporate office of the Obligated Group Agent or the principal corporate trust office of the Registrar is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Bondholder Representative is closed.

“Default Rate” means the rate per annum equal to the lesser of (i) the then applicable rate of interest otherwise applicable to this Bond plus 4.0% and (ii) the Maximum Rate.



“Maximum Rate” means the maximum non-usurious rate of interest permitted by applicable law

“Prepayment Date” means the date on which Bondholder receives the prepayment of this Bond.

[“*Prepayment Premium*” means an amount computed as follows:

The “*ICE Swap Rate*” as hereinafter defined, at the Prepayment Date (the “*Current Rate*”), shall be subtracted from \_\_\_% (*i.e.*, the ICE Swap Rate effective on the date the rate on the Bonds was fixed). If the result is zero or a negative number, there shall be no Prepayment Premium due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid, for each monthly period of the Remaining Term during which such prepaid principal would have been outstanding but for the prepayment. Each resulting amount shall be divided by 360 and multiplied by the number of days in the monthly period. Said amounts shall be reduced to present values from the date such amount was scheduled to be paid to the date of prepayment calculated by using the above-referenced Current Rate divided by twelve (12). If the prepayment amount is less than the full amount of the Bonds, the calculation above shall assume prepayment of amounts otherwise due in inverse order of the due dates thereof set forth in Schedule I attached hereto. The resulting sum of present values is the Prepayment Premium due to the Bondholder upon prepayment of the principal of the Bonds plus any accrued interest due as of the prepayment date.

“*Federal Reserve Banking Day*” means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which Federal Reserve is authorized or required by law, regulation or executive order to close.

“*ICE Swap Rate*” as used herein shall mean the ICE Swap Rate for a U.S. Dollar swap (Rates 1100) and with a maturity closest to the “Remaining Term” as published on the Intercontinental Exchange (ICE) website or another recognized electronic source two (2) “*Federal Reserve Banking Days*” prior to the determination date.

“*Remaining Term*” as used herein means the period from the date of prepayment to the scheduled applicable Bondholder Tender Date of the Bonds.

It is noted that as of the Date of Issuance, the ICE Swap Rate is determined based on the LIBOR interest rate swap market and LIBOR is expected to be phased out before the final maturity of the Bonds. If the ICE Swap Rate as referenced herein is no longer a reasonable reference rate in determining the cost of capital of the Purchaser, the Purchaser will reasonably determine, in consultation with the Obligated Group, the new reference rate that most closely compares to the ICE Swap Rate index at the time the Bonds were purchased by the Purchaser, which new reference rate shall be a market conventional rate.]

“Rating Agencies” means S&P Global Ratings, a division of S&P Global Inc., or its successors in the business of providing investment rating services, and Moody’s Investors Services, Inc., or its successors in the business of providing investment rating services.

All other terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed to such terms by the Financing Agreement.

The Issuer may, subject to the provisions of the Financing Agreement, upon written direction of the Borrower and not less than thirty (30) days’ prior written notice directly to the Bondholder, prepay the principal of this Bond in minimum increments of \$250,000 or any integral multiple of \$5,000 thereafter, in whole or in part, and at any time or times, at a prepayment price of 100% of the principal amount being prepaid, plus accrued interest to the prepayment date on such prepaid principal, plus the Prepayment Premium. Any partial prepayments of principal shall be applied in inverse order of scheduled maturities

The principal, premium, if any, of and interest on this Bond are payable solely from and secured by (i) payments derived by the Issuer from the Borrower’s repayment of the Loan and (ii) payments under the Series 2020B Master Note issued pursuant to the Amended and Restated Master Trust Indenture, dated as of September 1, 2020, as amended and supplemented from time to time (the “Master Indenture”), between U.S. Bank National Association., as master trustee (the “Master Trustee”), and the Borrower, as obligated group agent (“Obligated Group Agent”), particularly as supplemented by the \_\_\_ Supplemental Master Trust Indenture, dated as of September 1, 2020, between the Borrower, as Obligated Group Agent, and the Master Trustee (collectively, the “Bond Security”). The Bond Security will be assigned by the Issuer to the Bondholder in satisfaction of all of the Issuer’s obligations under this Bond. The Issuer shall never be required to (i) levy ad valorem taxes on any property within its territorial limits to pay the principal of and interest on this Bond or to make any other payments provided for under the Financing Agreement; (ii) pay the same from any funds of the Issuer; or (iii) require or enforce any payment or performance by the Borrower as provided by the Financing Agreement unless the Issuer’s expenses in respect thereof shall be paid from moneys derived under the Financing Agreement or shall be advanced to the Issuer for such purpose, and the Issuer shall receive indemnity for such expenses to its satisfaction. This Bond and the Financing Agreement are sometimes referred to hereinafter collectively as the “Bond Documents.” This Bond shall not constitute a lien upon any property of the Authority owned by or situated within the territorial limits of the Issuer.

**THIS BOND IS A SPECIAL AND LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE BY THE ISSUER SOLELY FROM THE PAYMENTS ON THE LOAN AND OTHER REVENUES PLEDGED THEREFOR, AS PROVIDED IN THE FINANCING AGREEMENT. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE ISSUER, ST. JOHNS COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, 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, ST. JOHNS COUNTY, FLORIDA, THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE**

**PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST HEREON, AND THE HOLDER OF THIS BOND SHALL NOT HAVE ANY RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE ISSUER, ST. JOHNS COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA TO ENFORCE SUCH PAYMENT. AS OF THE DATE HEREOF, THE ISSUER HAS NO TAXING POWER.**

No official, attorney or employee of the Issuer approving or executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance of this Bond.

Notwithstanding any provision contained herein to the contrary, in no event shall the interest contracted for, charged or received in connection with the Bond (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of interest allowed under the laws of the State of Florida. In the event this Bond is prepaid in accordance with the provisions hereof, then such amounts that constitute payments of interest, together with any costs or considerations which constitute interest under the laws of the State of Florida, may never exceed an amount which would result in payment of interest at a rate in excess of the non-usurious interest allowed by the laws of the State of Florida.

All covenants, conditions and agreements contained in the Financing Agreement are hereby incorporated by reference in this instrument as though fully set forth herein. In the event of conflict between this Bond and the Financing Agreement, the terms and conditions of the Financing Agreement shall control. This Bond shall be deemed to be in default upon the occurrence of any Event of Default under the terms of the Master Indenture or an event of default under the terms of the Financing Agreement or an event of default under the terms of the Continuing Covenant Agreement. Upon the occurrence of such an Event of Default, this Bond shall bear interest at the Default Rate and the Bondholder of this Bond may, at its option and subject to the provisions of the Financing Agreement, declare all unpaid indebtedness evidenced by this Bond and any modifications thereof immediately due and payable without notice regardless of the date of maturity and shall have all other rights and remedies as provided in the Master Indenture, the Financing Agreement and the Continuing Covenant Agreement. Failure at any time to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. In the event the Borrower shall fail to make any of the payments required hereunder, the amount so in default shall continue as an obligation of the Borrower until fully paid and until paid shall bear interest at the Default Rate. From and after the Maturity Date or such earlier date on which the Bonds shall be subject to mandatory tender for purchase by the Borrower in accordance with the Financing Agreement, all amounts remaining unpaid or thereafter accruing under this Bond shall bear interest at the Default Rate. Upon the occurrence and during the continuation of an Event of Default, the interest rate for Bonds shall be established at a rate at all times equal to the Default Rate.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution

of the State of Florida applicable thereto, and that the issuance of this Bond does not violate any constitutional or statutory limitation.

This Bond is not a bearer instrument and may not be transferred except by registration of transfer on the registration books maintained by the Registrar for transfer and exchange of this Bond in the manner provided in the Financing Agreement.

The Issuer hereby waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Bond and any other notices that might otherwise be required as a condition to exercise of any rights of the Bondholder hereof.

**THE ISSUER AND, BY ACCEPTANCE OF THIS BOND, THE BONDHOLDER EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED UPON THIS BOND OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THIS BOND OR THE OTHER LOAN DOCUMENTS OR ARISING OUT OF ANY COURSE OF CONDUCT, COURSE OF DEALING, ACTS OR OMISSIONS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY.**

IN WITNESS WHEREOF, the Issuer has issued this Bond and has caused the same to be executed by its Chairman, either manually or with his facsimile signature, and the corporate seal of the Issuer or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon and attested by the manual or facsimile signature of the Secretary of the Issuer, all as of the Date of Issuance first written above.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Its: Chairman

Attest:

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

**REGISTRAR'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This is one of the Series 2020B Bonds described in the within mentioned Financing Agreement.

Dated: September \_\_, 2020

**U.S. BANK NATIONAL ASSOCIATION, as  
Registrar and Paying Agent**

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) to transfer the same on the books of the Trustee with full power of substitution in the premises.

\_\_\_\_\_

Dated: \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY NUMBER, TAXPAYER IDENTIFICATION NUMBER OR OTHER IDENTIFYING NUMBER OF ASSIGNEE \_\_\_\_\_  
NOTICE: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
(Signature must be guaranteed by an eligible guarantor institution.)

**SCHEDULE 1**

**SERIES 2020B BOND PRINCIPAL PAYMENTS**

<u>August 15</u>	<u>Principal Amounts</u>
2021	\$
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
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2045	
2046	
2047	
2048	
2049	
2050	

**EXHIBIT C**

**INVESTMENT LETTER**

September \_\_, 2020

St. Johns County Industrial Development Authority  
St. Augustine, Florida

Flagler Hospital, Inc.  
St. Augustine, Florida

Geoffrey B. Dobson, Esq.  
St. Augustine, Florida

Foley & Lardner LLP  
Jacksonville, Florida

TD Bank, N.A.  
West Palm Beach, Florida

Re:       \$ \_\_\_\_\_ St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health), Taxable Series 2020B

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of the Revenue Bonds referred to above (the "*Bonds*"), dated September \_\_, 2020, issued by the St. Johns County Industrial Development Authority (the "*Authority*") for the benefit of Flagler Hospital, Inc., a Florida not for profit corporation (the "*Borrower*"), all pursuant to the provisions of the Financing Agreement dated as of September 1, 2020 (the "*Financing Agreement*") among the Authority, the Borrower and TD Bank, N.A., as Bondholder Representative and initial Bondholder. The Bonds are being issued pursuant to the Financing Agreement, and the proceeds from the sale of the Bonds will be loaned by the Authority to the Borrower. The loan made pursuant to the Financing Agreement will be evidenced by Series 2020B Master Note, No. 1 (the "*Series 2020B Note*"). The Series 2020B Note will be issued under that certain Amended and Restated Master Trust Indenture dated as of September 1, 2020, between the Borrower and U.S. Bank National Association, as master trustee, as amended and supplemented from time to time. All terms used herein and not defined herein shall have the meanings set forth in the Financing Agreement. In consideration of the issuance of the Bonds and as an inducement thereto, we hereby represent to each of you and agree with each of you as follows:

We acknowledge that we satisfy the definition of a "Qualified Institutional Buyer," as defined in Rule 144A of the Securities Act of 1933, as amended (the "*Securities Act*") or an "Accredited Investor," as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. We have sufficient knowledge and experience in financial and business matters, including the purchase and ownership of revenue bonds and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds. We are able to bear the economic risk represented by our purchase of the Bonds.



We have made our own independent inquiry and analysis with respect to the purposes for the issuance of the Bonds, the credit of the Borrower and the likelihood of the payment of the Bonds. We acknowledge that the Borrower offered to give us access, without unreasonable restriction or limitation, to all information which we have requested, and we have had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Bonds, this financing transaction, the Borrower and their respective facilities. We acknowledge that we have received from the Borrower, or had access to, all the information and materials that we regard, as of the date hereof, as necessary to evaluate all merits and risks of the investment represented by the purchase of the Bonds, provided that we do not waive any rights we may have against the Borrower or other party providing such information or materials with respect to any information so supplied or any misstatements therein or omissions therefrom.

We have had the opportunity to review all documents pertaining to the issuance of the Bonds, and they are satisfactory to us in all respects. We acknowledge that neither the Authority, Geoffrey B. Dobson, Esq. (" Authority's Counsel") nor Foley & Lardner LLP ("Foley") has made any representation or warranty concerning the creditworthiness or financial condition of the Borrower or as to the accuracy or completeness of any information furnished to us in connection with our purchase of the Bonds. Accordingly, we have relied upon neither the Authority, Authority's Counsel, nor Foley as to the accuracy or completeness of such information. As a sophisticated investor, we have made our own decision to purchase the Bonds based solely upon our own inquiry and analysis.

We understand that:

(i) The Bonds, together with interest thereon, shall be limited obligations of the Authority payable solely from the revenues and other amounts derived from the Series 2020B Note and the Financing Agreement (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof) and shall be a valid claim of the respective Registered Owners thereof only against the Bond Security and the revenues and other amounts derived from the Series 2020B Note and the Financing Agreement, which revenues and other amounts are pledged and assigned under the Financing Agreement for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Financing Agreement.

(ii) The Bonds do not constitute a debt, liability or obligation of St. Johns Industrial Development Authority, the State of Florida or any political subdivision thereof, and neither St. Johns Industrial Development Authority, the State of Florida nor any political subdivision thereof shall be liable thereon nor in any event shall the Bonds and the interest thereon be payable out of any funds or property other than those of the Authority assigned in the Financing Agreement as security therefor.

(iii) The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation of the laws of the State of Florida. The Bonds do not, directly or indirectly, obligate the Authority, St. Johns County Industrial Development Authority,

the State of Florida or any political subdivision thereof to levy any form of taxation therefor or to make any appropriations for their payment. The Authority has no taxing power.

(iv) The Bonds do not and shall never constitute a charge against the general credit or taxing powers of the Authority, the State of Florida or any political subdivision thereof and that the Authority has no taxing power.

We hereby covenant and agree that we will not sell, offer for sale, pledge, transfer, convey, hypothecate, mortgage or dispose of the Bonds or any interest therein in violation of applicable federal or state law, including the laws of the State of Florida, if applicable or in violation of the terms of the Financing Agreement (including the form of the Bonds set forth therein).

The undersigned is purchasing the Bonds for its own account for investment (and not on behalf of another) and has no present intention of reselling the Bonds or dividing its interest therein, either currently or after passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; but the undersigned reserves the right to sell, offer for sale, pledge, transfer, convey, hypothecate, mortgage or dispose of the Bonds at some future date determined by it, so long as any transferee is a transferee permitted by the provisions of the Financing Agreement (including the form of the Bonds set forth therein).

We have satisfied ourselves that the Bonds may be purchased by us.

This letter is expressly for your benefit and may not be relied upon by any other person or party.

Very truly yours,

**EXHIBIT D**

**FORM OF NEGOTIATED SALE DISCLOSURE STATEMENT**

September \_\_, 2020

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, Florida 32084

Re: \$ \_\_\_\_\_ St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health), Taxable Series 2020B

Ladies and Gentlemen:

Pursuant to Section 218.385, Florida Statutes, TD Bank, N.A., a national banking association ("TD Bank") is purchasing the above-referenced bonds (the "Bonds"), but is not acting in the capacity as a managing underwriter, financial consultant or advisor with respect to the Bonds. However, at the request of the St. Johns County Industrial Development Authority (the "Authority"), TD Bank hereby makes the following disclosures to the Issuer:

1. An itemized list setting forth the nature and estimated amounts of expenses to be incurred TD Bank in connection with the issuance of the Bonds:

**TD Bank has retained outside legal counsel in connection with its purchase of the Bonds for an estimated fee and expenses of \$ \_\_\_\_\_.**

2. The names, addresses and estimated amounts of compensation of any finders in connection with the issuance of the Bonds:

**TD Bank will not pay any compensation to any finder in connection with the issuance of the Bonds.**

3. The amount of underwriting spread expected to be realized:

**No underwriter was employed by TD Bank in this transaction. TD Bank is purchasing the Bonds at par for its own account and not with a present intent toward reselling the Bonds.**

4. Any management fees charged by TD Bank:

**No managing underwriter will collect a management fee.**

5. Any other fee, bonus or other compensation estimated to be paid by TD Bank in connection with the bond issue to any person not regularly employed or retained by it:

**No other fee, bonus or other compensation will be paid by TD Bank in connection with the issuance of the Bonds,**

6. The name and address of the purchaser connected with the bond issue:

**TD Bank, N.A.  
2130 Centrepark West Drive, 2<sup>nd</sup> Floor  
West Palm Beach, Florida 33409  
Attention: Daniel L. Smith**

This Negotiated Sale Disclosure Statement is executed and delivered as of the date and year first above written.

Very truly yours,

TD BANK, N.A.

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

**EXHIBIT E**

**REGISTRAR AND PAYING AGENCY AGREEMENT**

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**REGISTRAR AND PAYING AGENCY AGREEMENT**

Among

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY,  
as Authority**

and

**FLAGLER HOSPITAL, INC.,  
as Borrower**

and

---

**as Registrar and Paying Agent**

**Dated as of September \_\_, 2020**

Relating to

**\$ \_\_\_\_\_  
St. Johns County Industrial Development Authority  
Revenue Bonds (Flagler Health)  
Taxable Series 2020B**

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**ANNEX A**

REGISTRAR AND PAYING AGENCY AGREEMENT

THIS REGISTRAR AND PAYING AGENCY AGREEMENT (the or this "Agreement") is by and among ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (the "Authority"), FLAGLER HOSPITAL, INC. (the "Borrower") and \_\_\_\_\_, a \_\_\_\_\_ banking association organized and existing under the laws of the United States of America, having its designated corporate trust office in Jacksonville, Florida (the "Bank").

WHEREAS, the Authority has duly authorized and provided for the issuance of its Revenue Bonds (Flagler Health), Taxable Series 2020B (the "Bonds"), in an original aggregate principal amount of \$ \_\_\_\_\_ to be issued as registered securities without coupons;

WHEREAS, the Bonds have been previously issued and the proceeds of the Bonds have been loaned to the Borrower pursuant to and in accordance with the terms of a Financing Agreement dated as of September 1, 2020 (the "Financing Agreement"), among the Authority, the Borrower and T.D. Bank, N.A.;

WHEREAS, the Authority is desirous that the Bank act as the Paying Agent of the Authority in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds;

WHEREAS, the Authority has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Authority, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed to the following terms:

ARTICLE I

APPOINTMENT OF BANK AS  
REGISTRAR AND PAYING AGENT

Section 1.01. Appointment.

(a) The Authority hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Authority hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment and agrees to act as the Paying Agent and Registrar.

Section 1.02. Compensation.



As compensation for Bank's services as Registrar and Paying Agent, the Borrower agrees to pay the Bank the fees and amounts set forth in Annex A hereto. The Borrower agrees to reimburse the Bank for any reasonable expenses disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agent and counsel). Such fees and expenses shall be paid to the Bank as billed.

## ARTICLE II

### DEFINITIONS

#### Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bank" means \_\_\_\_\_, and its successors and assigns.

"Bank Office" means the corporate trust office of the Bank located in \_\_\_\_\_. The Bank will notify the Authority in writing of any change in location of the Bank Office.

"Bond" or "Bonds" mean any or all of the Authority's Revenue Bonds (Flagler Health), Taxable Series 2020B, and authorized in the original aggregate principal amount of \$\_\_\_\_\_.

"Borrower" has the meaning set forth in the preambles.

"Business Day" has the meaning set forth in the Bond.

"Financing Agreement" has the meaning set forth in the preambles.

"Interest Payment Date" means the fifteenth day of each calendar month (or if such day is not a Business Day, the next succeeding Business Day) until the Maturity Date, commencing on November 1, 2020.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Maturity Date" means the date specified in the Bond as the final maturity date of the Bond or any date on which the Borrower optionally prepays the Bond in full.

"Owner" means the Person in whose name a Bond is registered in the Register.

"Paying Agent" means the Bank when it is performing the functions associated with the terms in this Agreement.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Principal Payment Date” means August 15 of each year, until the Maturity Date.

“Predecessor Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Record Date” has the meaning set forth in the Bond.

“Register” means a register in which the Authority shall provide for the registration and transfer of Bonds.

“Responsible Officer” when used with respect to the Bank means the President or Vice President of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“State” means the State of Florida.

### ARTICLE III

#### PAYING AGENT

##### Section 3.01. Duties of Paying Agent.

(a) On each Principal Payment Date (other than the Maturity Date), the Bank, as Paying Agent and on behalf of the Authority, shall pay to the Owner the principal amount of the Bond or Bonds due on such Principal Payment Date as set forth on Schedule I thereto, provided that the Bank shall have been provided by the Borrower on behalf of the Authority adequate collected funds to make such payment. On the Maturity Date, the Bank, as Paying Agent and on behalf of the Authority, shall pay to the Owner the principal amount of the Bond or Bonds due on the Maturity Date as set forth on Schedule I thereto only upon presentation and surrender thereof by such Owner, provided that the Bank shall have been provided by the Borrower on behalf of the Authority adequate collected funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Authority, shall pay interest when due on the Bonds on each Interest Payment Date to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by the Borrower on behalf of the Authority adequate collected

funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears on the Register.

(c) In the case of registered Owner of \$1,000,000 or more of Bonds, the payments to be made to such Owner may be by wire transfer to a domestic bank account specified in writing by such registered Owner.

Section 3.02. Payment Dates.

The Authority hereby instructs the Bank to pay the principal of, premium, if any, and interest on the Bonds at the dates specified in the Bonds.

**ARTICLE IV**

**REGISTRAR**

Section 4.01. Transfer and Exchange.

(a) The Authority shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Authority may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto the Authority, the Authority shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register, authenticate and deliver such Bond or Bonds as provided in such instructions. The provisions of the Financing Agreement shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Financing Agreement.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfers, in form satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Registrar may request any supporting documentation necessary to effect a re-registration.

(e) No service charge shall be made to the Owner for any registration, transfer, or exchange of Bond, but the Authority may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 4.02. The Bonds.

The Authority shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register.

The Bank as registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

Section 4.04. List of Owners.

(a) The Bank will provide the Authority at any time requested by the Authority, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Authority may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, an authorized officer or employee of the Authority, except upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order and as permitted by law, the Bank will notify the Authority so that the Authority may contest the subpoena or court order.

Section 4.05. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Authority may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Authority may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of by the Bank as directed by the Authority. The Bank will surrender to the Authority, at such reasonable intervals as it determines, certificates of destruction, in lieu of which or in exchange for which other bonds have been issued or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Bonds.

(a) Subject to the provisions of this Section 4.06, the Authority hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an overissuance, all in conformance with the requirements of the Resolution.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Authority and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there

is delivered to the Authority and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Authority or the Bank that such Bond has been acquired by a bona fide purchaser, the Authority shall execute and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Authority, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of the Bond Resolution equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Authority that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Authority of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen, and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

(f) The Authority hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Authority's requirements as to security or indemnity. The Bank need not notify the Authority of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen or destroyed Bonds by the Bank is available for inspection by the Authority on request.

#### Section 4.07. Transaction Information to the Authority.

The Bank will, within a reasonable time after receipt of written request from the Authority, furnish the Authority information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.06.

### ARTICLE V

#### THE BANK

#### Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for

payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

Section 5.02. Reliance on Documents, etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment or any act or steps taken or permitted to be taken in good faith, or for any mistake in law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own willful misconduct or gross negligence.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, direction, consent, order, certificate, note, security paper or document supplied by the Authority or the Borrower.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(f) The Bank may consult with counsel, and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

Section 5.03. Recitals of Authority and Borrower.

(a) The recitals contained herein, in the Financing Agreement and in the Bonds shall be taken as the statements of the Authority and the Borrower, as applicable, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Authority, the Borrower, any Owner or Owners or any other Person for any amount due on any Bond.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Money Held by Bank.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Bond and remaining unclaimed for five years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of the State and the Bank shall report and remit this property to the State escheat fund, and thereafter the Owner shall look only to the State escheat fund for payment and then only to the extent of the amounts so received, without any interest thereon and the parties hereto shall have no responsibility with respect to such money.

Section 5.06. Mergers of Consolidations.

Any corporation into which the Bank, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Bank or any successor to it shall be a party shall be the successor Bank under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 5.07. Indemnification.

The Borrower hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Bank and the Authority and its respective officers, employees, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Indemnified Parties and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds and securities by the Bank in accordance with the provisions of this Agreement; or any other duties of the Indemnified Parties hereunder; provided, however, that the Borrower shall not be required to indemnify any Indemnified Party against its own negligence or willful misconduct. In no event shall the Borrower be liable to any person by reason of the transactions contemplated hereby other than to the Indemnified Parties as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

Section 5.08. Interpleader.

The Authority, the Borrower and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its persons as well as funds on deposit, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 hereof shall constitute adequate service. The Authority, the Borrower and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

**ARTICLE VI**

**MISCELLANEOUS PROVISIONS**

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by each party hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Authority or the Bank shall be mailed first class postage prepaid or hand delivered to the Authority or the Bank, or sent by facsimile transmission if confirmed in writing and sent as specified above, respectively, at the addresses shown below:

If to the Authority:

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, Florida 32084  
Attention: Chairman  
Telephone: (904) 823-2457  
Facsimile: (904) 823-2515  
Email: jzuberer@sjcfl.us

If to the Borrower:

Flagler Hospital, Inc.



400 Health Park Boulevard  
St. Augustine, Florida 32086  
Attention: Chief Executive Officer  
Telephone: (904) 825-4400  
Facsimile: (904) 825-4472  
Email: Jason.Barrett@flaglerhospital.org

If to the Bank:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Authority shall bind its successors and assigns whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal and interest of the Bonds.

(b) This Agreement may be earlier terminated with or without cause upon 60 days written notice by either party. Upon such termination, the Authority reserves the right to appoint a successor Paying Agent and Registrar. If such appointment is not made within sixty (60) days from the date of written notice, the Bank shall deliver all records and any unclaimed funds to the Authority. However, the Bank is entitled to payment of all outstanding fees and expenses by the Borrower before delivering records to the Authority. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the Authority, to give notice by first-class mail to all registered holders of the name and address of the successor Paying Agent and Registrar. Expenses for such notice shall be paid by the Authority.

Any successor Registrar and Paying Agent appointed by the Authority shall be either a national or a state banking institution, and shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and registered with the Securities and Exchange Commission.

(c) The provision of section 1.02 and of Article Five shall survive, and remain in full force and effect following the termination of this Agreement.

(d) *[Remainder of this page intentionally left blank; signature page follows]*

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the \_\_\_ day of \_\_\_\_\_, 2020.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

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

**FLAGLER HOSPITAL, INC.**

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

\_\_\_\_\_, as  
Registrar and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory

## ANNEX A

Fee for services as Registrar and Paying Agent will be \$\_\_\_ per year payable annually in advance.

Out-of-pocket expenses will be reimbursed but shall not exceed reasonable amounts.

**EXHIBIT G**

ESCROW DEPOSIT AGREEMENT

## ESCROW DEPOSIT AGREEMENT

In consideration of the facts hereinafter recited and of the mutual covenants and agreements herein contained, **FLAGLER HOSPITAL, INC.**, a Florida not for profit corporation (“Flagler”), the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic existing under the laws of the State of Florida (the “Authority”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and qualified to transact business in the State of Florida, (i) as trustee (the “Trustee”), under the Indenture (as defined herein) and (ii) as Escrow Agent hereunder (the “Escrow Agent”), as of the \_\_\_ day of September, 2020, do hereby agree as follows:

1. Definitions. Terms used herein shall have the respective meanings assigned in and by the Indenture hereinafter defined, and the following terms which are not defined in the Indenture shall have the following meanings, unless the text clearly otherwise requires:

“Aggregate Debt Service” shall mean, as of any particular date, (i) the amount required to pay interest on the Refunded Bonds as the same shall become due and payable on each interest payment date prior to the Redemption Date, plus (ii) the amount required to redeem the Refunded Bonds on the Redemption Date at a redemption price of 100% (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed), plus accrued interest thereon to the Redemption Date. Aggregate Debt Service as of the date of the delivery of this Agreement is set forth in the Verification Report.

“Agreement” shall mean this Escrow Deposit Agreement.

“Escrow Account” shall mean the Escrow Account created pursuant to the provisions of Section 3 of this Agreement.

“Escrow Requirement” shall mean, as of any particular date, the sum of an amount in cash and investments on deposit in the Escrow Account held by the Escrow Agent pursuant to Section 4 hereof which will be sufficient to pay Aggregate Debt Service as the same shall become due and payable.

“Federal Securities” shall mean direct obligations of the United States of America, none of which permit redemption prior to maturity at the option of the obligor, which obligations, if any, are set forth in the Verification Report and in the SLGS subscription attached hereto (including demand SLGS), if any, and such other obligations as may be purchased in accordance with Section 8 hereof.

“Indenture” shall mean the Trust Indenture dated as of September 1, 2017, between the Authority and the Trustee, relating to the Refunded Bonds.

“Redemption Date” shall mean August 15, 2027.

“Refunded Bonds” shall mean the Authority’s outstanding Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Taxable Series 2017A.

“Series 2020B Bond” shall mean the Authority’s Revenue Bond (Flagler Health), Taxable Series 2020B.

“Verification Report” shall mean the Verification Report dated \_\_\_\_\_, 2020, issued by The Arbitrage Group, independent certified public accountants, in connection with the issuance of the Series 2020B Bond and the refunding of the Refunded Bonds, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

2. Recitals.

a. Flagler has determined to provide for the payment of the debt service of the Refunded Bonds in accordance with the provisions of the Indenture in the manner provided herein.

b. The Authority, at the request of Flagler, has issued the Series 2020B Bond for the purpose of refunding the Refunded Bonds and paying related closing costs.

c. The Escrow Agent has the powers and authority of a trust company under the laws of the United States of America and, accordingly, the power to execute the trust hereby created.

3. Deposit of Funds. There is hereby created and established with the Escrow Agent a special account, which constitutes an irrevocable trust fund pursuant to Section 14.2 of the Indenture, to be known as the “Escrow Account.” Simultaneously with the execution and delivery of this Agreement, the Authority has deposited with the Escrow Agent, for deposit by the Escrow Agent to the Escrow Account, the amount of \$ \_\_\_\_\_, of which \$ \_\_\_\_\_ consists of proceeds of the Series 2020B Bond and \$ \_\_\_\_\_ represents funds held pursuant to the provisions of the Indenture for the payment of principal and interest on the Refunded Bonds. After such funds are invested to the extent required to purchase the Federal Securities, the uninvested portion of such funds and the principal amount of such Federal Securities and the interest to become due thereon will equal or exceed the Escrow Requirement as of the date of the delivery of this Agreement. Such Federal Securities shall mature and such interest shall be payable on or before the funds represented thereby shall be required for timely payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable in accordance with their terms as described in the Verification Report.

The Escrow Agent shall hold the Escrow Account as a separate trust account wholly segregated from all other funds held by the Escrow Agent in any capacity and shall make disbursements from the Escrow Account only in accordance with the provisions of this Agreement. The Federal Securities described in the Verification Report shall not be sold or otherwise disposed of or reinvested except as provided in Sections 4 and 8 hereof. The owners of the Refunded Bonds are hereby granted a first and prior lien on the principal of and interest on such Federal Securities until the same shall be used and applied in accordance with the provisions of this Agreement.

There is hereby created and established with the Escrow Agent a special account to be known as the “St. Johns County Industrial Development Authority Revenue Bond (Flagler

Health), Taxable Series 2020B, Costs of Issuance Account” (the “Costs of Issuance Account”), which shall be used only for the payment of costs and expenses described in this paragraph. Simultaneously with the execution and delivery of this Agreement, Flagler has deposited with the Escrow Agent, for deposit by the Escrow Agent to the Cost of Issuance Account, the amount of \$\_\_\_\_\_ which consists of proceeds of the Series 2020B Bond. The moneys on deposit in the Costs of Issuance Account shall be applied to the payment of the costs and expenses relating to the issuance of the Series 2020B Bond (the “Costs of Issuance”) at the written direction of Flagler. When all moneys on deposit to the credit of the Costs of Issuance Account shall have been disbursed for the payment of such Costs of Issuance, the Costs of Issuance Account shall be closed; provided, however, that if any balance shall remain in the Costs of Issuance Account six months after issuance of the Series 2020B Bond, such moneys shall be transferred to Flagler and applied to the payment of interest on the Series 2020B Bond, and the Costs of Issuance Account shall be closed.

4. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the cash described in Section 3 of this Agreement and agrees:

a. to hold the same in irrevocable escrow for application in the manner provided herein;

b. to apply such cash and proceeds of Federal Securities in the manner provided in this Agreement, and only in such manner; and

c. to invest \$\_\_\_\_\_ of the moneys deposited in the Escrow Account in the Federal Securities described in the Verification Report as provided in the Verification Report;

d. to hold the balance of moneys held in the Escrow Account, in the amount of \$\_\_\_\_\_ uninvested as provided in the Verification Report; and

e. to deposit in the Escrow Account, as received, the principal of any Federal Securities described in the Verification Report and any other Federal Securities acquired hereunder which shall mature during the term of this Agreement, all interest which shall be derived during the term of this Agreement from such Federal Securities and any other Federal Securities acquired hereunder, and the proceeds of any sale, transfer, redemption or other disposition of such Federal Securities and any other Federal Securities acquired hereunder.

5. Payment of the Refunded Bonds and Expenses. The owners of the Refunded Bonds shall have a first and prior lien on the principal of and interest on the Federal Securities and all moneys held by the Escrow Agent in the Escrow Account, until all such moneys shall be used and applied by the Escrow Agent as provided in paragraph (a) below.

a. Refunded Bonds. The Escrow Agent shall pay to the Trustee, from the moneys on deposit in the Escrow Account, (i) on each interest payment date for the Refunded Bonds prior to the Redemption Date, a sum sufficient to pay the interest on the Refunded Bonds then due and payable, and (ii) on the Redemption Date, a sum sufficient to pay the redemption price of the Refunded Bonds of 100% (expressed as a percentage of the principal amount of the Refunded Bonds to be redeemed), plus accrued interest on the Refunded Bonds to the Redemption Date, as



shown in the Verification Report. After the principal of and interest on the Refunded Bonds has been paid in full by the Escrow Agent on the Redemption Date, the Escrow Agent shall pay to Flagler any remaining cash in the Escrow Account in excess of the Escrow Requirement to be used by Flagler to pay interest on the Series 2020B Bond.

b. Fees and Expenses.

i. In consideration of the services rendered by the Escrow Agent under this Agreement, Flagler shall pay the Escrow Agent a fee of \$\_\_\_\_\_, payable in advance, and shall pay all ordinary expenses incurred by the Escrow Agent in connection with such services. The term "ordinary expenses" means expenses of holding and disbursing the Escrow Account as provided herein.

ii. Flagler shall also reimburse the Escrow Agent for any extraordinary expenses incurred by it in connection herewith. The term "extraordinary expenses" includes (a) expenses arising out of the assertion of any third party to any interest in the Escrow Account or any challenge to the validity hereof, including reasonable attorneys' fees, costs and expenses, (b) expenses relating to any substitution under Section 12 hereof, and (c) expenses (other than ordinary expenses) not occasioned by the Escrow Agent's willful misconduct or negligence.

iii. The fees and expenses payable by the Authority under this section shall not be paid from the Escrow Account, but shall be paid by the Authority from legally available funds of the Authority. The Escrow Agent shall have no lien for the payment of its fees or expenses or otherwise for its benefit on the Escrow Account and hereby waives any rights of set off against the Escrow Account which it may lawfully have or acquire.

6. Redemption of Refunded Bonds, Notice of Redemption. The Authority and Flagler hereby irrevocably notify the Trustee of Flagler's decision to exercise its option to redeem the Refunded Bonds pursuant to Section 5.3 of the Indenture on the Redemption Date. The Authority and Flagler hereby irrevocably instruct the Trustee to give by first class mail, postage prepaid, a notice of redemption of the Refunded Bonds to be redeemed as provided in Section 5.5 of the Indenture. The Authority and Flagler will not accelerate the maturity of any Refunded Bonds or exercise any option to redeem any Refunded Bonds before the Redemption Date..

7. Notice of Defeasance. Not later than \_\_\_\_\_, 2020, the Escrow Agent shall give or cause to be given notice of the defeasance of the Refunded Bonds, which notice shall be substantially in the form of the Notice of Defeasance attached hereto as Exhibit B. Such notice shall be sent by first class mail, postage prepaid, to each owner of Refunded Bonds at the address of such owner shown on the registration books maintained by the Trustee, to the Trustee and to Depository Trust Company of New York, New York, and to one or more national information services that disseminate notices of defeasance of obligations such as the Refunded Bonds.

8. Reinvestment. Except as provided in Section 4 of this Agreement and in this Section 8, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions for any Federal Securities held hereunder.

At the written request of Flagler and upon compliance with the conditions stated in this Section 8, the Escrow Agent shall sell, transfer, or otherwise dispose of or request the redemption of any of the Federal Securities acquired hereunder and shall purchase either Refunded Bonds or other Federal Securities to be substituted for such Federal Securities disposed of or redeemed.

The Escrow Agent may, at the written direction of Flagler, substitute other noncallable Federal Securities ("Substitute Federal Securities") in lieu of the Federal Securities then on deposit in the Escrow Account provided that, prior to any such substitution, the Escrow Agent and Flagler shall have received:

a. New debt service and cash flow schedules showing (i) the dates and amounts of all principal and interest payments thereafter to become due on the Refunded Bonds, (ii) the cash and Federal Securities to be on deposit in the Escrow Account upon making such substitution, (iii) the dates and amounts of maturing principal and interest to be received by the Escrow Agent from such Federal Securities, and (iv) that the cash on hand in the Escrow Account plus cash to be derived from the maturing principal and interest of such Federal Securities shall be sufficient to pay when due all remaining debt service payments on the Refunded Bonds (the most recent debt service and cash flow schedules shall be considered to be the applicable "Debt Service and Cash Flow Schedules");

b. A new verification report prepared by a nationally recognized firm of independent certified public accountants verifying the accuracy of the new Debt Service and Cash Flow Schedules (the most recent verification report shall be considered to be the applicable "New Verification Report" for purposes hereof); and

c. An opinion of nationally recognized bond counsel to the effect that such substitution is permissible hereunder, that (based on said new Debt Service and Cash Flow Schedules and a New Verification Report as to sufficiency) such substitution will not adversely affect the defeasance of the Refunded Bonds or the exclusion from gross income for federal income tax purposes of the interest payable on the Refunded Bonds.

9. Indemnity. Whether or not any action or transaction authorized or contemplated hereby shall be undertaken or consummated, Flagler hereby agrees to the extent allowed by Florida law to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time, whether or not the same may be indemnified against by Flagler or any other Person under any other agreement or instrument, by reason of or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance by the Escrow Agent of the funds herein described, purchase, retention, or disposition of the Federal Securities or proceeds thereof, or any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that Flagler shall not be required to indemnify the Escrow Agent for any expense, loss, costs, disbursements, damages or liability resulting from its own negligence or willful misconduct. The indemnities contained in

this Section shall survive the termination of this Agreement or the sooner resignation or removal of the Escrow Agent.

Nothing in this Section contained shall give rise to any liability on the part of the Authority in favor of any Person other than the Escrow Agent.

10. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, by reason of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance and disposition of the various moneys and funds described herein, any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement or any non-negligent act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The Escrow Agent shall, however, be liable to the Authority and Flagler and to holders of the Refunded Bonds only to the extent of their respective damages for negligent or willful acts, omissions or errors of the Escrow Agent which violate or fail to comply with the material terms of this Agreement. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and be entitled to receive from the Authority reimbursement of the reasonable fees, costs and expenses of such counsel, and in reliance upon the opinion of such counsel have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Authority. The Escrow Agent may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Escrow Agent may act through its agents and attorneys and shall not be responsible for any misconduct or negligence on the part of any such person so appointed with due care. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to, funds available, established and maintained hereunder and the Escrow Agent shall not be required to expend its own funds for the performance of its duties under this Agreement. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts to resume performance as soon as reasonably practicable under the circumstances.

11. Resignation of Escrow Agent. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the trusts hereby created by giving not less than sixty (60) days written notice to the Authority and providing electronic notice to the Municipal Securities Rulemaking Board, through Electronic Municipal Market Access (<http://emma.msrb.org>), or any other public or private repository or entity recognized as such by the Securities and Exchange Commission for purposes of SEC Rule 15c2-12 ("EMMA"), specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent. Notwithstanding anything to the contrary herein, the Authority and Flagler acknowledge and agree that the Escrow Agent is filing such notice on EMMA solely as a courtesy to the holders of the Refunded Bonds, is not acting as the disclosure/dissemination agent for purposes of Rule 15c2-12 and shall have no liability for its failure to publish such notice on EMMA.

12. Removal of Escrow Agent.

a. The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders of not less than 51% in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the Authority and Flagler, and notice in writing given to the holders of the Refunded Bonds and filed with EMMA, not less than 60 days before such removal is to take effect as stated in such instrument or instruments. A photographic copy of any instrument filed with the Authority and Flagler under the provisions of this paragraph shall be delivered by Flagler to the Escrow Agent.

b. The Escrow Agent may also be removed at any time by any court of competent jurisdiction upon the application of the Authority, Flagler or the owners of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties or obligations of the Escrow Agent. The Authority shall give electronic notice of such removal to EMMA.

13. Successor Escrow Agent.

a. In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent 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 first to occur of either (1) appointment by the Authority or Flagler, or (2) appointment by the holders of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that if the Escrow Agent is removed by the holders of the Refunded Bonds, the Authority or Flagler shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the Authority or Flagler shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders. The

Authority shall publish notice of any such appointment to the Electronic Municipal Market Access service of the Municipal Securities Rulemaking Board.

b. In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made pursuant to the foregoing provisions of this Section within sixty (60) days after the written notice of removal or resignation or other act causing the need for appointment of a successor Escrow Agent occurs, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent and such court may thereupon, after such notice, if any, as it shall deem proper, appoint such successor Escrow Agent.

c. No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any state, and shall be bound by this Agreement and have at the time of appointment capital and surplus of not less than \$25,000,000 or is a member of a bank group or bank holding company with aggregate capital and surplus of not less than \$25,000,000.

d. Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority and Flagler, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall be bound by this Agreement and become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent, Flagler or the Authority, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it hereunder to its successor. Should any transfer, assignment or instrument in writing from the Authority or Flagler be required by any successor Escrow Agent for the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

e. Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

14. Predecessor Escrow Agent. Every predecessor Escrow Agent shall deliver to its successor and also to the Authority and Flagler an accounting of all moneys and securities held by it under this Agreement, and shall deliver to its successor all such moneys and securities held by it as Escrow Agent hereunder.

15. Amendments. This Agreement is made for the benefit of the Authority, Flagler and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and

the Authority and Flagler; provided, however, that the Authority, Flagler and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- a. to cure any ambiguity or formal defect or omission in this Agreement;
- b. to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- c. to subject to this Agreement additional funds, securities or properties.

16. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when mailed or delivered by registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Flagler:

Flagler Hospital, Inc.  
400 Health Park Boulevard  
St. Augustine, Florida 32086  
Attention: Chief Executive Officer  
Telephone: (904) 825-4400  
Facsimile: (904) 825-4472

If to the Authority:

St. Johns County Industrial Development Authority  
4020 Lewis Speedway  
St. Augustine, Florida 32084  
Attention: Chairman  
Telephone: (904) 823-2457  
Facsimile: (904) 823-2515

If to the Escrow Agent:

U.S. Bank National Association  
225 Water Street, Suite 700  
Jacksonville, Florida 32202  
Attention: Global Corporate Trust Services  
Telephone: (904) 358-5363  
Facsimile: (904) 358-5374

The Authority, Flagler and the Escrow Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents,

requests or other communications shall be sent or persons to whose attention the same may be directed.

17. Jury Waiver. IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT, OR ANY INSTRUMENT OR DOCUMENT DELIVERED PURSUANT TO THIS AGREEMENT, OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF, OR ANY OTHER CLAIM OR DISPUTE HOW SO EVER ARISING BETWEEN OR AMONG THE AUTHORITY, FLAGLER AND/OR THE ESCROW AGENT, THE AUTHORITY, FLAGLER AND/OR THE ESCROW AGENT HEREBY EACH AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION HEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY EACH PARTY, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.

18. Consent to Jurisdiction; Venue. In the event that any action, suit or other proceeding is brought with respect to, in connection with or arising out of this Agreement, or any instrument delivered pursuant to this Agreement or the validity, protection, interpretation, collection or enforcement thereof, to the extent permitted by law, the Authority, Flagler and the Escrow Agent hereby (i) irrevocably consent to the exercise of jurisdiction by the United States District Court, Middle District of Florida and by the Circuit Court, St. Johns County, Florida, and (ii) irrevocably waive any objection it might now or hereafter have or assert to the venue of any such proceeding in any court described in clause (i) above.

19. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Bonds and the interest thereon shall have been paid and discharged in accordance with the Indenture and all excess moneys have been paid to Flagler.

20. Severability. If any of the covenants, agreements or provisions of this Agreement on the part of the Authority, Flagler or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant, agreement or provision shall be null and void, shall be deemed separable from the remaining covenants, agreements and provisions of this Agreement and shall in no way affect the validity of the remaining covenants, agreements or provisions of this Agreement.

21. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as the original and shall constitute and be but one and the same instrument.

22. Governing Law. This Agreement shall be construed under the laws of the State of Florida without regard to conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested, all as of the date first above written.

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Jason Barrett, Chief Executive Officer



**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Vivian Helwig, Chair

(OFFICIAL SEAL)

**ATTEST:**

\_\_\_\_\_  
Geoffrey Litchney, Secretary

[Signature page to Escrow Deposit Agreement]

[Signatures continued from previous page.]

**U.S. BANK NATIONAL ASSOCIATION,**  
as Escrow Agent

By: \_\_\_\_\_  
\_\_\_\_\_, Vice President

**EXHIBIT A**

**VERIFICATION REPORT**

[See attached.]

**EXHIBIT B**

**NOTICE OF DEFEASANCE  
ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
HOSPITAL REVENUE BONDS (FLAGLER HOSPITAL, INC. PROJECT),  
TAXABLE SERIES 2017A**

Notice is hereby given by U.S. Bank National Association, as Escrow Agent and Trustee for the outstanding St. Johns County Industrial Development Authority Hospital Revenue Bonds (Flagler Hospital, Inc. Project), Taxable Series 2017A maturing on and after August 15, 2027 (the "Defeased Bonds"), that all of the Defeased Bonds have been refunded and defeased by depositing in irrevocable escrow cash and investments sufficient to pay (i) the amount required to pay the interest on the Defeased Bonds as the same shall become due and payable on each interest payment date prior to August 15, 2027 (the "Redemption Date"), plus (ii) the amount required to redeem the Defeased Bonds on the Redemption Date at a redemption price of 100% (expressed as a percentage of the principal amount of the Defeased Bonds to be redeemed), plus accrued interest thereon to the Redemption Date.

The maturity date, principal amount and CUSIP number of the Defeased Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP No.</u>
August 15, 2047	\$32,575,000	79039MAY6

Pursuant to Article 14 of the Trust Indenture dated as of September 1, 2017, between the Authority and the Trustee (the "Indenture"), relating to the Defeased Bonds, the Defeased Bonds are deemed to be no longer outstanding.

Prior to the Redemption Date, the Authority and Flagler will not accelerate the maturity of the Defeased Bonds or exercise any option to redeem the Defeased Bonds before Redemption Date, pursuant to Section 6 of the Escrow Deposit Agreement dated as of \_\_\_\_\_, 2020, among Flagler, the Authority and the Escrow Agent.

No representation is made as to the correctness of the CUSIP numbers either as printed on the Defeased Bonds or as contained herein and reliance may be placed only on the identification information printed on the Defeased Bonds and in this notice.

This notice does not constitute a notice of redemption and no Defeased Bonds should be delivered to the Escrow Agent, the Trustee, the Authority or Flagler as a result of this publication. The Trustee will provide notice of redemption of the Defeased Bonds as provided in the Indenture.

Dated: \_\_\_\_\_, 2020

**U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Agent and Trustee**

**EXHIBIT H**

INTERLOCAL AGREEMENT

---

**INTERLOCAL AGREEMENT**

**Dated as of \_\_\_\_\_ 1, 2020**

**Between**

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**and**

**FLAGLER COUNTY, FLORIDA**

**THERE ARE NO INTANGIBLE TAXES OR DOCUMENTARY STAMPS DUE ON THE  
BONDS DESCRIBED HEREIN, PURSUANT TO CHAPTER 159, PART II, FLORIDA  
STATUTES**

---

This Interlocal Agreement was prepared by  
Chauncey W. Lever, Jr., Esq.  
Foley & Lardner LLP  
One Independent Drive, Suite 1300  
Jacksonville, Florida 32202-5017

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## INTERLOCAL AGREEMENT

This **INTERLOCAL AGREEMENT** (this "Agreement") is dated as of \_\_\_\_\_ 1, 2020, and is entered into between the **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY** ("St. Johns"), a public body corporate and politic of the State of Florida, and **FLAGLER COUNTY** ("Flagler"), a political subdivision of the State of Florida.

### WITNESSETH:

**WHEREAS**, St. Johns and Flagler each represent to the other that, pursuant to Chapter 159, Parts II, III and VII, Florida Statutes, as amended ("Chapter 159"), and other applicable provisions of law, it is authorized to issue bonds to finance the cost of the acquisition, construction, improvement and equipping of certain health care facilities; and

**WHEREAS**, St. Johns and Flagler each represent to the other that it constitutes a "public agency" within the meaning of Section 163.01, Florida Statutes, as amended (the "Interlocal Act"), and is authorized under the Interlocal Act to enter into interlocal agreements providing for them to jointly exercise any power, privilege or authority which each of them could exercise separately; and

**WHEREAS**, St. Johns represents to Flagler that St. Johns has been advised that Flagler Hospital, Inc., a Florida not for profit corporation (the "Borrower"), desires to finance all or a part of the costs of the acquisition, construction and equipping of certain "health care facilities" constituting "projects," as such terms are used in Chapter 159, to be located in Flagler (collectively, the "Flagler Project") and finance other "health care facilities" to be located outside Flagler (collectively, the "Other Projects"), as described in Exhibit A hereto (the Flagler Project and the Other Projects are hereinafter referred to collectively as the "Project"); and

**WHEREAS**, St. Johns represents to Flagler that St. Johns has been advised that the Borrower has requested that St. Johns and Flagler enter into this Agreement to authorize St. Johns to issue under Chapter 159 its Revenue Bonds (Flagler Health), in one or more taxable series in an aggregate principal amount of not to exceed \$\_\_\_\_\_ (the "Bonds"), to finance the Flagler Project and the Other Projects, of which not to exceed \$\_\_\_\_\_ will be issued for the purpose of providing funds to make a loan to the Borrower pursuant to a loan agreement between St. Johns and the Borrower (the "Financing Agreement") to finance a part of the costs of the Flagler Project, and that issuance of the Bonds by St. Johns will result in a significant cost savings to the Borrower over the issuance and sale of separate issues of bonds by St. Johns and Flagler; and

**WHEREAS**, St. Johns and Flagler have agreed to enter into this Agreement for the purposes stated above; and

**WHEREAS**, on \_\_\_\_\_, 2020, St. Johns authorized and approved the issuance of the Bonds, the application of the proceeds thereof and the execution and delivery of this Agreement; and



**WHEREAS**, on \_\_\_\_\_, 2020, the Board of County Commissioners of St. Johns County, Florida, approved the issuance of the Bonds by St. Johns and the execution and delivery of this Agreement by St. Johns; and

**WHEREAS**, on \_\_\_\_\_, 2020, the Board of County Commissioners of Flagler approved the issuance of the Bonds by St. Johns and approved the execution and delivery of this Agreement; and

**WHEREAS**, the Interlocal Act authorizes St. Johns and Flagler to enter into this Agreement, and the Interlocal Act and Chapter 159 confer upon St. Johns authorization to issue the Bonds and to apply the proceeds thereof to the financing of the Flagler Project through a loan of Bond proceeds to the Borrower; and

**WHEREAS**, the parties hereto desire to agree to the issuance of the Bonds by St. Johns for such purposes and such agreement by the parties hereto is in the public interest; and

**WHEREAS**, pursuant to Section 6 hereof, the Borrower has agreed to indemnify St. Johns and Flagler in connection with its execution of this Agreement;

**NOW, THEREFORE**, for and in consideration of the premises hereinafter contained, and intending to be legally bound hereby, the parties hereto agree as follows:

**SECTION 1. Authorization to Issue the Bonds.** St. Johns and Flagler do hereby agree that St. Johns is hereby authorized to issue the Bonds in one or more taxable series in an aggregate principal amount not exceeding \$ \_\_\_\_\_, of which not to exceed \$ \_\_\_\_\_ will be issued for the purpose of providing funds to make a loan to the Borrower to finance all or a part of the costs of the Flagler Project. St. Johns is hereby authorized to exercise all powers relating to the issuance of the Bonds vested in Flagler pursuant to the Constitution and the laws of the State of Florida and to do all things within the jurisdiction of Flagler which are necessary or convenient for the issuance of the Bonds and the financing of the Flagler Project to the same extent as if Flagler were issuing its own obligations under Chapter 159 for such purposes without any further authorization from Flagler to exercise such powers or to take such actions. It is the intent of this Agreement and the parties hereto that St. Johns be vested, to the maximum extent permitted by law, with all powers which Flagler might exercise with respect to the issuance of the Bonds and the lending of the proceeds thereof to the Borrower to finance the Flagler Project as though Flagler were issuing the Bonds as its own special limited obligations.

The approval given herein by Flagler shall not be construed as (i) an endorsement of the creditworthiness of the Borrower or the financial viability of the Project, (ii) a recommendation to any prospective purchaser to purchase the Bonds, (iii) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (iv) approval of any necessary rezoning applications or approval or acquiescence to the alteration of existing zoning or land use nor approval for any other regulatory permits relating to the Flagler Project, and Flagler shall not be construed by reason of the delivery of this Agreement to have made any such endorsement, finding or recommendation or to have waived any right of Flagler or to be estopped from asserting any rights or responsibilities it may have in such regard.

**SECTION 2. Qualifying Project.**

A. St. Johns hereby further represents, determines and agrees as follows:

1. The Project constitutes a "project" as such term is used in Chapter 159.
2. The Borrower is financially responsible and fully capable and willing to fulfill its obligations under the Financing Agreement, including the obligations to make payments in the amounts and at the times required, to operate, repair, and maintain at its own expense the Facilities, and to serve the purposes of Chapter 159 and such other responsibilities as may be imposed under the Financing Agreement.
3. Adequate provision will be made in the Financing Agreement for the operation, repair, and maintenance of the Flagler Project at the expense of the Borrower and for the payment of principal of and interest on the Bonds.
4. The Borrower has represented to St. Johns that the Borrower expects to expend not exceeding \$ \_\_\_\_\_ to pay costs (including related financing costs) of the Flagler Project.

B. Flagler hereby represents, determines and agrees as follows:

1. The Flagler Project is appropriate to the needs and circumstances of; provides or preserves gainful employment; and serves a public purpose by advancing the public health or the general welfare of the State of Florida and its people.
2. Flagler and other local agencies will be able to cope satisfactorily with the impact of the Flagler Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that are necessary for the operation, repair, and maintenance of the Flagler Project and on account of any increases in population or other circumstances resulting therefrom.

**SECTION 3. No Pecuniary Liability of St. Johns or Flagler; Limited Obligation of St. Johns.** Neither the provisions, covenants or agreements contained in this Agreement and any obligations imposed upon St. Johns or Flagler hereunder, nor the Bonds issued pursuant to this Agreement, shall constitute an indebtedness or liability of St. Johns or Flagler. The Bonds when issued, and the interest thereon, shall be limited and special obligations of St. Johns payable solely from certain nongovernmental revenues and other nongovernmental amounts pledged thereto by the terms thereof.

**SECTION 4. No Personal Liability.** No covenant or agreement contained in this Agreement shall be deemed to be a covenant or agreement of any member, officer, agent or employee of St. Johns or Flagler in his or her individual capacity and no member, officer, agent or employee of St. Johns or Flagler shall be liable personally on this Agreement or be subject to any personal liability or accountability by reason of the execution of this Agreement.

**SECTION 5. Allocation of Responsibilities.** St. Johns shall take all actions it deems necessary or appropriate in connection with the issuance of the Bonds, including, in its discretion,

the preparation, review, execution and filing with government agencies of certificates, opinions, agreements and other documents to be delivered at the closing of the Bonds and the establishment of any funds and accounts pursuant to a trust indenture related to the Bonds.

Neither St. Johns nor Flagler shall be liable for the costs of issuing the Bonds or the costs incurred by either of them in connection with the preparation, review, execution or approval of this Agreement or any documentation or opinions required to be delivered in connection therewith by St. Johns or Flagler or counsel to any of them. All of such costs shall be paid from the proceeds of the Bonds or from other moneys of the Borrower.

**SECTION 6. Indemnity.** The Borrower, by its approval and acknowledgement at the end of this Agreement, agrees to indemnify and hold harmless St. Johns and Flagler, their respective officers, employees, representatives and agents, from and against any and all losses, claims, damages, liabilities or expenses of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses (including reasonable fees and expenses of attorneys, accountants, consultants and other experts), arising out of, resulting from, or in any way connected with this Agreement or the issuance of the Bonds.

**SECTION 7. Term.** This Agreement will remain in full force and effect from the date of its execution, subject to the provisions of Section 8 hereof, until such time as it is terminated by any party hereto upon 10 days written notice to the other party hereto. Notwithstanding the foregoing, it is agreed that this Agreement may not be terminated so long as any of the Bonds remain outstanding or unpaid (or any bonds issued to refund the Bonds remain outstanding or unpaid). Nothing herein shall be deemed in any way to limit or restrict either party hereto from issuing its own obligations or entering into any other agreement for the financing or refinancing of any facility which either party hereto may choose to finance.

**SECTION 8. Filing of Agreement.** It is agreed that this Agreement shall be filed by the Borrower or its authorized agent or representative with the Clerk of the Circuit Court of St. Johns County, Florida and with the Clerk of the Circuit Court of Flagler County, Florida, all in accordance with the Interlocal Act, and that this Agreement shall not become effective until so filed with the Borrower's executed approval and acknowledgment attached thereto.

**SECTION 9. 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.

**SECTION 10. WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY DOCUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER

PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT.

**SECTION 11. Litigation.** In the event any legal proceedings are instituted between the parties hereto concerning this Agreement, the prevailing party in such proceedings shall be entitled to recover its costs of suit, including reasonable attorneys' fees, at both trial and appellate levels.

**SECTION 12. Governing Law.** This Agreement is being delivered and is intended to be performed in the State of Florida, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Florida, except its conflict of laws provisions.

**SECTION 13. Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed by the proper officers thereof, all as of the date first above written.

**ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Vivian Helwig, Chair

ATTEST:

By: \_\_\_\_\_  
Geoffrey Litchney, Secretary

STATE OF FLORIDA  
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me by means of \_\_\_ physical presence or \_\_\_ online notarization, this \_\_\_\_\_ day of \_\_\_\_\_, 2020, by Vivan Helwig and Geoffrey Litchney, the Chair and Secretary, respectively, of the St. Johns County Industrial Development Authority, on behalf of the Authority. Such persons did not take an oath and: *(notary must check applicable box)*

- are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

{Notary Seal must be affixed}

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Name of Notary (Typed, Printed or Stamped)

Commission Number  
(if not legible on seal):  
\_\_\_\_\_

My Commission Expires  
(if not legible on seal):  
\_\_\_\_\_

FLAGLER COUNTY, FLORIDA

ATTEST:

By: \_\_\_\_\_  
Donald O'Brien, Jr., Chairman of the  
Board of County Commissioners

By: \_\_\_\_\_  
Tom Bexley, Clerk of the Circuit  
Court and Comptroller

STATE OF FLORIDA  
COUNTY OF FLAGLER

The foregoing instrument was acknowledged before me by means of \_\_\_ physical presence or \_\_\_ online notarization, this \_\_\_ day of \_\_\_\_\_, 2020, by Donald O'Brien, Jr. and Tom Bexley, the Chairman of the Board of County Commissioners and the Clerk of the Circuit Court and Comptroller, respectively, of Flagler County, Florida, on behalf of the County. Such persons did not take an oath and: *(notary must check applicable box)*

- are personally known to me.
- produced a current Florida driver's license as identification.
- produced \_\_\_\_\_ as identification.

{Notary Seal must be affixed}

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Name of Notary (Typed, Printed or  
Stamped)

\_\_\_\_\_  
Commission Number  
(if not legible on seal):

\_\_\_\_\_  
My Commission Expires  
(if not legible on seal):

**APPROVAL AND ACKNOWLEDGMENT**

Flagler Hospital, Inc., a Florida not for profit corporation (the "Borrower"), hereby approves the foregoing Interlocal Agreement, certifies that the information contained therein regarding the Borrower is correct and acknowledges its acceptance of its obligations arising thereunder, including, without limitation, its obligations under Section 6 thereof, by causing this Approval and Acknowledgment to be executed by its proper officer as of the date of said Interlocal Agreement.

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Jason Barrett, President

## EXHIBIT A

### PROJECT DESCRIPTIONS

#### Flagler Project Description

The Flagler Project to be financed by the Bonds consists of the acquisition, construction and installation of the following health care facilities:

(i) a health village in Palm Coast, including land, two-story building, improvements, furnishings, fixtures and equipment, which will provide outpatient care, including primary care, pediatric care, specialty medical services, and imaging and lab services, to be located at the southeast corner of Matanzas Woods Parkway and New Belle Terre Parkway, in the City of Palm Coast, Flagler County, Florida, approximately 5 miles south of the Flagler County – St Johns County line; and

(ii) the buildout of medical office space, including related improvements, furnishings, fixtures and equipment, and the installation of medical equipment, to provide orthopedic and other medical care, to be located in the health village described in clause (i) above.

#### Other Projects Description

The Other Projects to be financed by the Bonds consists of the acquisition, construction and installation of the following health care facilities:

(i) health villages in Nocatee and Durbin Creek which will provide outpatient care, including primary care, pediatric care, specialty medical services and imaging and lab services;

(ii) an urgent care building, which will provide urgent care at the Borrower's main hospital location in St. Augustine;

(iii) Durbin Creek land, which will be the future location of a health village and hospital facilities providing additional medical services in the northern part of St. Johns County;

(iv) outpatient facilities to be developed, including land, buildings, furnishings, fixtures and equipment in St. Johns County; and

(v) improvements, renovations, equipment, fixtures, furnishings and other routine capital expenditures at the Borrower's existing facilities at the main hospital location in St. Augustine.



**EXHIBIT I**

**SECOND AMENDMENT TO SERIES 2017B FINANCING AGREEMENT**

## SECOND AMENDMENT TO FINANCING AGREEMENT

This **SECOND AMENDMENT TO FINANCING AGREEMENT**, dated September \_\_, 2020 (this “Second Amendment”), is among **ST. JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic organized and existing under the provisions of laws of the State of Florida (the “Issuer”), **FLAGLER HOSPITAL, INC.**, a Florida not-for-profit corporation (the “Borrower”), and **BBVA MORTGAGE CORPORATION**, an Alabama corporation formerly known as Compass Mortgage Corporation (the “Lender”).

**WHEREAS**, the Issuer, the Borrower and the Lender entered into that certain Financing Agreement dated as of September 28, 2017 related to the St. Johns County Industrial Development Authority Hospital Revenue and Refunding Bond (Flagler Hospital, Inc. Project), Series 2017B, in the original principal amount of \$71,400,000 (the “Series 2017B Bond”), as amended by that certain First Amendment to Financing Agreement dated December 18, 2019, among the Issuer, the Borrower and the Lender (collectively, the Original Financing Agreement”); and

**WHEREAS**, in connection with the amendment and restatement of the Master Indenture (as defined in the Original Financing Agreement), the Issuer, the Borrower and the Lender desire to amend the Financing Agreement as set forth in this Second Amendment to, among other things, provide for the Continuing Covenants Agreement dated as of the date hereof, between the Borrower and the Lender; and

**WHEREAS**, Section 8.03 of the Original Financing Agreement provides that the Financing Agreement may be amended by the Issuer, the Borrower and the Lender;

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer, the Borrower and the Lender hereby agree as follows:

Section 1. Defined Terms. For the purpose of this Second Amendment, in addition to terms defined elsewhere herein, including the preamble hereto, capitalized terms not otherwise defined herein shall have the meanings accorded to such terms in the Financing Agreement.

Section 2. Amendment of Section 1.01 (Definitions). Section 1.01 of the Original Financing Agreement titled “Definitions” is hereby amended to add in alphabetical order the following definitions:

“**Continuing Covenants Agreement** means the Continuing Covenants Agreement dated September \_\_, 2020, by and between the Borrower and the BBVA Mortgage Corporation, during the period that BBVA Mortgage Corporation is the Lender hereunder, and thereafter any agreement between the Borrower and a successor Lender which is designated by the Borrower and such successor Lender as a Continuing Covenants Agreement, as the same may be amended and supplemented from time to time.”

“**Financing Agreement**” or “**2017B Financing Agreement**” means the Financing Agreement, dated September 28, 2017, as amended and supplemented by

the First Amendment to Financing Agreement, dated December 18, 2019, and as further amended and supplemented by the Second Amendment to Financing Agreement, dated September \_\_, 2020, by and among the Issuer, the Borrower and the Lender, as the same may be amended and supplemented from time to time.

**“Loan Documents** means collectively this Financing Agreement, the Continuing Covenants Agreement, the Series 2017B Bond, the Master Indenture Documents, and all agreements, documents and instruments executed at any time in connection therewith has any of the same are amended, restated or supplemented.

**“Master Indenture”** means that Amended and Restated Master Trust Indenture, dated as of September 1, 2017, as supplemented and amended and as amended and restated pursuant to the Second Amended and Restated Master Trust Indenture, dated as of September 1, 2020, between the Obligated Group and the Master Trustee, as the same may be supplemented and amended from time to time.

**“Series 2017B Note”** or **“Series 2017B Direct Purchase Note”** means Master Note, Series 2017B, No. 1, dated as of September 28, 2017, as amended and restated pursuant to the Amended and Restated Master Note, Series 2017B, dated September \_\_, 2020, executed and delivered by the Borrower to the Lender, all under the terms of the Master Indenture, securing and/or evidencing the obligations of the Borrower under this Financing Agreement and under the Continuing Covenant Agreement, substantially in the form set forth in the Supplemental Master Indenture, together with any amendments thereto or obligations given in renewal or extension thereof.

**“Supplemental Master Indenture”** means the Supplemental Indenture for Master Note, Series 2017B, No. 1, dated as of September 1, 2017, as amended and restated by the Amended and Restated Supplemental Indenture for Amended and Restated Master Note, Series 2017B, No. 1, dated as of September 1, 2020, between the Obligated Group and the Master Trustee.

Section 3 Status of Original Financing Agreement as Amended by this Second Amendment. In all other respects, all of the provisions of the Original Financing Agreement are hereby ratified and confirmed to the extent not inconsistent with this Second Amendment.

[The remainder of this page is intentionally blank; signature pages follow.]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Lender have caused this Second Amendment to be duly executed and delivered by their duly authorized officers, all as of the date first above written.

**ST. JOHNS COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY**

(SEAL)

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

ATTEST:

\_\_\_\_\_  
Secretary

[Signature Page of the Issuer to the Second Amendment to Financing Agreement]

**FLAGLER HOSPITAL, INC.**

By: \_\_\_\_\_  
Its: President

[Signature Page of the Borrower to the Second Amendment to Financing Agreement]

**BBVA MORTGAGE CORPORATION**, formerly  
known as Compass Mortgage Corporation

By: \_\_\_\_\_  
David Davis,  
Authorized Signatory

[Signature Page of the Lender to the Second Amendment to Financing Agreement]